PRACTICE ALERT

The Role of United States Boards of Accountancy in Monitoring and Sanctioning CPA Misbehavior

This study provides the first large-scale evidence on how the internal attributes of state boards of accountancy — including independence, diversity, and resources — shape which disciplinary cases they pursue and how severely they sanction CPAs.

METHOD

Archival study using hand-collected disciplinary case records and Freedom of Information Act (FOIA) requests across 33 U.S. state boards (2015–2018). Board attributes were collected from state board websites and supplemented with NASBA data. Analyses examine associations between board governance and oversight attributes and both the types of disciplinary cases reported and the sanctions imposed.

33	2,354	4
U.S. state boards examined	Disciplinary cases hand-collected	Years of data 2015–2018

KEY FINDINGS

📊 **State board attributes vary dramatically across states.** Board composition, resources, and licensing requirements differ widely — from 100% CPA membership in Massachusetts and Mississippi to under 50% in California; budgets ranging from $2 per CPA (Rhode Island) to $276 (Wyoming); and gender representation from 3.6% female (West Virginia) to 60.1% (Michigan).

⚖️ **Board attributes shape the types of cases pursued.** Boards with more female members and more frequent meetings were less likely to report public-only cases relative to private-only cases. Boards with higher percentages of CPAs and lawyers were more likely to uncover dual-infraction cases — suggesting more thorough investigations.

🔨 **Diversity drives sanction severity — but gender and race point in opposite directions.** Boards with greater racial diversity consistently issued more severe sanctions across case types. In contrast, boards with a higher percentage of female members issued less severe sanctions — a pattern inconsistent with findings in the corporate governance literature and warranting further investigation.

🏛️ **CPA-majority boards are not simply self-protective.** Contrary to concerns about self-regulation, boards with higher percentages of CPAs were more likely to permanently revoke a CPA's license, suggesting these boards are not simply shielding their own. They were also more likely to report dual-infraction cases, indicating thorough investigations.

⚠️ **Inconsistent enforcement creates real profession-wide risk.** The same CPA misconduct can result in very different outcomes depending on which state board handles the case. This inconsistency raises concerns about fairness, undermines CPA reciprocity efforts, and may fuel criticism that self-regulation prioritizes the profession over the public.

KEY TAKEAWAYS FOR PRACTITIONERS

🏛️ **State legislatures should consider revisiting statutory board composition requirements.** Laws governing who serves on state boards — and in what proportions — directly affect enforcement outcomes. Legislatures should consider evidence-based guidance on the governance attributes associated with effective, consistent monitoring.

📋 **NASBA should consider using this evidence to promote stronger self-governance.** The National Association of State Boards of Accountancy is well-positioned to facilitate dialogue among state boards, share best practices, and encourage structural reforms that reduce enforcement inconsistency across jurisdictions.

👥 **Boards should reflect on whether their structure enables effective oversight.** State boards can use these findings to evaluate their own governance — considering whether their composition, meeting frequency, and licensing requirements align with effective, public-interest-focused enforcement.

BOTTOM LINE

Who sits on a state board of accountancy — and how that board is structured — has consequences for how CPAs are monitored and disciplined. This study provides the first systematic evidence linking internal board attributes to enforcement outcomes, offering a foundation for reforms that can reduce inconsistency and strengthen public protection across all jurisdictions.

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