

Keeping the UAA Evergreen

UAA Committee Chair J. Coalter Baker, CPA, PFS

Legal Counsel Noel L. Allen, Esq.

June 2015

UAA – History and Purpose

- AICPA and NASBA published the first joint model bill in 1984. Now Uniform Accountancy Act is in its 7th Edition.
- Purpose: To provide model law and rules for State Boards of Accountancy.
- Publication includes:
 - 1. Uniform Accountancy Act
 - 2. Model Rules
 - 3. Appendices (including Statement on Standards for CPE Programs)

AICPA/NASBA UAA Committee

- AICPA and NASBA have equal number of Committee members
- Revisions to the UAA – Requires consensus
- Revisions to Model Rules – NASBA controls Model Rules with AICPA input. Goal is consensus.

2014-2015 UAA Committee Members

NASBA

- Coalter Baker (TX) – Chair
- Barton Baldwin (NC)
- David Dennis (FL)
- Lori Druse (NE)
- Andrew DuBoff (NJ)
- Karen Garrett (AR)
- Kenneth Odom (AL)
- John Patterson (OH)
- Donovan Rulien (AK)
- Dan Sweetwood (NE)

AICPA

- Gary McIntosh (TX) - Chair
- Gregory Burke (CA)
- Leroy Dennis (MN)
- Steven Geisenberger (PA)
- Nancy Juron (DC)
- Debbie Lambert (NC)
- Robert Mancini (RI)
- Thomas Neill (WA)
- Stephanie Peters (VA)
- Tammy Velasquez (DC)

2014-15 Activities

- Act and Model Rules update
- CPE standards release and Model Rules update
- Pathway for international credential holders
- SSARS 21 impact
- Inactive/Retired

Act and Model Rules Update

- Staff with UAA Committee members completed clean up of punctuation discrepancies, capitalization harmonization and deletion of antiquated references (i.e., “stenographers”).
- Substantive areas for update identified and to be discussed with AICPA and NASBA leadership for prioritization.

CPE Model Rule

- Have reviewed new CPE standards and will work with Model Rule(s) developed by the NASBA CPE Committee to enable the timely implementation of the proposed standards.

International Pathway

- Coordinating project with NASBA/AICPA International Qualifications Appraisal Board
- Considering how UAA and Model Rules might be amended to permit recognition of experienced international credential holders in the U.S. without requiring similar recognition of CPAs abroad
- Discussions on Friday in breakout sessions with IQAB Chair Ted Lodden

SSARS 21

- Creates new “preparation of financial statements” service
 - Not defined in UAA, but not intended to be an “attest” service & independence not required
 - Will peer review apply? Will provisions on peer review need to be clarified?
 - Will it be a restricted service? Will UAA 3(b)(3) or 14(a) need to be changed?
 - Must CPA provide service only through a CPA firm?
 - Does the UAA 3(r) definition of “Report” need to be clarified in light of the required disclaimer language?
 - Does the UAA need a definition of “Review”

SSARS 21 (continued)

- ARSC is also considering changes re “compilations of prospective financial information”:
 - Could this alter the UAA definition of “attest” and “peer review”?
 - Would a definition of this service need to added to the UAA?

Inactive/Retired CPAs

- About 60 percent of CPA firm partners are over age 50.
- “There is a tidal wave of CPAs across the U.S. nearing retirement age.” - *Industry Issues* 7/28/14
- AICPA Council vote in 1997 results in Uniform Accountancy Act Section 6(d) and Model Rules 6-6 and 6-7.
- Some states adopt “inactive” status, some “retired” status, some both, and some neither one. What is the impact on mobility?

“Inactive” According to UAA

- Section 6(d) For renewal of a certificate under this Section each licensee shall participate in a program of learning designed to maintain professional competency. Such program of learning must comply with rules adopted by the Board. The Board may by rule create an exception to this requirement for certificate holders who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Licensees granted such an exception by the Board must place the word “inactive” adjacent to their CPA title or PA title on any business card, letterhead or any other document or device with the exception of their CPA certificate or PA registration on which their CPA or PA title appears.

Questions for Task Force

- Last year's task force pointed out that for various hypothetical activities, under the current UAA, the CPA-inactive could do little. For example, the CPA-inactive could not join the VITA (Volunteer Income Tax Assistance) program -- while a plumber could. Is that serving the public?
- Does there need to be both an "inactive" and a "retired" status defined in the UAA that all states could adopt? In the Model Rules? In both the Act and the Model Rules?

Questions for Task Force (cont.)

- What is the scope of allowable activities once CPE-exempted?
- At what minimum age could a CPA request CPE-exempt status with the ability to provide such voluntary activities?
- Does a licensee simply need to be in good standing with his or her home Board of Accountancy at the time of the exemption request?
- Should a limited amount of CPE be required to provide voluntary services as a CPA-inactive?

Next Steps

- Boards discuss the proposal at NASBA's June Regional Breakout sessions
- Joint task force makes formal recommendation to AICPA/NASBA UAA Committee for proposed changes to UAA Section 6(d)
- Drafts Model Rules which include requiring CPAs who request CPE exemption to affirm their understanding of the limitations on allowable activities
- AICPA Council considers recommendation that would require change from spring 1997 vote
- NASBA and AICPA Boards of Directors vote to expose UAA changes
- State Boards and others submit comments to joint UAA Committee. Modifications made.
- NASBA and AICPA Boards approve/disapprove final version for inclusion in next edition of UAA

Possible Future Projects

- Review of education requirements
- Potential impact of future Uniform Examination
- Peer review changes
- Issues identified by the State Boards and/or the profession