

## State Boards Alerted to EBP Auditors

When Ian Dingwall, Chief Accountant-Employee Benefits Security Administration of the US Department of Labor (DOL), addressed the Executive Directors Conference in March, he underscored the poor quality of some audits of employee benefit plans (EBP) discovered by his inspectors (see *sbr* 3/2014). The Executive Directors responded by asking for more information from the DOL about CPAs who are performing EBP audits. NASBA worked with the DOL to obtain a complete list of the close to 5,000 EBP audit firms, which NASBA then parsed by jurisdiction and is sending to each Board the first week of June. EBP audits are among the “must select” engagements that the peer reviewer needs to include in the sample of work reviewed; consequently, checking against peer review reports should identify which firms had appropriately complied with peer review requirements and been successfully reviewed.

NASBA Vice President Dan Dustin wrote to the Boards’ Chairs and Executive Directors: “Upon receipt of the list, State Boards may choose to: 1. Verify the registration of the EBP auditor in its state or jurisdiction, if required, and 2. use the AICPA’s Facilitated State Board Access (FSBA) database to verify that the public accounting firms in its jurisdiction had the appropriate peer review report issued, including the required reference to EBP audits. NOTE: NASBA is available to assist any State Board that requests help in verifying the registration and peer review report information related to this issue.”

On May 28 the AICPA’s Peer Review Board (PRB) held an open

conference call, in which State Board representatives participated, to consider revised guidance to its peer review administering entities related to the recall of peer review reports when must-select engagements, such as EBP audits, are not included in a firm’s peer review. The guidance, which was approved, clarifies for the administering entities and the State CPA Societies the PRB’s instruction to communicate with Boards of Accountancy regarding recalled peer review reports.

The revised guidance states: “The administering entity must recall its acceptance letter when notified by staff that the peer review report is not correct in all material respects. The peer review information and peer review documents must be removed from view on Facilitated State Board Access (FSBA), and the administering entity must notify the applicable State Board(s) of Accountancy of information allowed by the guidance.” The administering entity is also to proactively notify the same State Accountancy Boards when the replacement review is accepted.

Based on the AICPA’s research on the EBP auditors’ peer review compliance conducted through May 13, the Peer Review Board reported that 119 peer review reports had been recalled requiring replacement reviews, another 89 firms were going to require additional replacement reviews without the recall of their original reviews, and 9 firms were referred to AICPA’s Professional Ethics because a peer review had not been performed. The AICPA has not yet completed its matching of the DOL list of auditors with reported peer review compliance. ♦

## NASBA Research Grants Announced

Recipients of the 2014 NASBA Accounting Education Research Grants have been named:

- “State Policies and Attitudes Toward Acceptance of Advanced Placement (AP) Courses and a Comparison of Success on the CPA Exam Between Students That Enter College with Advanced Placement Credit and Those That Do Not: A Two-Part Investigation”

**Dan Deines, John Morris and Joseph Ugrin**  
**Kansas State University**

- “Intention to Sit for the CPA Examination: An Investigation of Cost, Exam, Support and Career Factors”

**Martin J. Cox**  
**Western Illinois University**

- “Are Accountants Made or Born? An Analysis of Self Selection into and Success in Accounting”

**Martin G. Fennema**  
**Florida State University**

- “Accelerated vs. Traditional Accounting Education and CPA Exam Pass Rate”

**Michael Eames, Suzanne Luttman and Susan Parker**  
**Santa Clara University**

The results of the researchers’ work will be presented at NASBA’s June 2014 Regional Meetings. Established in 2011, the NASBA

Education Grant Research Program’s goal is to advance research on educational issues impacting certified public accountants, the public accounting profession and the Boards of Accountancy’s charge to protect the public. Recipients of the 2013 grant awards are addressing the June 2014 Regional Meetings. ♦

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## CA Bill to Allow Tax ID Instead of SSN

Use of the federal taxpayer identification number in lieu of a Social Security number for professional licensing was approved by the California Senate in a 32-0 vote on May 8. SB 1159, a bill introduced by California Senator Ricardo Lara, now requires approval by the California Assembly, where it has been referred to three committees of reference. The legislation would cover about 40 state licensing boards, including the Board of Accountancy. The Public Policy Institute of California has estimated that the state's workforce includes 1.85 million people who are undocumented aliens. In January 2014 (see *sbr* 1/2014) AB 0124 went into effect in California that permits undocumented aliens to receive a law license if certified by the State Bar.

SB 1159 would amend Section 30 of the Business and Professions Code so it would state that any board, the State Bar and the Bureau of

Real Estate "shall not process an application for an initial license unless the applicant provides its federal employer identification number, or federal taxpayer identification number or Social Security number, if one has been issued to the individual, where requested on the application." Similarly, the law provides for the release of the federal taxpayer identification number or the Social Security number to an examination or another state's licensing entity only for the purpose of verification of licensure or examination status.

This legislation is included in NASBA Legislative and Governmental Affairs Director John Johnson's high priority bill tracking list and can be followed through the Legislative Tracking service found on [www.nasba.org](http://www.nasba.org). ♦

## FASB/IASB Agree on Revenue Recognition

Following years of discussion, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) announced on May 28 their converged standard on the recognition of revenue from contracts with customers. The previous requirements for International Financial Reporting Standards (IFRS) and for U.S. Generally Accepted Accounting Principles (GAAP) often resulted in different accounting for transactions that were economically similar. The new standard's core principle is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. A joint research Transition Resource Group has been set up to aid those moving to the new standard, which will be contained in the FASB Accounting and Standards Codification as a new *Topic 606, Revenue from Contracts with Customers*, and the IASB is issuing *IFRS 15, Revenues from Contracts with Customers*.



Russell Golden

"The issuance of this standard is a major step, but it is not the end of the process," commented FASB Chairman Russell Golden. "Through the transition resource group and a robust implementation period, the

FASB and the IASB will work to ensure that reporting organizations are able to make a smooth transition to the new requirements by 2017." An archived one-hour webcast of a high-level overview of the new guidance, originally presented on June 5, will be available on [www.ifrs.org](http://www.ifrs.org) and [www.fasb.org](http://www.fasb.org). The webcast covers the background of the project, expected improvements, description of the five-step model for recognizing revenue, discussion of the Transition Resource Group and questions and answers.

While the IASB and FASB achieved their goal of reaching the same conclusion on all requirements for accounting for revenue from contracts with customers, there remain some small differences in how the two handle: collectability threshold, interim disclosure requirements, early application and effective date, impairment loss reversal and nonpublic entity requirements. Companies using IFRSA will have to apply the revenue standard for reporting periods beginning on or after January 1, 2017 and those using U.S. GAAP will be required to apply it for annual reporting periods beginning after December 15, 2016, including interim reporting periods therein. U.S. nonpublic companies and organizations have an extra year to apply the standard, beginning with annual reporting periods after December 15, 2017 and interim and annual reporting periods thereafter.

In total, the IASB and FASB had received more than 1,500 comment letters in response to their work over 12 years. ♦

## MAcc Via Competency-Based Learning



Western Governors University (WGU), one of the first universities to implement competency-based learning, has inaugurated a master's degree program in accounting that will allow students to embark on their studies beginning on July 1, 2014.

This new on-line degree program uses technology that allows individual learners to study, complete tasks and then take assessments on their schedule at their own pace. This allows students to advance through the program as soon as they are able to demonstrate mastery of the material.

"Because WGU measures learning rather than time spent in class, professionals with knowledge and skills from work and previous college

experience can often move through their programs more quickly, saving both time and money," WGU claims.

The new master's degree program is aimed at those who need additional preparation to sit for the Uniform CPA Examination or other professional examinations. However, the school cautions applicants: "Students may need to meet additional state-specific requirements to sit for the CPA exam."

Among the key topics the new master's program will include are: advanced financial accounting; advanced managerial accounting; fraud and forensic accounting; governmental and nonprofit accounting; accounting research; management communication; advanced auditing; financial management; and advanced tax concepts. ♦

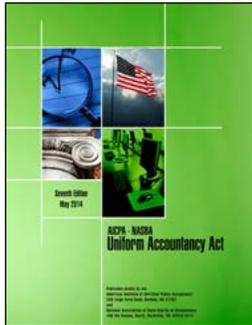
# PRESIDENT'S MEMO

## Reviving “Uniform” in the UAA

As many of you may know, my first career was in law enforcement. State laws are often unique to each state. In recent years the disparity of laws regarding gun possession, self-defense and even the use of marijuana have been given extensive press coverage. It is seldom remembered that as late as the 1950s and 1960s even traffic laws were disparate in different states. One example is the “right turn on red” law that allows drivers to safely turn right after coming to a full stop. California was the first state to adopt right turn on red in 1947, but it took until the early 1980’s for almost all states to adopt it. In my early days of law enforcement, I remember the nationwide discussion about the lack of uniformity of traffic laws, including right turn on red inconsistency, which was getting drivers into trouble across the country. You still better not make a right turn on red in New York City.



**Ken L. Bishop**  
President & CEO



Very similarly, in the 1980s NASBA, the AICPA, Boards of Accountancy and State CPA Societies began considering the lack of uniformity of accounting laws across the United States. In 1984 the first joint model bill was published by the AICPA and NASBA, and in 1992 that was revised to become the Uniform Accountancy Act, developed to propose and persuade states to embrace some level of uniformity. The concept of “substantial equivalency” was mapped out in the third edition of the UAA, released in January 1998, and last month we released the seventh edition of the UAA. We just achieved a significant milestone when, on May 16, 2014, Virgin Islands Governor John P. de Jongh, signed the new VI Accountancy Act into law, paving the way for all U.S. states and territories to be deemed substantially equivalent (and creating the 51st mobility state). It has taken time, but this is a tremendous achievement.

Looking back, especially on the past decade, the diligent progression to uniformity has continued. Farsighted leaders in the 1980’s first proposed mobility, mandatory peer review, more flexible ownership, 150-hour licensure requirements and many other changes that are now adopted in the majority of our states and territories. So with these amazing achievements and successes, why revisit the “Uniform” in the Uniform Accountancy Act?

With the adoption of CPA mobility in almost every state, NASBA and AICPA developed and maintain the *CPAMobility.org* website, a tool that allows CPAs practicing in another state through mobility the ability to be aware of any unique or non-uniform requirement in the visited state. While this useful tool works well to keep CPAs in compliance with the law, it also puts a bright light on the remaining inconsistent and unique statutes and rules around the country.

Let me state clearly that NASBA is, and will always be, supportive of states’ rights including the right to deviate from the UAA. One good example is the decision of a majority of states now adopting 120 hours of education to sit for the Uniform CPA Examination. While we are supportive of the UAA which calls for 150 hours to sit for the Examination, we have supported and defended states that have chosen the dual (120 to sit/150 for license) path. However, when disparate statutes and rules affect practice, both consumers and professionals could be put into harm’s way. On these matters, NASBA will likely take an educational and persuasive posture.

In recent discussions with the AICPA, we are considering how to identify, prioritize and understand the remaining disparities from the UAA that exist around the country. Many Board of Accountancy members may not even realize that differences exist. Once we have completed that review, we will work to ascertain the reasons and justifications for the outliers and develop strategies to close potentially harmful gap(s) and to revive the “Uniform” in the Uniform Accountancy Act.

Wishing each of you a wonderful summer!

*Semper ad meliora (Always toward better things)*

A handwritten signature in black ink that reads 'Ken L. Bishop'.

-- Ken L. Bishop  
President & CEO

## U.S. Virgin Islands Make Waves

May 16, 2014 was a milestone for accounting legislation (see *Memo* on page 3) that was reached through the collaboration of regulators, professionals and legislators. The last major amendment to Chapter 5 of the U.S. Virgin Islands Accountancy Act was made in 1957. Since that time, there has been a significant evolution of the practice of public accountancy in the United States. The movement to update VI accountancy regulation began in December 2012, when representatives from NASBA and the AICPA, in conjunction with members of the U.S. Virgin Islands Board of Accountancy (including staff from the Department of Licensing and Consumer Affairs) and the U.S. Virgin Islands Society, invited all licensed CPAs from the three islands (St. Thomas, St. Croix and St. John) to participate in a day-long discussion of their current laws and rules with the goal of replacing them with the Uniform Accountancy Act. During that week, meetings were held with several legislators and their staff members, along with a group of educators from the University of the Virgin Islands, to provide an overview of the proposed legislation.

Eighteen months later, Bill No. 30-0279 passed through all committees of reference unanimously, and was signed into law by Governor John de Jong, Jr., on May 16, 2014. By signing bill No. 30-0279 into law, the Virgin Islands became the 55th and final jurisdiction to have a pathway to become substantially equivalent. Furthermore, this legislation also enacts peer review, individual mobility and a CPE requirement.

The Virgin Islands are the third jurisdiction to have made legislative news this spring, as Georgia and Wisconsin were also successful in their efforts. The Georgia State Board of Accountancy and the CPA profession in Georgia faced real challenges when it came to achieving a strong and effective accountancy board. To overcome these challenges, the Georgia Society of CPAs, Georgia Board of Accountancy, NASBA and countless others working behind the scenes, pursued a legislative agenda to make the Board more rigorous. On April 30, Governor Nathan Deal signed legislation into law that provides the Georgia Board with the tools needed to properly regulate the profession. In addition to giving the Board a dedicated Executive Director and other dedicated staff, HB 291 removes the Georgia Board of Accountancy from the Secretary of State (the Georgia Board was one of 42 other professions that shared resources within that agency) and places the Board under the purview of the State Accounting Office. In the May *sbr* we reported on Wisconsin's legislation that ensures their CPA candidates meet the educational requirements to take the Uniform CPA Examination.

"These three jurisdictions' victories represent an emerging trend in the CPA profession to engage the legislative apparatus collectively in order to elevate the effectiveness of their efforts," observes NASBA Director of Legislative and Governmental Affairs John Johnson. To learn more about NASBA's legislative programs, please contact Mr. Johnson ([jjohnson@nasba.org](mailto:jjohnson@nasba.org)). ♦