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## SENATE BILL NO. 1329

Offered January 17, 2003

A *BILL to amend and reenact §§ 2.2-3711, 54.1-4400, 54.1-4402, 54.1-4407, 54.1-4409 through 54.1-4413, and 54.1-4417 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 44 of Title 54.1 a section numbered 54.1-4423, relating to the Board of Accountancy; powers; penalty.*

Patron—Stosch

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.2-3711, 54.1-4400, 54.1-4402, 54.1-4407, 54.1-4409 through 54.1-4413, and 54.1-4417 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 44 of Title 54.1 a section numbered 54.1-4423 as follows:**

§ 2.2-3711. Closed meetings authorized for certain limited purposes.

A. Public bodies may hold closed meetings only for the following purposes:

1. Discussion, consideration or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body; and evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals. Any teacher shall be permitted to be present during a closed meeting in which there is a discussion or consideration of a disciplinary matter that involves the teacher and some student and the student involved in the matter is present, provided the teacher makes a written request to be present to the presiding officer of the appropriate board.

2. Discussion or consideration of admission or disciplinary matters or any other matters that would involve the disclosure of information contained in a scholastic record concerning any student of any Virginia public institution of higher education or any state school system. However, any such student, legal counsel and, if the student is a minor, the student's parents or legal guardians shall be permitted to be present during the taking of testimony or presentation of evidence at a closed meeting, if such student, parents or guardians so request in writing and such request is submitted to the presiding officer of the appropriate board.

3. Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

4. The protection of the privacy of individuals in personal matters not related to public business.

5. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

6. The investing of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

7. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

8. In the case of boards of visitors of public institutions of higher education, discussion or consideration of matters relating to gifts, bequests and fund-raising activities, and grants and contracts for services or work to be performed by such institution. However, the terms and conditions of any such gifts, bequests, grants and contracts made by a foreign government, a foreign legal entity or a foreign person and accepted by a public institution of higher education in Virginia shall be subject to public disclosure upon written request to the appropriate board of visitors. For the purpose of this subdivision, (i) "foreign government" means any government other than the United States government or the government of a state or a political subdivision thereof; (ii) "foreign legal entity" means any legal entity created under the laws of the United States or of any state thereof if a majority of the ownership of the

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59 stock of such legal entity is owned by foreign governments or foreign persons or if a majority of the  
60 membership of any such entity is composed of foreign persons or foreign legal entities, or any legal  
61 entity created under the laws of a foreign government; and (iii) "foreign person" means any individual  
62 who is not a citizen or national of the United States or a trust territory or protectorate thereof.

63 9. In the case of the boards of trustees of the Virginia Museum of Fine Arts and The Science  
64 Museum of Virginia, discussion or consideration of matters relating to specific gifts, bequests, and  
65 grants.

66 10. Discussion or consideration of honorary degrees or special awards.

67 11. Discussion or consideration of tests, examinations or other records excluded from this chapter  
68 pursuant to subdivision A 11 of § 2.2-3705.

69 12. Discussion, consideration or review by the appropriate House or Senate committees of possible  
70 disciplinary action against a member arising out of the possible inadequacy of the disclosure statement  
71 filed by the member, provided the member may request in writing that the committee meeting not be  
72 conducted in a closed meeting.

73 13. Discussion of strategy with respect to the negotiation of a hazardous waste siting agreement or to  
74 consider the terms, conditions, and provisions of a hazardous waste siting agreement if the governing  
75 body in open meeting finds that an open meeting will have an adverse effect upon the negotiating  
76 position of the governing body or the establishment of the terms, conditions and provisions of the siting  
77 agreement, or both. All discussions with the applicant or its representatives may be conducted in a  
78 closed meeting.

79 14. Discussion by the Governor and any economic advisory board reviewing forecasts of economic  
80 activity and estimating general and nongeneral fund revenues.

81 15. Discussion or consideration of medical and mental records excluded from this chapter pursuant to  
82 subdivision A 5 of § 2.2-3705.

83 16. Discussion, consideration or review of State Lottery Department matters related to proprietary  
84 lottery game information and studies or investigations exempted from disclosure under subdivisions A  
85 37 and A 38 of § 2.2-3705.

86 17. Those portions of meetings by local government crime commissions where the identity of, or  
87 information tending to identify, individuals providing information about crimes or criminal activities  
88 under a promise of anonymity is discussed or disclosed.

89 18. Discussion, consideration, review and deliberations by local community corrections resources  
90 boards regarding the placement in community diversion programs of individuals previously sentenced to  
91 state correctional facilities.

92 19. Those portions of meetings in which the Board of Corrections discusses or discloses the identity  
93 of, or information tending to identify, any prisoner who (i) provides information about crimes or  
94 criminal activities, (ii) renders assistance in preventing the escape of another prisoner or in the  
95 apprehension of an escaped prisoner, or (iii) voluntarily or at the instance of a prison official renders  
96 other extraordinary services, the disclosure of which is likely to jeopardize the prisoner's life or safety.

97 20. Discussion of plans to protect public safety as it relates to terrorist activity and briefings by staff  
98 members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to  
99 respond to such activity or a related threat to public safety.

100 21. Discussion by the Board of the Virginia Retirement System, acting pursuant to § 51.1-124.30, or  
101 of any local retirement system, acting pursuant to § 51.1-803, or of the Rector and Visitors of the  
102 University of Virginia, acting pursuant to § 23-76.1, regarding the acquisition, holding or disposition of  
103 a security or other ownership interest in an entity, where such security or ownership interest is not  
104 traded on a governmentally regulated securities exchange, to the extent that such discussion (i) concerns  
105 confidential analyses prepared for the Rector and Visitors of the University of Virginia, prepared by the  
106 retirement system or provided to the retirement system under a promise of confidentiality, of the future  
107 value of such ownership interest or the future financial performance of the entity, and (ii) would have an  
108 adverse effect on the value of the investment to be acquired, held or disposed of by the retirement  
109 system or the Rector and Visitors of the University of Virginia. Nothing in this subdivision shall be  
110 construed to prevent the disclosure of information relating to the identity of any investment held, the  
111 amount invested or the present value of such investment.

112 22. Those portions of meetings in which individual child death cases are discussed by the State Child  
113 Fatality Review team established pursuant to § 32.1-283.1, and those portions of meetings in which  
114 individual child death cases are discussed by a regional or local child fatality review team established  
115 pursuant to § 32.1-283.2, and those portions of meetings in which individual death cases are discussed  
116 by family violence fatality review teams established pursuant to § 32.1-283.3.

117 23. Those portions of meetings of the University of Virginia Board of Visitors or the Eastern  
118 Virginia Medical School Board of Visitors, as the case may be, and those portions of meetings of any  
119 persons to whom management responsibilities for the University of Virginia Medical Center or Eastern  
120 Virginia Medical School, as the case may be, have been delegated, in which there is discussed

proprietary, business-related information pertaining to the operations of the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, including business development or marketing strategies and activities with existing or future joint venturers, partners, or other parties with whom the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, has formed, or forms, any arrangement for the delivery of health care, if disclosure of such information would adversely affect the competitive position of the Medical Center or Eastern Virginia Medical School, as the case may be.

24. In the case of the Virginia Commonwealth University Health System Authority, discussion or consideration of any of the following: the acquisition or disposition of real or personal property where disclosure would adversely affect the bargaining position or negotiating strategy of the Authority; operational plans that could affect the value of such property, real or personal, owned or desirable for ownership by the Authority; matters relating to gifts, bequests and fund-raising activities; grants and contracts for services or work to be performed by the Authority; marketing or operational strategies where disclosure of such strategies would adversely affect the competitive position of the Authority; members of its medical and teaching staffs and qualifications for appointments thereto; and qualifications or evaluations of other employees.

25. Those portions of the meetings of the Intervention Program Committee within the Department of Health Professions to the extent such discussions identify any practitioner who may be, or who actually is, impaired pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1.

26. Meetings or portions of meetings of the Board of the Virginia College Savings Plan wherein personal information, as defined in § 2.2-3801, which has been provided to the Board or its employees by or on behalf of individuals who have requested information about, applied for, or entered into prepaid tuition contracts or savings trust account agreements pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23 is discussed.

27. Discussion or consideration, by the Wireless Carrier E-911 Cost Recovery Subcommittee created pursuant to § 56-484.15, of trade secrets, as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.) of Title 59.1, submitted by CMRS providers as defined in § 56-484.12, related to the provision of wireless E-911 service.

28. Those portions of disciplinary proceedings by any regulatory board within the Department of Professional and Occupational Regulation or, Department of Health Professions, or the Board of Accountancy conducted pursuant to § 2.2-4019 or § 2.2-4020 during which the board deliberates to reach a decision or meetings of health regulatory boards or conference committees of such boards to consider settlement proposals in pending disciplinary actions or modifications to previously issued board orders as requested by either of the parties.

29. Discussion or consideration by a responsible public entity or an affected local jurisdiction, as those terms are defined in § 56-557, of confidential proprietary records excluded from this chapter pursuant to subdivision A 56 of § 2.2-3705.

30. *Discussion or consideration by the Board of Accountancy concerning its review of applications for licensure and records of active investigations of its licensees.*

B. No resolution, ordinance, rule, contract, regulation or motion adopted, passed or agreed to in a closed meeting shall become effective unless the public body, following the meeting, reconvenes in open meeting and takes a vote of the membership on such resolution, ordinance, rule, contract, regulation or motion that shall have its substance reasonably identified in the open meeting.

C. Public officers improperly selected due to the failure of the public body to comply with the other provisions of this section shall be de facto officers and, as such, their official actions are valid until they obtain notice of the legal defect in their election.

D. Nothing in this section shall be construed to prevent the holding of conferences between two or more public bodies, or their representatives, but these conferences shall be subject to the same procedures for holding closed meetings as are applicable to any other public body.

E. This section shall not be construed to (i) require the disclosure of any contract between the Intervention Program Committee within the Department of Health Professions and an impaired practitioner entered into pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1 or (ii) require the board of directors of any authority created pursuant to the Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.), or any public body empowered to issue industrial revenue bonds by general or special law, to identify a business or industry to which subdivision A 5 applies. However, such business or industry shall be identified as a matter of public record at least thirty days prior to the actual date of the board's authorization of the sale or issuance of such bonds.

§ 54.1-4400. Definitions.

As used in this chapter, unless the context clearly indicates otherwise:

"Assurance" means any act or action, whether written or oral, expressing an opinion or conclusion about the reliability of a financial statement or about its conformity with any financial accounting

182 principles or standards.

183 *"Attestation engagement" means performing an engagement in accordance with attestation standards*  
184 *promulgated by the American Institute of Certified Public Accountants and issuing a written*  
185 *communication that expresses a conclusion about the reliability of a written assertion that is the*  
186 *responsibility of another party.*

187 "Board" means the Board of Accountancy continued by the provisions of this chapter and established  
188 by its predecessor under prior law.

189 "Commission" means compensation generated from the purchase or sale of a product or service and  
190 ~~that which would not be generated but for the purchase or sale of the product or service.~~

191 *"Compilation" or "Compile," when used by a CPA, refers to a firm (including sole proprietors)*  
192 *presenting in the form of financial statements information that is the representation of management*  
193 *(owners) without undertaking to express any assurance on the statements and performing such service in*  
194 *accordance with the Statements on Standards for Accounting and Review Services issued by the*  
195 *American Institute of Certified Public Accountants.*

196 "Contingent fee" means a fee established for the performance of a service pursuant to an arrangement  
197 in which no fee will be charged unless a specified finding or result is obtained, or in which the amount  
198 of the fee is dependent upon the finding or result obtained. Fees shall not be considered contingent if  
199 fixed by courts or other public authorities, or in tax matters if determined based on the results of  
200 judicial proceedings or the findings of governmental agencies. A CPA certificate holder's fees may vary  
201 depending on the complexity of services rendered, and such variation shall not be considered a  
202 contingent fee.

203 "CPA certificate" means a certificate as a certified public accountant (CPA) issued by the Board  
204 pursuant to this chapter or corresponding provisions of prior law, which shall function as a license, *if*  
205 *currently valid, or a corresponding* certificate as a certified public accountant issued after ~~examination~~  
206 *meeting the CPA exam and other requirements* under the laws of any other state.

207 *"CPA exam" means the National Uniform CPA exam approved and administered by the Board of*  
208 *Accountancy to candidates for a CPA certificate.*

209 "CPA title" means using "CPA," "Certified Public Accountant," "public accountant," or "CPA firm"  
210 in any form or manner that communicates (including but not limited to any title, phrase, acronym,  
211 abbreviation, business cards, CPA wall certificate, letterhead, reports, tax returns, sign, card, or any  
212 other document or device) to the public that the individual or firm holds a currently valid CPA  
213 certificate or permit.

214 "Director" means the Executive Director of the Board of Accountancy.

215 "Financial statement" means ~~writing a written~~ or other form of presentation, including accompanying  
216 notes, which presents, in whole or in part, historical or prospective financial position, results of  
217 operations or changes in financial position of any person, corporation, partnership or other entity.

218 "Firm" means a sole proprietorship, partnership, corporation, limited liability company, limited  
219 liability partnership, or any other form of organization permitted by law.

220 "Licensure" or "licensing" means the process through which an individual obtains a CPA certificate  
221 from the Board.

222 "License" means a CPA certificate or permit.

223 "Licensee" means a holder of a CPA certificate or permit.

224 "Non-CPA owner" means an individual who does not hold a license, provides professional services  
225 to clients, and holds an ownership interest in a CPA firm.

226 "Peer review" means a study, appraisal, or review, by a CPA certificate holder who is not affiliated  
227 with the firm being reviewed, of one or more aspects of the professional work of a firm that engages in  
228 the practice of public accounting or compiles financial statements in accordance with the American  
229 Institute of Certified Public Accountants' Statements on Standards for Accounting and Review Services  
230 (SSARS).

231 *"Permit" means a permit issued to a firm that has met all of the requirements for registration under*  
232 *this chapter. Issuance of a permit shall constitute licensure as defined in § 54.1-300.*

233 "Practice of public accountancy" or "public accounting" means the giving of an assurance, in a report  
234 or otherwise, whether expressly or implicitly, unless this assurance is given by an employee to his  
235 employer.

236 "Registration" or "registered" means the process through which a firm obtains a ~~registration~~  
237 ~~certificate permit~~ from the Board.

238 "Registration certificate" means a certificate issued to a firm that has met all of the requirements for  
239 registration under this chapter.

240 "Report" or "reports," when used with reference to financial statements, means an opinion or  
241 disclaimer of opinion or other form of language or representation that states or implies any form of  
242 assurance or denial of assurance.

243 "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin

Islands and Guam.

"Statements on Standards for Accounting and Review Services" or "SSARS" means Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants.

"Substantial equivalency" means a determination by the Board or its designee that the education, ~~examination~~ CPA exam and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, ~~examination~~ CPA exam and experience requirements contained in this chapter, or that an individual CPA from another jurisdiction has met education, ~~examination~~ CPA exam and experience requirements that are comparable to, or exceed, the education, ~~examination~~ CPA exam, and experience requirements contained in this chapter.

"SSARS" means Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants.

§ 54.1-4402. Board of Accountancy; membership; qualifications; powers and duties.

A. The Board of Accountancy established under the former § 54.1-2000 and previously operating in the Department of Professional and Occupational Regulation is hereby continued and reestablished as an independent board in the executive branch of state government.

The Board shall consist of seven members appointed by the Governor as follows: one public member who may be an accountant who does not hold a CPA certificate but otherwise meets the requirements of clauses (i) and (ii) of § 54.1-107; one educator in the field of accounting; and five certified public accountants as follows: (a) four of whom have been actively engaged in the practice of public accounting for at least three years prior to appointment to the Board and (b) one of whom may be a certified public accountant not engaged in the practice of public accounting at the time of his appointment but who has at least three years of experience in the accounting field prior to appointment.

Members of the Board shall serve for terms of four years. The Governor may remove any member as provided in subsection B of § 2.2-108. Any certified public accountant member of the Board whose CPA certificate is revoked or suspended shall automatically cease to be a member of the Board.

B. The Board shall certify and issue CPA certificates to persons to practice public accountancy and restrict the practice of public accountancy to those persons who are so certified, who may call themselves CPAs, and shall take such actions as may be authorized by this chapter to ensure their continued competence and to aid the public in determining the qualifications of such persons.

The Board shall issue ~~registration certificates~~ *permits* to firms to engage in the practice of public accountancy in the Commonwealth as set forth in § 54.1-4412 and take such actions as may be authorized by this chapter to ensure that such firms and their certified public accountants adhere to standards of conduct and practice.

C. The Board shall have the responsibility of enforcing this chapter and may by regulation establish rules and procedures for the implementation of the provisions of this chapter.

§ 54.1-4407. Enforcement of laws by Director or investigators; authority of investigators appointed by Director.

A. The Director or investigators appointed by him shall be sworn to enforce the statutes and regulations pertaining to the Board. The Director or investigators appointed by him shall have the authority to investigate violations of the statutes and regulations that the Director is required to enforce. The Director or investigators appointed by him shall also have the authority to issue summonses for violations of the statutes and regulations governing the unlicensed practice of public accountancy. In the event a person issued such a summons fails or refuses to discontinue the unlawful acts or refuses to give a written promise to appear at the time and place specified in the summons, the investigator may appear before a magistrate or other issuing authority having jurisdiction to obtain a criminal warrant pursuant to § 19.2-72.

B. All investigators appointed by the Director are vested with the authority to administer oaths or affirmations for the purpose of receiving complaints and conducting investigations of violations of this chapter, or any regulation promulgated pursuant to authority given by this chapter or in connection with any investigation conducted on behalf of the Board. Such investigators are vested with the authority to obtain, serve and execute any warrant, paper or process issued by any court or magistrate or by the Board under the authority of the Director and request and receive criminal history information under the provisions of § 19.2-389.

C. Any person who violates the provisions of subsection A of § 54.1-102 shall be guilty of a Class 1 misdemeanor and on conviction is subject to confinement in jail for not more than 12 months and a fine of not more than \$2,500, either or both. The third or any subsequent conviction for violating this section during a 36-month period shall constitute a Class 6 felony.

§ 54.1-4409. Grant of CPA certificate; restrictions on practice; educational and experience requirements.

A. The Board shall issue a CPA certificate only to a person who meets the character, education,

experience, *continuing professional education (CPE)*, and ~~examination CPA exam~~ requirements established in this chapter and by regulations of the Board and shall renew such certificate only if the certificate holder meets the requirements established by § 54.1-4410.

B. Before an applicant for a CPA certificate may sit for the ~~examination CPA exam~~ prescribed by this section, the following education requirements shall be met:

1. For persons applying to sit for the ~~examination CPA exam~~ prior to July 1, 2006, a baccalaureate degree or its equivalent conferred by an accredited college or university with an accounting concentration or equivalent as defined by Board regulations.

2. For persons applying to sit for the ~~examination CPA exam~~ on or after July 1, 2006, at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by an accredited college or university with the total educational program to include an accounting concentration or equivalent as defined by Board regulations.

C. An applicant for initial issuance of a CPA certificate shall provide proof acceptable to the Board that the applicant has had at least one year of acceptable experience in accounting or a related field. This experience may include providing any type of service or advice involving the use of accounting, management, financial, tax or consulting advisory skills or services. Acceptable experience shall include employment in government, industry, academia or public accounting or related services.

D. The Board shall grant all privileges of Virginia CPA certificate holders to persons who were granted CPA certificates or licenses in other jurisdictions who can demonstrate that they are eligible under the substantial equivalency provisions set forth in § 54.1-4411.

E. For the purpose of meeting the ~~examination CPA exam~~ requirements of this section, the Board may admit for ~~examination CPA exam~~ graduates of (i) Bristol College, Bristol, Tennessee, who have otherwise completed the course work and credit hours required by this chapter and (ii) Benjamin Franklin School of Accountancy and Financial Administration, Washington, D.C., who have otherwise completed the course work and credit hours required by this chapter.

F. For the purpose of meeting the ~~examination CPA exam~~ requirements of this section, the Board shall admit graduates with a baccalaureate degree with a major in accounting or a concentration in accounting from *the* National College of Business and Technology who have otherwise completed the course work and credit hours required by this chapter.

§ 54.1-4410. Renewal of CPA certificate; continuing education requirements.

A. The Board shall promulgate regulations establishing procedures and requirements for the renewal of a CPA certificate granted by the Board, including the payment of a renewal fee.

B. Any person referring to himself as a Certified Public Accountant or "CPA," including the use of the "CPA" title on individual business cards, letterhead and all other documents and devices except the CPA certificate, and who is performing or offering to perform any services involving accounting skills or auditing skills, issuing reports on financial advisory or consulting services, preparing tax returns, or furnishing advice on tax matters, for the public, shall meet the continuing professional education (CPE) requirements established by the Board as a condition of renewal of a CPA certificate. Such CPE requirements shall include at least 120 credit hours during each three-year period. The certificate holder may choose the areas of study and courses *except as provided in subsection D*.

C. Effective July 1, 2002, any person referring to himself as a Certified Public Accountant or "CPA," including the use of the "CPA" title on individual business cards, letterhead and all other documents and devices except the CPA certificate, and who is performing or offering to perform any services involving accounting skills or auditing skills, issuing reports on financial advisory or consulting services, preparing tax returns, or furnishing advice on tax matters, for an employer or other organization and not for the public, or who is employed as an educator in the field of accounting, shall meet CPE requirements as a condition of renewal of the person's CPA certificate as follows: (i) for the three-year reporting period beginning ~~July 1, 2002~~ *January 1, 2003*, a minimum of 45 credit hours, (ii) for the ~~three~~3-year reporting period beginning ~~July 1, 2005~~ *January 1, 2006*, a minimum of 90 credit hours, and (iii) for ~~three~~3-year reporting periods beginning on or after ~~July 1, 2008~~ *January 1, 2009*, a minimum of 120 credit hours. The certificate holder may choose the areas of study and courses *except as provided in subsection D*.

D. *The Board shall establish by regulation a requirement for continuing professional education in standards of conduct (ethics) for CPAs.*

§ 54.1-4411. Substantial equivalency for nonresident CPA certificate holders and licensees.

A. A nonresident of the Commonwealth shall be granted the privilege of practicing public accounting in the Commonwealth if he holds a valid *and unrestricted* CPA certificate or license to practice public accounting in another state or foreign jurisdiction that is determined by the Board or its designee to have education, ~~examination CPA exam~~ and experience requirements substantially equivalent to those provided by this chapter or if the Board determines that the nonresident individual has met education, ~~examination CPA exam~~ and experience requirements that are substantially equivalent to those provided by this chapter. The Board shall provide by regulation the manner in which the privilege to practice under this section shall be evidenced.

B. Any person intending to exercise the privileges of a CPA certificate holder in the Commonwealth under this section shall:

1. Consent to be subject to (i) the same laws, regulations and standards of conduct applying to holders of CPA certificates issued by the Board, (ii) the jurisdiction of the Board in all disciplinary proceedings arising out of matters related to his exercise of the privileges granted by this section, and (iii) the Board's authority to revoke his privilege to practice public accounting in the Commonwealth under this section.

2. Consent to the appointment of the director of the state board that issued his CPA certificate or license as his agent upon whom process may be served in any action or proceeding by the Board against him, or in any civil action in Virginia courts arising out of his professional activities in the Commonwealth. In the event he holds a CPA certificate or license from more than one state, the Board by regulation shall establish which director shall serve as his agent.

3. Consent to the personal and subject matter jurisdiction of the courts of the Commonwealth in any civil action arising out of his professional activities in the Commonwealth and agree that the proper venue for such actions is in the Commonwealth.

C. A person who holds a CPA certificate issued by the Board and is exercising the privileges of a CPA certificate holder in another state under a comparable substantial equivalency provision of that state's law shall be subject to disciplinary action by the Board for an act or omission committed in the Commonwealth. The Board shall investigate any complaint made to or by the board of accountancy of another state related to the person's exercise of the privileges of a CPA certificate holder in the Commonwealth.

§ 54.1-4412. Firms.

A. Any person holding a valid CPA certificate may organize a firm as a sole proprietorship, partnership, corporation, limited liability company, limited liability partnership, or any other form or organization permitted by law. Any person holding a valid CPA certificate may offer services that do not constitute the practice of public accounting as defined in § 54.1-4400 through any lawful form of organization while representing himself as a "Certified Public Accountant" or "CPA."

B. Any firm with one or more offices in the Commonwealth that practices, directly or indirectly, public accounting or that uses the term "Certified Public Accountant(s)" or the designation "CPA" in the name of the firm *CPA title* shall register under this chapter.

Only one ~~registration certificate~~ *permit* shall be required for a firm with multiple offices. Each firm registered under this section shall designate an individual to register as the primary contact on behalf of the firm. A firm with no offices in the Commonwealth may offer public accounting services in this Commonwealth if the individual members or employees providing services are (i) holders of CPA certificates from the Board, (ii) have met the substantial equivalency requirements of this chapter, or (iii) are otherwise eligible to practice in the Commonwealth as determined by the Board. The Board may revoke the privileges of such firm to offer public accounting services in the Commonwealth for good cause shown, pursuant to regulations promulgated by the Board.

C. Any firm with an office in the Commonwealth providing or offering to provide public accounting services shall *register under this chapter and* be issued a ~~registration certificate~~ *permit* by the Board upon application and payment of the required fee and shall maintain such certificate provided that:

1. At least ~~fifty-one~~ *51* percent of the owners of the firm, as determined on a firm-wide basis, hold a valid CPA certificate.

2. At least ~~fifty-one~~ *51* percent of the voting equity interest in the firm, as determined on a firm-wide basis, is owned by persons holding a valid CPA certificate. If this requirement or the requirement of subdivision C 1 is not met due to the death, retirement or departure of an owner, the requirements shall be met within one year of such event.

3. All non-CPA owners work in the firm as prescribed by Board regulations. Retirees or heirs who do not meet this requirement shall have a period specified by Board regulation to dispose of their interest. Firms in existence as of July 1, 1999, shall comply with this requirement within a period specified by Board regulation.

4. All public accounting services are under the supervision of a person holding a valid CPA certificate.

5. The firm provides evidence satisfactory to the Board that the firm has undergone, no less frequently than every ~~three~~ *3* years, a peer review in accordance with requirements established by the Board.

6. The firm conducts its accounting practice in conformity with the Board's standards of practice for firms and also with standards of conduct and practice that its CPA certificate holders are required to observe in the practice of public accountancy.

7. Any individual CPA who is responsible for supervising public accounting services and signs or authorizes another person to sign the accountant's report on the financial statement on behalf of the firm

428 shall meet the experience requirements for these individuals as established by the Board.

429 8. The name of the firm is not false, misleading or deceptive.

430 D. Any firm with an office in the Commonwealth that is not engaged in the practice of public  
431 accounting but uses the term "Certified Public Accountant" or the "CPA" designation in its name CPA  
432 title shall register under this chapter and be issued a registration certificate permit by the Board upon its  
433 application and payment of the required fee provided that such firm is in compliance with subdivisions  
434 C 1, 2, 3 and 8 of this section and the firm:

435 1. Conducts its practice in conformity with the ethical standards and standards of practice that the  
436 CPA certificate holders in the firm are required to observe; and

437 2. Affirms that it has met the requirements of this section and has not provided nor offered to  
438 provide services involving the practice of public accounting in the previous two years and will not  
439 provide or offer to provide such services in the future, unless it first meets the requirements set forth in  
440 subsection C.

441 In addition, any such firm using certified public accountants to compile financial statements shall  
442 compile such statements in compliance with SSARS and shall provide evidence satisfactory to the Board  
443 that the firm has undergone, no less frequently than every three years, a peer review in accordance with  
444 the requirements established by the Board.

445 E. A firm's registration certificate permit shall be renewed biennially on the anniversary date if such  
446 firm meets the requirements for registration and has paid the required fee. The Board shall establish a  
447 renewal fee.

448 § 54.1-4413. Unprofessional conduct; enforcement against holders of CPA certificates and permits.

449 A. The Board may revoke any CPA certificate or registration certificate permit; suspend any CPA  
450 certificate or registration certificate permit or refuse to renew any CPA certificate or registration  
451 certificate permit for a period of not more than five years; reprimand, censure or limit the scope of  
452 practice of any CPA certificate holder or registered firm; impose a monetary penalty as provided in  
453 § 54.1-4417 or place any CPA certificate holder or registered firm on probation, with or without terms,  
454 conditions and limitations, for any of the following reasons:

455 1. Fraud or deceit in obtaining or renewing a CPA certificate or registration certificate permit.

456 2. Cancellation, revocation, suspension or refusal to renew the CPA certificate or license to engage in  
457 the practice of public accountancy for disciplinary reasons in another state or foreign jurisdiction.

458 3. Failure to comply with the requirements for issuance or renewal of a CPA certificate or  
459 registration certificate permit.

460 4. Revocation or suspension of the right to practice before any state or federal agency.

461 5. Dishonesty, fraud, or gross negligence in the practice of public accountancy, including but not  
462 limited to the content of a CPA certificate holder's state or federal income tax returns or his failure to  
463 file his own state or federal income tax returns or those of his client.

464 6. Violation of any provision of this chapter or regulation promulgated by the Board under this  
465 chapter.

466 7. Violation of any standard of conduct or applicable standard of practice promulgated by the Board.

467 8. Subject to the provisions of § 54.1-4419, conviction of a felony, or of any crime involving fraud  
468 or dishonesty, under the laws of the United States, of this Commonwealth, or of any other state if the  
469 acts involved would have constituted a crime under the laws of the Commonwealth.

470 B. In lieu of, or in addition to, any authority provided in subsection A or other provisions of this  
471 chapter, the Board may require a registered firm to submit to a peer review conducted as the Board may  
472 specify, provided such firm performs services involving public accounting or compiles financial  
473 statements in accordance with SSARS. The Board may also require a CPA certificate holder to attain  
474 satisfactory completion of additional or specific continuing professional education credit hours as the  
475 Board may specify.

476 C. Any person referring to himself as a Certified Public Accountant or "CPA," including the use of  
477 the title on business cards, letterhead or other documents or devices other than the person's CPA  
478 certificate, who compiles financial statements must create the report in compliance with SSARS.

479 § 54.1-4417. Monetary penalty.

480 ~~Any Notwithstanding the provisions of § 54.1-202, any person or entity~~ licensed or registered by the  
481 Board who violates any statute or regulation pertaining to the Board who is not criminally prosecuted as  
482 ~~a result of the same event,~~ shall be subject to the monetary penalty provided in this section. If the Board  
483 ~~determines that a respondent is guilty of the finds any violation complained of, of its regulations,~~ the  
484 board shall determine the appropriate penalty, including the amount of any monetary penalty for the  
485 violation, which shall not exceed ~~\$2,500~~ \$100,000 for each violation. Any monetary penalty may be  
486 sued for and recovered in the name of the Commonwealth.

487 § 54.1-4423. Use of consultants in investigations.

488 The Board may develop a roster of consultants and may contract with consultants to assist the Board  
489 in investigating and evaluating violations of statutes and regulations of the Board and to provide expert



490 *testimony as necessary in any subsequent administrative hearing or court proceeding. The consultants'*  
491 *compensation shall be determined and paid by the Board.*

492 *Any consultant under contract with the Board shall have immunity from civil liability resulting from*  
493 *any communication, finding, opinion, or conclusion made in the course of his duties unless such person*  
494 *acted in bad faith or with malicious intent.*

495 **2. That the Board of Accountancy shall promulgate regulations to implement the provisions of this**  
496 **act to be effective within 280 days of its enactment.**

INTRODUCED

SB1329