

BRP Continues Debate

While the AICPA/FAF/NASBA Blue Ribbon Panel (BRP) on Private Company Standard Setting members have agreed that more attention needs to be paid to private companies' problems with financial reporting standards, the 18-member body has not yet resolved how this should be accomplished. At the conclusion of the October 8, 2010 BRP meeting, staff members were directed to start drafting recommendations to be sent to the Financial Accounting Foundation. While AICPA President Barry Melancon spoke for several that stood firmly behind the creation of a separate private accounting standards board to set exceptions from U.S. GAAP for private companies, NASBA Chair Billy Atkinson, FAF President Terri Polley, Sun Trust Banks Senior Vice President Dev Strischek and American Accounting Association representative Teri Yohn maintained the Financial Accounting Standards Board could and should tackle the problems once appropriate people are dedicated to the task.

AICPA Chair Melancon said, "To not move to substantive change and to say we trust that the FASB will make changes -- that has been tried and it has not worked." He said he would support a five-year sunset review for the proposed new

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Top Schools in Report

The 2010 edition of NASBA's *Candidate Performance on the Uniform CPA Examination* is out, reporting statistics on the 2009 Uniform CPA Examination. While the charts shown in the September issue of the *sbr* were accurate, some of the text in the story was not. The following are the top schools listed in a few of the comparative studies included in the *Candidate Performance* report:

- **Texas A&M** - Highest number of first-time candidates passing all four parts of the examination without advanced degrees
- **University of Missouri, Columbia** – Highest number of first-time candidates passing all four parts with advanced degrees
- **University of Michigan, Ann Arbor** – Highest passing rate among first-time candidates without advanced degrees
- **VA Polytechnic Institute and State University** - Highest passing rate among first-time candidates with advanced degrees
- **University of Illinois, Urbana-Champaign** – Highest number of first-time candidates without advanced degrees
- **University of Missouri, Columbia** – Highest number of first-time candidates with advanced degrees
- **University of California – Los Angeles; University of Florida; University of Wisconsin, Madison** – All had 100 percent pass rates for first-time candidates with advanced degrees taking the Business, Environment and Concepts (BEC) section.
- **North Dakota** – Jurisdiction with highest rate of first-time candidates passing all sections (63.16 percent)

For more interesting information about the schools and candidates, *Candidate Performance on the Uniform CPA Examination – 2010 Edition* can be purchased through the NASBA Web site at www.nasba.org. The book is available at \$130.00, the CD at \$75.00 and a book/CD combo at \$180.00. All Board offices have been sent a copy. ♦

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NASBA Introduces Calibrate & Learning Market

NASBA's Compliance Services Division has rolled out two new products: Calibrate and Learning Market. Calibrate is a career management tool aimed at increasing accuracy of CPE reporting. It combines automatic interpretation of all of the jurisdictions' continuing professional education requirements with a competency modeling system. Calibrate includes a "Career Manager," which enables firms to develop competency-specific learning tracks based on their required training, supporting the firms' strategic succession planning and talent development. For the professional, the program has a quick-view compliance status dashboard, automated compliance alerts and reminders, integrated learning management, and electronic submission to State Boards. For information on how Calibrate can assist your State Board, contact Yordanos Dumez at (615)880-4240 or ydumez@nasba.org.

LearningMarket.org is replacing the CPEmarket.com Web site and will be home to the National CPE Sponsor Registry, Quality Assurance Service (QAS)

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WA Board Gets Good Review

An independent review of the Washington State Board of Accountancy's policies and procedures was completed on August 11 and resulted in the conclusion that the Board "operates exceptionally well and in accordance with all applicable laws."

The review was done by Zwillinger Greek Zwillinger & Knecht, PC, of Phoenix, AZ. The performance review project looked at the Board's policies and procedures for public record keeping, the evaluation of compliance by public accountants with accounting procedures and ethical rules, and the investigation and disposition of complaints.

Rick Sweeney, the Board's Executive Director, stated that the board determined to obtain the review after legal challenges to its public records retention and retrieval procedures were upheld by a local court. (The underlying litigation, brought against the board by a licensee, was resolved by agreement on November 18, 2009.)

Executive Director Sweeney reported the Board members are evaluating the recommendations, including using administrative court judges more frequently in their disciplinary cases, but intend to delay final action until completion of Phase 2 of the project. Phase 2 was requested by the legislature as part of its comprehensive agency consolidation program. Phase 2 will have the same consulting firm work with the Washington Department of Licensing to evaluate the efficacy, economy and accountability of merging the Board into the Department. Overall, the Board will have paid approximately \$294,000 in consultant's fees at the conclusion of both phases of the project. ♦

NASBA Introduces Calibrate & Learning Market

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and CPE State Roster information that previously was stored on NASBAtools.com. Individuals looking for continuing professional education from highly-qualified CPE sponsors will be able to use the site to find programs being offered throughout the nation. It currently has over 13,000 CPE programs from more than 1,700 CPE sponsors recognized as members of NASBA's National Registry of CPE Sponsors, QAS or CPE State Rosters. The site includes a "Communities" section to allow site visitors to network with peers.

The launch of LearningMarket also brings the introduction of on-line NASBA CPE Sponsor Registry application and renewal, which promises much faster application processing and status updates. Sponsors who are members of the Registry, QAS or the State Roster are listed on the LearningMarket at no additional charge.

For more information about the new process, contact Jessica Luttrull at (615)880-4245 or jluttrull@nasba.org.

Rotellini Runs for AZ AG

Felecia Rotellini, who was the assistant attorney general serving as legal counsel 1996-2004 to the Arizona Board of Public Accountancy and who was an active participant in NASBA's Legal Counsel Committee, is currently in the race for Arizona Attorney General.

Ms. Rotellini, addressed the 2009 NASBA Annual Meeting, recalling how she assisted the Arizona Board in its investigation and discipline of Arthur Andersen for their faulty audit of the Baptist Foundation of Arizona. Her candidacy has been endorsed by the *Arizona Republic*. ♦

BRP Continues Debate (continued from page 1)

board, as well as a checks and balances system over its operations.

"We believe the issues are common to private and public companies," NASBA Chair Atkinson stated. "This is a public policy issue -- and if we don't get it right, it will backfire. We have not heard a strong outcry for differential standards, thus, we must consider the negative consequences of differential standards which would clearly emanate from a separate board." Atkinson also pointed out that, "FAF simply needs to fix that which is broken, not create a duplicative confusing process. Everything we recommend can be done now. There is no need to wait 2-5 years and risk uncertainty."

The BRP's call for public comment on private company financial reporting resulted in 151 responses, and only 2 percent of the respondents were users of private company financial reports. The responses most commonly mentioned lack of usefulness and complexity of standards. Responses from the largest CPA firms did not favor separate standards nor a separate board. Responses from mid-sized to small CPA firms were mixed. Many respondents were also concerned about the funding of a separate board.

Commenting on what had been said during the October 8 discussion, FASB Acting Chair Leslie Seidman told the BRP meeting: "I think I heard a plurality of views around Model 2 B [which would create a separate board]. I heard that the current board cannot deal with private company issues -- but I still heard that the FASB should take the first shot and that the second board would be needed only if the first approach does not work. So you want Models 2 A [no new board] and 2B." Ms. Seidman pointed out, "Without a common understanding of why we need differences in financial reporting -- this is not going to work." She said she would rather build the private companies' concerns into the process of standard setting, rather than having them considered after the standard is completed.

Mr. Strischek said, "At points in this discussion I almost felt like a marriage counselor -- trying to figure out how to keep you all together." He observed that, "Until the FASB is reconstituted, it is not going to be private-company oriented. I hope by the time the BRP meets in December much has been done." The BRP will next meet on December 10 in Norwalk, CT. ♦

Teamwork and Talent

Included within the participants' binders at NASBA's 2010 Annual Meeting will be, among other resource information, an outline of my Annual Meeting report, which includes numerous bullet points that underscore the issues and activities of our volunteers and staff this past year. In this column, I will not go into those points. They include many significant accomplishments, as well as initial launches into areas and developments enhancing effective State Board regulation of the CPA profession. Your NASBA Board and Committees have been successful in continuing to accomplish their mission and goals. No single Committee activity was more or less important than the others. You'll find the Committees' reports outlined in NASBA's 2010 Annual Report, which will also be distributed at the Annual Meeting and subsequently available on NASBA's Web site. I prefer to comment only on a couple of the unexpected topics in this space.

The Blue Ribbon Panel on private entity accounting standards is, as you will read elsewhere in this newsletter, in its mature stage. The State Boards have been well represented and participative in this process, including the development of our position. As I have reported to you and the NASBA Board throughout this past year, I have had a series of conference calls with members of the Regulatory Response and Ethics and Strategic Professional Issues Committees jointly, and have invited all NASBA Board or State Board members to likewise participate. This process has been very constructive, inclusive and helpful as this subject continues to evolve. Our voice is strong and unified. It also happens to be right.

The signing of a new Uniform CPA Examination agreement, together with the International CPA Examination Delivery agreement, has been accomplished. Achieving these agreements was the result of outstanding work by our NASBA staff with the leadership of David Costello and Ken Bishop. They used their resources very well and adhered to the guidance provided them by the NASBA Board. I am particularly pleased that all parties in the agreement "come out whole," so to speak, so as to support longevity in the CPA Examination institution.

The 2010 NASBA-sponsored International Forum, our third such successful event, was held this year in Madrid. It was well organized and featured very high quality speakers, topics and representation from the global community. Additionally, we held our first NASBA/Canada Summit meeting in Toronto with the Canadian Institute of Chartered Accountants, where a day-long host of historical and emerging topics were vetted. It both added to our mutual understanding and strengthened our communication channels with our close neighbors.

We have always supported the accounting education community. The recently inaugurated Pathways Commission is an effort that we endorse and support through our participation in one or more of its supply chains. We are currently working on finalizing a NASBA Accounting Research Award Grants Program in support of faculty research in areas of interest to public protection. This is an important step by NASBA to evidence our commitment to accounting education as a resource.

The announced retirement of our President & CEO, David Costello, required that we carefully establish a selection process in the best interests of our State Boards of Accountancy. It took some unexpected time and I am confident we have a very constructive and representative process in place. The Selection Advisory Committee represents our collective interests and is made up of people in whom we have considerable trust.

The reorganization of the Examination Review Board from 12 to five members was a simple, yet indeed difficult, process. The objectives of the required changes are commendable and I appreciate the leadership of your NASBA Board in moving forward with them. Moreover, I sincerely appreciate the understanding and support of the past and present ERB members in constructively dealing with these changes.

My final comment is to thank each of our volunteers for their personal contribution of time, experience and talent in effectively dealing with our continuing issues with such a spirit of teamwork. Your willingness to actively participate, both locally and within the NASBA organization, is certainly appreciated by the public you so well serve. It has been a privilege to serve as your board chair this past year, and I thank you for the opportunity. My best personal regards to each of you.



Billy M. Atkinson, CPA

-- *Billy M. Atkinson, CPA*
Chair

Chinese Meet with NASBA in NYC

A 15-member delegation from the China Ministry of Finance met with NASBA Vice Chair Michael Daggett, President David Costello and Directors Linda Biek and Louise Dratler Haberman on September 7 in New York City. They discussed the State Boards' role in accounting regulation, NASBA's activities in support of the Boards, and the functions of the China Ministry of Finance.

The Chinese representatives explained that to become a certified public accountant in China one must complete five technical exam courses within five years and then an additional general ability course within the next five years. The pass rate is 2-3 percent, the representatives said. CPA candidates also must have two years of experience after passing the examinations before they can become a CPA. There are approximately 100,000 CPAs in China while in the U.S. there are about 600,000.

Besides the Department of Accounting Regulatory – Ministry of Finance, the delegates came from the provinces of Hebei,



Shanxi, Jilin, Heilongjiang, Anhui, Shandong, Hubei, Guangdong, Yunnan, and the autonomous regions of Guangxi Zhuang and Xinjiang Uygur. Ministry Director Hong Wang expressed the delegation's gratitude for the meeting and invited NASBA to meet with them in China. Vice Chair Daggett thanked the delegation for suggesting the meeting and said NASBA will continue to be involved in discussions of accounting regulation around the world. ♦

NASBA's Third International Forum Succeeds

Regulators representing 15 countries gathered for NASBA's third annual International Forum, held September 30-October 1 in Madrid, Spain. The Forum was designed to be a roundtable for the exchange of ideas about the global impact of international accounting and auditing regulation.



NASBA Director of Governmental, International and Professional Relations Linda Biek reported: "Steven Maijoor deliberated the pros and cons of regulating auditing during times

of financial uncertainty and challenged the audience to determine if the role of auditors should be expanded to provide assurance on information relating to risks, controls and governance. Then panelists Stephen Allis, Robert Hodgkinson, Brian Hunt and Cynthia Richson further challenged this proposition by engaging in a dynamic discussion about the evolving role of the profession in enhancing transparency and instilling confidence in auditors and the capital markets."

The meeting concluded with the audience considering models for improving cross-border communication. Ms. Biek said NASBA's international division will collaborate with participating agencies to develop action steps to obtain the goals identified through the Forum. ♦

State Board Report

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