

# NASBA State Board Report

A Digest of Current Developments Affecting State Accountancy Regulation

Volume XXXVII, Number 12

December 2008

## 2008 Candidate Report Readied

*Candidate Performance on the Uniform CPA Examination – 2008 Edition* is coming out in both book and CD format. The statistical reports and commentary detail the performance of CPA candidates from approximately 1,000 schools on the 2007 Uniform CPA Examination. In the third full year of the computer-based Uniform CPA Examination, 77,196 candidates took the Examination, an increase of 7,937, and the number of testing events increased by 21,427. Both represent increases of 11.5 percent over the previous year's numbers.

Much of the data for the report was gathered from the state boards via NASBA's Gateway System. NASBA consigned the task of analyzing the data and preparing the report to Alan S. Cohen, Ph.D., Professor, Department of Educational Psychology and Instructional Technology, University of Georgia, and James A. Wollack, Ph.D., Director, Testing and Evaluation Services, University of Wisconsin. With computer-based testing, for the NASBA study, a candidate is considered to be a first-time candidate for a section if it is the initial time he or she is taking that section. Consequently, the same individual can be a first-time candidate for one section while he or she is a repeat/re-exam candidate for the other three. All four sections of the Examination had to be taken and passed within 2007 to be reported in this study as successfully completing the exam.

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### Schools with Highest Passing Rates Among First-Time Candidates Without Advanced Degrees\*\*

Rank	Institution	Number		Number of Candidates	Percent Passing
		Fail	Pass		
1	WAKE FOREST UNIV	6	29	35	82.86%
2	UNIV GA	11	39	50	78.00%
3	UNIV WI MADISON	12	42	54	77.78%
4	BRIGHAM YOUNG UNIV	11	32	43	74.42%
5	UNIV TX AUSTIN	30	84	114	73.68%
6	TX A&M UNIV	38	94	132	71.21%
7	BOSTON COLL	10	20	30	66.67%
8	IL WESLEYAN UNIV	7	13	20	65.00%
8	MARQUETTE UNIV	7	13	20	65.00%
8	TRUMAN ST UNIV	7	13	20	65.00%
9	UNIV WA	10	17	27	62.96%
10	UNIV MI ANN ARBOR	12	20	32	62.50%

### Schools with Highest Passing Rates Among ALL Candidates With Advanced Degrees\*

Rank	Institution	Number		Number of Candidates	Percent Passing
		Fail	Pass		
1	OH ST UNIV	3	13	16	81.25%
2	UNIV DENVER	3	8	10	80.00%
2	BAYLOR UNIV	4	8	10	80.00%
2	UNIV IA	4	8	10	80.00%
3	UT ST UNIV	8	15	20	75.00%
4	UNIV NORTH TX	7	11	15	73.33%
5	BRIGHAM YOUNG UNIV	16	36	50	72.00%
6	UNIV OK NORMAN	6	10	15	66.67%
6	CA ST UNIV EAST BAY	6	8	12	66.67%
7	UNIV MO COLUMBIA	20	21	32	65.63%
8	UNIV WA	10	15	24	62.50%
9	MI ST UNIV	6	8	13	61.54%
10	BOSTON COLL	19	22	36	61.11%

\* Reprinted with permission from *Candidate Performance on the Uniform CPA Examination - 2008 Edition*

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## Atkinson to Address Educators



**Atkinson**

Should a candidate be able to take the Uniform CPA Examination when he or she has 120 hours of education and then wait until 150 hours are obtained to be licensed? NASBA's study of that question will be discussed by NASBA Vice Chair Billy Atkinson at the February 8, 2009 meeting of the Federation of Schools of Accountancy and the Accounting Program Leadership Group, which will bring together approximately 250 leaders of accounting schools from across the nation.

Mr. Atkinson, past chair of the NASBA Education Committee, has been working to strengthen NASBA's relationships with the educational community over the past several months. In July, he met with American Accounting Association leaders to plan a "summit." Then on October 14, 2008, Mr. Atkinson, NASBA Chair Tom Sadler, President Costello, 2008-09 Education Committee Chair Melanie Thompson and Chief Relations Officer Alfonzo Alexander met with the American Accounting Association's Executive Director Tracey Sutherland, President Susan Haka, President-Elect Nancy Bagranoff, and Past President Jane Mutchler; plus AACSB Executive Vice President Jerry E. Trapnell; and the

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## IFAC's Bunting to Focus on SMEs

Over 100 accountancy organizations, including NASBA, were represented at the International Federation of Accountants' (IFAC) Board and Council meetings, held November 11-14 in Rome. At the conclusion of the meetings, Robert Bunting, former AICPA Chair, assumed the IFAC Presidency for a two-year term ending November 2010.

The IFAC Council also approved its Strategic Plan for 2009-2012 that has an increased focus on: implementation of international standards, enhancing the relevance and sustainability of the profession, and communicating more vigorously on regulatory, financial management, financial reporting, corporate governance and other issues.

President Bunting stated: "Another area of focus in the strategy and one to which I plan to give my attention is meeting the needs of small and medium practices (SMPs) and enterprises (SMEs). The SMP/SME community did not cause the current financial crisis, but they will be very much affected by it. We must do what we can, including ensuring that they are not subject to

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## 10 EU Members Seek to Limit Liability

One-third of the Federation of European Accountants (FEE) have moved to limit auditors' liability. They include: Austria, Belgium, Bulgaria, Germany, Greece, Latvia, Slovakia, Slovenia, Sweden and the United Kingdom. The most recent came in September when the Swedish government announced a proposal to cap auditors' liability at 10.3 million Euros per assignment.

The European Commission had made a recommendation to its member states on June 5, 2008 to introduce a limitation on auditors' liability. FEE encouraged the EU states to implement the recommendation in a way that would accommodate their different legal systems.

Secretary General of the Swedish Professional Institute of Accountants Dan Brännström said, "It is high time to introduce limited liability for auditors in Sweden. Today only very few audit firms have the capacity to audit listed companies and the existing liability renders the growth of additional global audit firms more or less impossible." ♦

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## Atkinson to Address Educators

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AICPA's Chair-Elect Bob Harris and Director of Academic and Career Development Dennis Reigle. Their discussion covered: the shortage of accounting Ph.D.s, comments on NASBA's 120/150 paper, ACAP's recommendations, IFRS and UAA Model Rules.

The summit was a very productive meeting, Mr. Atkinson observed, and he suggested that a similar summit be scheduled at least once a year. One of the group's goals will be holding an education conference open to all stakeholders.

The NASBA 120/150 paper is a document developed to stimulate discussion, Mr. Atkinson said. Comments received on the paper are being posted on NASBA's Web site [www.nasba.org](http://www.nasba.org). ♦

overly burdensome regulatory requirements, to contribute to their health and effectiveness."

Included in the IFAC Strategic Plan is a chart, which Mr. Bunting presented at NASBA's Forum of International Accountancy Regulators in October, illustrating how IFAC wants to influence various economic and social results. The IFAC strategic plan can be found on its Web site, [www.ifac.org](http://www.ifac.org).

Linda Biek, NASBA's Director of Governmental, International and Professional Relations, attended the Rome meeting. She reported: "It was extremely beneficial to meet with representatives of professional associations and learn more about the various agencies from around the world who are charged with regulating and supporting the profession. While we may think that we are all different, the same fundamental requirements are in place in most countries. One of the main questions on the minds of attendees was how do we work together to maintain the integrity and proficiency of accountants throughout the world? NASBA plans to assist in answering this question." ♦

## NASBA Welcomes Comments

The comment periods for two NASBA documents will be ending shortly:

- The comment period for the 120/150 Discussion Draft will end on December 31, 2008. Comments should be sent to [laxisa@nasba.org](mailto:laxisa@nasba.org).
- The comment period for the proposed revisions to the Uniform Accountancy Act's Model Rules will end on January 31, 2009. Comments should be sent to [lhaberman@nasba.org](mailto:lhaberman@nasba.org).

Both documents can be found on [www.nasba.org](http://www.nasba.org). ♦

## 2008 Candidate Report Readied

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The 2007 statistics show that, consistent with previous years, the passing percentage for first-time candidates was highest in the Business Environment and Concepts (BEC) section, but BEC was the hardest for repeat candidates.

"The magnitude of the differences among the four sections has narrowed over the past few years," the report states. "In 2007, the passing rate among first-time candidates was very close to 50 percent for all four sections," showing a slight increase in the percentage passing all or nearly all of the sections.

The 2008 study can be ordered as a book or CD at \$130 each, or together for \$180 plus shipping and handling. An order form can be found on the NASBA Web site.

To order four books or more or to obtain international shipping information, contact Denise Flagg at [cpb@nasba.org](mailto:cpb@nasba.org) or (615)880-4258. ♦

# President's Memo

## In Six Words...

Can you summarize your life, your career, your activities or your present situation in just six words? A recently published book entitled *Not Quite What I Was Planning* is a collection of six-word memoirs by various writers (some famous, some obscure) and seeks to meet that challenge. Here are some examples:



Costello

“Risky it all; wasn't quite enough.”

“Aging late bloomer yearns for do-over.”

“Happiness is a warm salami sandwich.”

“Life was but a dream, merrily.”

And my favorite—“Glass half full; pockets half empty.”

In the frenzy of the holiday season perhaps you, like me, look for ways to do as much as you can in as short a period as possible. Shopping, dinners, parties, greeting cards, family and 2009 plans dominate our lives this time of year. Being caught up in the season and in the challenge to end this year with a digest of NASBA and state board activities and goals, I am using the six-word memoir approach. I must warn you—this mechanism is contagious, especially if you are text messaging, and you may very well find yourself writing your own six-word digests.

“Four states initially; now 31 —MOBILITY!

“Whoa to Congress; Mobility is working.”

“Recession, business failure. Scapegoat? Fair Value.”

“Mark to market; mark to maybe.”

“Fair value - not causative, but reflective.”

“IFRS roadmap: To where? By Whom?”

“Big IFRS party: Where's NASBA's invitation?”

“Enforcement: You can run—can't hide.”

“Global commerce, global standards, global CPA.”

“NASBA's 101 years—best years ahead.”

“State accountancy regulators: Public interest priority.”

“120 plus meaningful 30 equals 150.”

“Peer review report transparency for boards.”

“ALD spanning, not scraping, 55 jurisdictions.”

“Ethics for everyone, beginning with Exam.”

“CPE Expo: A show to know.”

And the popular UAA trilogy: “No notification; no fees; no escape.”

As we near the end of 2008, I extend to each of you my appreciation for your public service, my warmest wishes for a happy holiday season celebrated in your own meaningful manner and tradition, and my confidence that 2008 is a positive prologue to the joys of 2009.

Joy. Peace. Health. Family. Fun. Celebration.

*Ad astra, Per aspera*

— David A. Costello, CPA

President and CEO

## SEC Roadmap to IFRS Released

The Securities and Exchange Commission's "Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by US Issuers," announced by SEC Commissioner Christopher Cox in August, was finally released in November and can be found on [www.sec.gov](http://www.sec.gov). The document is 165 pages long and poses 70 questions for comment by February 19, 2009. It "sets forth several milestones that, if achieved, could lead to the required use of IFRS by US issuers in 2014 if the Commission believes it to be in the public interest and for the protection of investors." However, an issuer whose industry uses IFRS as the basis for financial reporting more than any other set of standards would be eligible to elect to use IFRS beginning with filings in 2010.

Recognizing that the education of most US accountants is predominantly focused on the current provisions of US GAAP, the paper states, "...it would be appropriate to include IFRS in the Uniform CPA Examination" and notes that "IFRS supplements to and IFRS content in accounting textbooks used in US universities have become increasingly available." Referencing the AICPA

Board of Examiners' "Proposed Content and Skill Specifications for the Uniform CPA Examination," the SEC says that the Examination's inclusion of certain aspects of the IFRS conceptual framework and standard setting process would be expanded should IFRS become generally accepted in the United States.

The Roadmap expects the SEC will make a decision in 2011 with regard to the mandated use of IFRS for US issuers. As part of the Roadmap, the SEC is proposing amendments to its rules, regulations and forms which, if adopted, would allow a limited number of US issuers to file IFRS financial statements prior to any mandated use of IFRS in Commission filings.

"We believe that a Commission decision and action in 2011 would provide issuers with sufficient early notice of the transition to IFRS to permit them to begin their internal accounting using IFRS in 2012, which would be the earliest fiscal year that would be covered under the earliest anticipated phase-in for IFRS reporting in 2014," the report states.

NASBA's Regulatory Response Committee has begun preparing comments on the Roadmap. ♦

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## FASB Codification to Launch July 2009

After July 1, 2009, only one level of authoritative Generally Accepted Accounting Principles (GAAP) will exist, the Financial Accounting Standards Board announced on December 4. The *FASB Accounting Standards Codification* is expected to launch on that date and officially become the single source of authoritative nongovernmental US GAAP, superseding existing FASB, AICPA, Emerging Issues Task Force and related literature. GAAP will not be changed by the Codification, the FASB asserts, but they will be more user-friendly.

FASB Chairman Robert Herz explained that the Codification

completely reconfigures GAAP in a way that will vastly improve the ease of researching issues. "Preparers and auditors of financial statements need to familiarize themselves with the changes so that they are ready for the switch," he advised. The Codification takes thousands of GAAP pronouncements and reorganizes them into about 90 accounting topics displayed in a consistent structure, including relevant Securities and Exchange Commission guidance.

A tutorial on the Codification can be found on <http://asc.fasb.org>. Constituents can also participate in the FASB Codification verification process by providing feedback at the Web site. ♦

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