



State of Vermont
Office of the Secretary of State

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James C. Condos, Secretary of State
Brian H. Leven, Deputy Secretary

Office of Professional Regulation
National Life Bldg., North FL2
Montpelier, VT 05620-3402

Christopher D. Winters, Director

Vermont Board of Accountancy

February 2, 2012

Dear Licensees and other interested parties:

Notice: The Board of Accountancy has scheduled a public hearing on the proposed rule changes for May 22, 2012, at 1:00 p.m., at the Office of Professional Regulation, National Life Building, 1 National Life Drive, North, FL 2, Montpelier, VT, 05602.

As many of you know, several years ago the Vermont Board of Public Accountancy (the Board) made significant changes to our accountancy laws and rules. The most notable of these changes were the adoption of a 150 hour requirement to license beginning in 2014 (previously 60 or 120 hours), the adoption of rules making Vermont a "substantially equivalent" state, and allowing mobility (the ability to more easily practice across state lines).

During 2011, the Board began the process of proposing additional changes to the rules. The following are the substantive changes we are proposing:

- 5.6 The rules would be modified to clarify that the required ethics course shall include in the subject matter the AICPA Code of Conduct **or** Vermont Accountancy statutes and rules

- 5.9(d) The rules would be modified to require that work experience be attained within a period beginning 4 years prior to completing the examination and ending not more than 4 years after completing the exam. The old rule had been up to 15 years after filing of a completed application. The Board felt that an experience window of 8 years was sufficient, with experience older than that not relevant.

- 8.2(c) Under the proposed rules, an applicant whose license has lapsed for more than two consecutive renewal



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periods would be required to file a new application for licensure and satisfy the initial licensure requirements of the Board or the endorsement requirements of the Board.

- 9.1(e) Under the proposed rules, courses suitable for the four hour requirement are broadened to include "ethics for accountants". This change would allow CPAs in private practice to take ethics courses relevant to their industry, not necessarily the AICPA Code of Conduct or Vermont accountancy statutes and rules.
- 9.2(e) Under the proposed rules, the requirement that correspondence and individual study program CPE be limited to 64 of the 80 requirement for CPE would be eliminated. It is the Board's opinion that with the increasing quantity and quality of interactive internet based CPE, this requirement is no longer relevant.
- 9.3(a) This provision would be modified to reflect the Board's current policy that detailed CPE records are not submitted with renewal applications, but must be retained by licensees for a period of 5 years and provided to the Board upon request.
- 10.7 The Board is proposing substantial revisions to the Peer Review requirements for firms performing attest services.

The proposed rules clarify that peer review reports are exempt from disclosure to the public under 1 VSA 317(b)(3), except in cases of continuing deficiencies and noncompliance with the peer review requirements.

The requirement that a firm submit a copy of its peer review report as part of the Firm's biennial registration is eliminated. Instead, firms will attest that they are subject to, and in compliance with, peer review requirements.



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Firms enrolled in a peer review program would submit to the Board a copy of their peer review report and letter of acceptance within 6 months following the end of the 3 year peer review period. If extensions are needed, a copy of the extension granted by the peer review organization must be submitted. The complete peer review report would be submitted upon issuance. The proposed rules clarify that in the case of "pass with deficiencies" or "fail" reports, a report will not be considered complete until the final letter of acceptance is submitted to the Board.

The proposed rules include a new policy for firms subject to an initial peer review during the latest licensing period. This policy would require that firms, within 30 days of first performing an attest service, notify the Board in writing and provide proof of enrollment in a peer review program. The peer review would have to be performed within an 18 month period after the report date of the first attest engagement. Submission of a final Peer Review report to the Board would be required within 24 months.

Various The Board is proposing elimination of various sections of the rules where they are duplicative of provisions found in Vermont statutes.

When you read the "Proposed Rules" you will see an annotated version. Additions are underlined and deletions are ~~stricken~~.

Anyone is welcome to comment on the "Proposed Rules." Go to the announcement box on the Accountancy page on the web site and you will see a place to send comments where it says: "Click Here." Or you can send comments to: accountancyrules@sec.state.vt.us.

Respectfully submitted,

Lee Spivey, Board Chair