

STATE OF WEST VIRGINIA

REGULATORY BOARD REVIEW OF THE

Board of Accountancy

**The West Virginia Board
of Accountancy is Needed
to Protect Public Interests**

**The Board of Accountancy
Complies with the General
Provisions of Chapter 30**

OFFICE OF LEGISLATIVE AUDITOR
Performance Evaluation and Research Division
Building 1, Room W-314
State Capitol Complex

CHARLESTON, WEST VIRGINIA 25305
(304) 347-4890

October 2000

PE 00-25-183

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October 2000

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

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Antonio E. Jones, Ph.D.
Director

October 8, 2000

The Honorable Edwin J. Bowman
State Senate
129 West Circle Drive
Weirton, West Virginia 26062

The Honorable Vicki V. Douglas
House of Delegates
Building 1, Room E-213
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0470

Dear Chairs:

Pursuant to the West Virginia Sunset Law, we are transmitting a Regulatory Board Review of the *Board of Accountancy*, which will be presented to the Joint Committee on Government Operations on Sunday, October 8, 2000. The issues covered herein are "The West Virginia Board of Accountancy is Needed to Protect Public Interests; and The Board of Accountancy Complies with the General Provisions of Chapter 30."

We conducted an exit conference with the *Board of Accountancy* on September 13, 2000. We received the agency response on September 20, 2000.

Let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "John Sylvia".

John Sylvia
Acting Director

JS/wsc

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EXECUTIVE SUMMARY

Issue Area 1: The West Virginia Board of Accountancy is needed to protect the public interests.

The Legislature determined that regulation should be imposed on an occupation or profession only when necessary for the protection of the public health and safety. The Legislative Auditor has determined that if the Board of Accountancy were abolished there would be significant and discernable effects upon the public.

The Board of Accountancy currently licenses 2,332 individuals. The certification provided by the Board of Accountancy assures the public that the accountant is competent to practice the profession and receives continuing education each year.

Issue Area 2: The Board of Accountancy Complies with the General Provisions of Chapter 30.

The Legislative Auditor finds that the Board of Accountancy complies with the General Provisions of Chapter 30, which are essential for the effective operation of a licensure board.

The Board of Accountancy began requiring continuing education in 1990. The Board's CPE coordinator randomly selects a percentage of licensees for auditing to verify continuing education requirements have been met.

The Board recently codified procedures for investigating complaints against licensees in compliance with House Bill 4062. The Board is also satisfactorily complying with applicable laws and rules providing for public access.

Objective, Scope and Methodology

This regulatory review is authorized by Chapter 4, Article 10, Section 5b of the West Virginia Code, as amended. The *objective* of this regulatory review is to determine if the Board of Accountancy complies with the policies and provisions of Chapter 30 of the state Code, as amended, and other applicable laws and rules. The review will determine if the Board follows a disciplinary procedure which observes due process rights and protects the public interest, and whether the Board is needed to protect the public interest.

The time period of this regulatory review covers fiscal years 1997 through 2000. Information used to complete this report was drawn from interviews and the Board's records, including annual reports, expense reimbursements records and meeting minutes. In conducting this regulatory review, the Legislative Auditor reviewed all applicable laws the Board's annual reports, meeting minutes, policies, procedures and financial information.

This review will assist the Joint Committee on Government Operations in making one of three recommendations to the Legislature for the 2001 Regular Session:

1. The agency be terminated as scheduled;
2. The agency be continued and reestablished; or
3. The agency be continued and reestablished, but the statutes governing it be amended in specific ways to correct ineffective or discriminatory practices or procedures, burdensome rules and regulations, lack of protection of the public interest, overlapping jurisdiction with other governmental entities, unwarranted exercise of authority, either in law or in fact, or any other deficiencies.

Every aspect of this review is in compliance with the **Generally Accepted Government Auditing Standards** (GAGAS) as set forth by the Comptroller General of the United States.

Background

The West Virginia Board of Accountancy was created by the Legislature in 1959 in order to regulate the practice of accounting and to provide for the certification and registration of persons engaged in accounting. The Board is composed of five members appointed by the Governor with the advice and consent of the Senate. Members serve three-year terms (or until their successors are named) and may only serve two terms consecutively. The Board has three staff members, an Executive Director, a CPA Exam Coordinator and a CPE Coordinator.

One of the principle duties of Board members is conducting the examination of candidates seeking to obtain certification as a Public Accountant. The American Institute of Certified Public Accountants (AICPA) develops, prepares and grades the exam. It is offered twice a year, in May and in November, for applicants meeting the necessary qualifications. The examination is a uniform written examination given in all jurisdictions of the United States on the same date. The examination is graded by professional graders who do not know the identity of the candidates. Grading costs are paid from fees collected by the Board from the applicants. The Board of Accountancy contracts with the American Institute of Certified Public Accountants (AICPA) as a sole source provider for CPA exam services.

Issue Area 1: The West Virginia Board of Accountancy is needed to protect public interests.

Chapter 4, Article 10, Section 2 of the *Code* finds, “...that agencies and programs have been created without demonstrable evidence that their benefits to the public clearly justify their creation.” It is the primary finding of this regulatory review that the West Virginia Board of Accountancy provides demonstrable benefit to the citizens of West Virginia. In §30-1A-1:

The Legislature finds that regulation should be imposed on an occupation or profession only when necessary for the protection of public health and safety.
[Emphasis Added]

A major consideration of the Legislative Auditor in this review was the following question posed in §4-10-11(4):

The extent to which there would be significant and discernable adverse effects on the public health, safety or welfare if the agency were abolished.

Discontinuing the regulation of accountants would have an unfavorable effect on the citizens of West Virginia. The Board of Accountancy licenses 2,332 individuals. This includes: 1757 resident Certified Public Accountants; 299 non-resident Certified Public Accountants; 52 resident Public Accountants; 6 non-resident Public Accountants; and 218 active Certificate Holders.

An accountant audits, inspects and maintains the financial records of individuals or business concerns and prepares financial and tax reports. An unethical, incompetent or unscrupulous accountant could cause individuals and businesses to incur financial losses. The certification provided by the Board of Accountancy assures the public that the accountant is competent to practice the profession and receives continuing education each year.

The Board of Accountancy operates solely on the fees paid by licensees and candidates for licensure. There is no cost to the public, or state general revenue fund, for regulating this profession.

Recommendation 1:

The Legislature should consider continuing the Board of Accountancy.

Issue Area 2: The Board of Accountancy Complies with the General Provisions of Chapter 30.

The Legislative Auditor finds that the Board of Accountancy complies with the General Provisions of Chapter 30, which are essential for the effective operation of a licensing board. The Board of Accountancy has complied with all of the following requirements:

- Officers are elected annually;
- An official seal has been adopted;
- The Board meets at least once annually;
- The Board has set fees by rule;
- The Board has established continuing education requirements as a prerequisite to license renewal;
- The Board maintains a record of its proceedings;
- The Board maintains a register of applicants;
- The Board submits annual reports to the Governor and the Legislature;
- The Board's address and telephone number are included in the state government listings of the Charleston area telephone directory;
- The Board maintains a roster of licensees;
- A Board member has attended the orientation session provided by the State Auditor's Office.

The Board of Accountancy began requiring continuing education in 1990. *West Virginia Code* §30-9-5 allows the Board to establish rules for continuing education and *Code of State Rules* §1-1-7 requires certificate holders applying for license renewal to complete 120 hours of continuing education within the three preceding calendar years. Individuals are required to provide annual continuing education report forms. This form is available in Appendix A. The Board's CPE Coordinator randomly selects a percentage of these for auditing to verify continuing education.

The passage of House Bill 4062 during the 2000 Regular Legislative Session required licensure boards to promulgate legislative rules detailing procedures for the investigation and resolution of all complaints against licensees. The Board of Accountancy complied with this requirement on June 28, 2000. Until then, the Board had no codified procedure to handle complaints, although it did have a "traditional procedure" which was provided to the Legislative Auditor.

Receipts collected from licensees to practice and from examination fees are deposited in a Special Revenue Fund, and the expenses of the Board are disbursed from and charged to this fund, as required by §30-1-10. Table 1 shows that the Board is self-sufficient and is able to carry out its licensing responsibilities as required by law [§30-1-6(c).]

Table 1
Board Revenues, Expenditures and Cash Balances

	FY 1996	FY 1997	FY 1998	FY 1999
Revenue	255,452.00	284,830.00	301,990.04	308,102.02
Expenditures	264,235.34	288,212.81	294,817.62	306,665.89
End of Year Cash Balance	281,651.95	278,269.14	285,441.56	286,877.69
Source: 2000 PERD Analysis of FIMS Documents.				

Chapter 30 requires “*When the special fund of any board accumulates to an amount which exceeds twice the annual budget of the board or ten thousand dollars, whichever is greater, the excess amount shall be transferred by the state treasurer to the state general revenue fund.*” The Board of Accountancy, due to its expenditures, is not required to deposit excess funds into the state general revenue fund. The Board does have adequate funding, is self-sufficient and provides necessary protection to the public in an efficient manner.

The Legislative Auditor finds that the Board is satisfactorily complying with applicable laws and rules in providing for public access. In 1998, the Legislature addressed the accessibility of state licensure boards by amending §30-1-12 of the state *Code*. The amendment added subsection (c) which states:

To promote public access, the secretary of every board shall ensure that the address and telephone number of the board are included every year in the state government listings of the Charleston area telephone directory. Every board shall regularly evaluate the feasibility of adopting additional methods of providing public access, including, but not limited to, listings in additional telephone directories, toll-free telephone numbers, facsimile and computer-based communications.

The Board of Accountancy developed a web site (<http://www.state.wv.us/wvboa>) that is user-friendly. Upon entering the site, the user is presented with the Board’s address, telephone and fax number. The page also lists Board members and staff. A large button prompts the user to send e-mail to the Board. The site allows the user to link to:

- Rules of Professional Conduct;
- Licensing Requirements;
- Rules Addressing Accounting Corporations and Other Forms of Business;
- Fees;
- Accountancy Law, Chapter 30, Article 9 of the state Code;
- CPA Exam Information; and
- Approved CPE Sponsor Listing.

The site allows the user to access a *license verification database*. The user may search for a CPA by last name, city or zip code. It allows the consumer to verify if an individual is indeed a currently licensed certified public accountant in the state of West Virginia. Other easily accessible areas of the site are:

- May 2000 successful exam candidates;
- New Legislative Rule
- Contested Case Hearing Procedure; and
- Disciplinary and Complaint Procedures for Public Accountants.

The *Related Links* section of the Board of Accountancy's web site offers immediate access to:

- West Virginia State Home Page;
- AICPA;
- National Association of State Boards of Accountancy; and
- The West Virginia Society of CPAs.

Although the Board has clearly sought to make maximum use of the Internet to provide information to its licensees as well as to the public, it does not provide a complaint form which the public may download. Other state Boards and Commissions do use this technology in order to provide the public with a plethora of forms. It is the opinion of the Legislative Auditor that by providing a complaint form on its web-site, the Board will improve its efforts in public access and protection.

Although the Board is in compliance with public access requirements in the state *Code*, it does not receive a comparable percentage of complaints when compared to other states. In order to fulfill its duty of public protection, the Board should provide a complaint form on its web-site which the public may download. It is the opinion of the Legislative Auditor that by providing a complaint form on its web-site, the Board will improve its efforts in public access and protection. Table 2 shows the number and percentage of complaints for West Virginia and surrounding states.

**Table 2
Comparison of Complaints**

State	# Licensees	#Complaints	#Actions	Percentage	Online Form
Ohio	30,000	400	300	1.3%	yes
Kentucky	6,600	139	42	2.1%	no
Virginia	7,117	28	40	.39%	yes
Maryland	13,834	47	8	.33%	yes
Pennsylvania	20,000	160	240	.8%	yes
West Virginia	2,332	2	9	.08%	no

Recommendation 2:

The Board of Accountancy should provide a complaint form on its web-site.

APPENDIX A

Transmittal Letter to Agency

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0610
(304) 347-4890
(304) 347-4939 FAX



Antonio E. Jones, Ph.D.
Director

September 13, 2000

Mrs. Jo Ann Walker, Executive Director
West Virginia Board of Accountancy
812 Quarrier Street, Suite 200
Charleston, West Virginia 25301-2695

Dear Mrs. Walker:

Enclosed is a draft of the preliminary performance review of the West Virginia Board of Accountancy. We would appreciate your response by Wednesday, September 20, 2000 so that it can be included in the final report which is scheduled to be presented at the October Interim meeting of the Joint Committee on Government Operations.

If you have any questions please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Brian Armentrout".

Brian Armentrout
Research Manager

cc: John Bianconi, Director, Office of Behavioral Health Services

_____ *Joint Committee on Government and Finance* _____

Appendix B
West Virginia CPE Reporting Form

WEST VIRGINIA BOARD OF ACCOUNTANCY
CPE REPORTING FORM FOR YEAR ENDING DECEMBER 31, 1999
DUE ON OR BEFORE JANUARY 31, 2000

(PHOTOCOPY AS NECESSARY)

FIELD OF STUDY	HOURS CLAIMED	CATEGORY CLAIMED	SOURCE	NAME OF COURSE SPONSOR	COURSE LOCATION	TITLE OF COURSE PROGRAM OR PUBLICATION	DATE COMPLETED/ ATTENDED/ PUBLISHED

(PLEASE USE THE CODES LISTED BELOW FOR THE APPROPRIATE COLUMNS ABOVE)

WV LICENSE # _____ OR WV NON-RESIDENT # _____

NAME _____

EMPLOYER _____

ADDRESS _____

CITY, STATE, ZIP _____

HOME ADDRESS _____

HOME CITY, STATE, ZIP _____

HOME PHONE: _____ BUSINESS PHONE: _____

- FIELD OF STUDY CATEGORY CLAIMED SOURCE**
- 1 ACCOUNTING & AUDITING
 - 2 ADVISORY SERVICES
 - 3 MANAGEMENT
 - 4 PERSONAL DEVELOPMENT
 - 5 SPECIALIZED KNOWLEDGE
 - 6 TAXATION
 - 7 GOVERNMENTAL ACCOUNTING
 - 8 INVESTMENT
 - 9 OTHER
 - 10 OTHER
- 1 LIVE PRESENTATION/DISCUSSION
 - 2 COLLEGE CREDIT
 - 3 SELF-STUDY
 - 4 VIDEO
 - 5 INTERACTIVE SELF-STUDY
 - 6 EMPLOYER PROVIDED IN-HOUSE
 - 7 COLLEGE OR UNIVERSITY
 - 8 NAIPA APPROVED SPONSOR
 - 9 WV GOVERNMENTAL AGENCY
 - 10 IRS OR OTHER FEDERAL AGENCY

TOTAL HOURS CLAIMED FOR 1999 _____

SIGNATURE: _____

DATE SUBMITTED _____

?????????
QUESTIONS
 Call Board Office:
(304) 558-3557
 FAX (304) 558-1325
 E-Mail: wvboa@mail.wvnet.edu
 http://www.state.wv.us/wvboa

NON-RESIDENT LICENSEES
 As a nonresident licensee, licensed in my state of residence, I have met the CPE requirements for my state. I will complete this form or attach most recent copy of resident state report or computer generated firm report. Hours secured in 1999 must be listed.

NEWLY LICENSED WV CPAs (Certificate from WV) I obtained my first license to practice on this date (____/____/____) so I am exempt from accruing CPE hours for 1999.

R EPORTING FORMS POSTMARKED AFTER JANUARY 31 MUST BE ACCOMPANIED WITH A LATE FILING FEE OF \$110.00 MADE PAYABLE TO THE WEST VIRGINIA BOARD OF ACCOUNTANCY. (NO EXCEPTIONS.)

WV CPE Reporting Forms
 West Virginia Board of Accountancy
 200 L&S Building, 812 Quarrier St.,
 Charleston, WV 25301-2695

Appendix C:
Agency Response

**West Virginia
Board of Accountancy**

812 Quarrier St., Suite 200
Charleston, West Virginia 25301-2695



Board Members:
Norman T. Daniels, CPA, President
Jack Rossi, CPA, V. President
Edward P. McDonough, CPA, CVA, Secretary
David H. Rollins, PA
Gayle E. Mason, CPA
Reed J. Tanner, CPA

Cecil H. Underwood, Governor

September 18, 2000

Jo Ann Walker, Executive Director

Brian Armentrout, Research Manager
West Virginia Legislature
Performance Evaluation & Research Division
Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, WV 25305-0610

RECEIVED

SEP 22 2000

RESEARCH AND PERFORMANCE
EVALUATION DIVISION

**Re: State of West Virginia Preliminary Performance Review
of the Board of Accountancy**

Dear Mr. Armentrout:

On behalf of the Board of Accountancy, thank you for your comments and recommendations concerning the West Virginia Board of Accountancy's performance review. The Board found these recommendations helpful to improve operations at the Board office.

This Board agrees with the Performance Evaluation and Research Division's recommendation that the Legislature should consider continuing the Board of Accountancy.

We have implemented your recommendation that the Board provide a Complaint Form that can be printed directly from our web site with instructions for its use.

A review of the records of the West Virginia Board of Accountancy's Disciplinary Actions reveals that an error was made by this Board in reporting the number of complaints for the period beginning 7/1/98 through 6/30/99. Six complaints were received for that period -- not 2 as indicated on your COMPARISON of COMPLAINTS chart. (Only 2 were reported for the calendar year, however there were 4 more complaints received for the fiscal year.)

Listed below are the number of complaints received by this Board for the past 10 years:

Complaint Period	# of Complaints	Complaint Period	# of Complaints
07/01/90 - 06/30/91	18	07/01/95 - 06/30/96	9
07/01/91 - 06/30/92	13	07/01/96 - 06/30/97	12
07/01/92 - 06/30/93	16	07/01/97 - 06/30/98	8
07/01/93 - 06/30/94	17	07/01/98 - 06/30/99	6
07/01/94 - 06/30/95	15	07/01/99 - 06/30/00	11

304/558-3557 ♦ Fax: 304/558-1325 ♦ E-mail: wvboa@mail.wvnet.edu ♦ Web address: www.state.wv.us/wvboa/

The Board is unable to offer an explanation regarding the small number of complaints received in comparison with surrounding states except that the West Virginia Board of Accountancy regulates activities of Certified Public Accountants and registered Public Accountants only. The Board does not have jurisdiction over the activities of unlicensed individuals, (e.g. "accountants", "tax preparers", "tax consultants", or "bookkeepers") while other states may.

If you need additional information, please contact me.

With regards,



Mrs. Jo Ann Walker
Executive Director
West Virginia Board of Accountancy

WEST VIRGINIA BOARD OF ACCOUNTANCY

Response to

**Office of the Legislative Auditor
Preliminary Performance Review of the
Board of Accountancy**

before the

Joint Committee on Government Operations

**West Virginia Board of Accountancy
812 Quarrier Street, Suite 200
Charleston, WV 25301-2695**

**Phone: (304) 558-3557
Fax: (304) 558-1325
E-mail: wvboa@mail.wvnet.edu**

Issue Area 1: The West Virginia Board of Accountancy is needed to protect public interests.

Recommendation 1: The Legislature should consider continuing the Board of Accountancy.

The Board agrees with Recommendation 1: The Legislature should consider continuing the Board of Accountancy.

Issue Area 2: The Board of Accountancy Complies with the General Provisions of Chapter 30.

Recommendation 2: The Board of Accountancy should provide a complaint form on its web-site.

The Board agrees with Recommendation 2 and has implemented your recommendation that the Board provide a Complaint Form that can be printed directly from our web-site with instructions for its use. (Attached copy of complaint form and instructions).

File a Complaint


Board Members:
 Norman T. Daniels, Jr., CPA
 Edward P. McDonough, CPA, CMA
 David H. Bolton, PA
 Jack Rissel, CPA
 Gayle B. Mason, CPA
 Bee J. Tanner, CPA

Board Staff:
 Jo Ann Walker, Executive Director
 Joyce K. Brown, CPA Exam Coord.
 Brenda B. Tirkey, CRB Coord.

West Virginia Board of Accountancy
 812 Quarrier Street, Suite 200
 Charleston, WV 25301-2695

(304) 558-3557
 Fax: (304) 558-1328

Send E - Mail



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[Disciplinary & Sanctions Procedures For Public Accountants](#)

The complaint form is available for use in advising this Board of any problems which require its attention. By clicking on this **complaint form** hyperlink you can print a copy of the Complaint Form. Mail the completed form with documentation supporting your complaint to the Board office address on the complaint form.

Once the Board receives a written complaint, a copy of the complaint is provided to the CPA or PA for response. The Complainant and Respondent are notified of Board action by letter.

This Board is unable to confirm to any inquirers if other complaints have been received against a specific CPA or PA or an accounting firm. Only after action has been taken does that information become part of the public record.

In many cases verbal complaints are received, but the complainant fails to follow up with a written complaint. The Board cannot conduct an investigation without a written submission of the complaint to the Board office.

Any questions regarding these procedures can be answered by calling or writing the Board office.

Related Links

| [State Home Page](#) |
| [AICPA](#) |
| [National Association of State Boards of Accountancy](#) |
| [West Virginia Society of CPAs](#) |



This webpage is a work in progress. More information will be added as time permits.
 Feel free to call or write for more information.

DISCLAIMER

The West Virginia Board of Accountancy uses links to other Web sites for convenience to the user. These Web sites may contain material or information on topics of interest to a user. Whenever you click on some of the links above, you are leaving the West Virginia Board of Accountancy home page and entering an external site. WVBOA cannot attest to the accuracy of the information provided by the external linked sites, nor does the WVBOA endorse any products or information obtained from these external sites.

Any information contained in the West Virginia Board of Accountancy home page is subject to change by Board Action or an act of the Legislature.

<http://www.state.wv.us/wvboa/complain.htm>

9/18/00

State of West Virginia West Virginia Board of Accountancy 812 Quarrier Street, Suite 200 Charleston, WV 25301-2695 (304) 558-3557	
COMPLAINT FORM <i>(Please type or print legibly)</i>	
Your Name:	Phone:
Address:	
City State Zip	
Complaint Against:	Phone:
Address:	
City State Zip	
Description of Complaint: (If more space is needed, use reverse side or additional sheets)	
Action you expect from Board:	
I certify under penalty of perjury to the truth and accuracy of all statements, answers, and representations made in this report.	
Signature	Date
BOARD OFFICE USE ONLY	
Statute:	Complaint Number
Rule:	Date