

NASBA Meets with PCAOB

The Public Company Accounting Oversight Board met with NASBA Chair Carlos E. Johnson (OK), Past Chair Gaylen R. Hansen (CO), Director-at-Large Donald H. Burkett (SC), President Ken L. Bishop and Executive Vice President Colleen Conrad on August 12, 2014, in Washington, D.C. PCAOB members James R. Doty (Chairman), Lewis H. Ferguson, Jeanette M. Franzel, Jay D. Hanson and Steven B. Harris were all in attendance. As was done at their last joint meeting in May 2013 (see *sbr* 6/13), both organizations gave updates on their activities. There was a comprehensive discussion of NASBA's standard setting monitoring initiative and the NASBA representatives also described recent consideration of



Carlos Johnson

international pathways for licensure.

The PCAOB discussed their interest in broker/dealer issues and the work of their Fraud Task Force. Among the other PCAOB projects addressed was their effort to require the disclosure of the name of the engagement partner and other firms involved in an audit.

NASBA reiterated its interest in participation in an official capacity in the PCAOB's Standing Advisory Group and international bodies such as the International Forum of Independent Audit Regulators (IFIAR) and other meetings of regulators.

PCAOB Chairman Doty will speak at the NASBA Annual Meeting in Washington, D.C. ♦



James Doty

IN Pilots Competency-Based CPE

The Indiana Board of Accountancy has approved a competency-based learning pilot program that will permit CPAs currently licensed in Indiana to take up to two on-line course modules from the Indiana CPA Society's "CPA Center of Excellence" and receive a waiver for 16 hours of CPE credit. These are competency-based courses that must be completed within 90 days and that can each take from five to 12 hours to complete. The pilot program is in effect through December 31, 2015.



The Indiana-approved courses are on-line interactive modules that incorporate gamification and nano-learning. They feature video stories about real life experiences and users have the ability to start or stop the courses at any point. However, participants must demonstrate successful competency achievement through interactive elements before they can move on to the next section and be awarded a digital badge. The first two courses to be made available under this program were on critical thinking and the skills of leadership. Additional courses are being added.

Since 2010 the Indiana CPA Society has been exploring knowledge management concepts and applications. Two task forces of the Indiana CPA Society's Board of Directors working with David Griffiths, Ph.D., of K3-Cubed Ltd., based in the United Kingdom, are credited with doing much of the work that served as a background for the development of the CPA Center of Excellence. In their paper released in November 2012, the INCPAS Board Task Force commented: "With a 30% CPE noncompliance rate for CPAs in Indiana (which is comparable to the rate in other states), does the Indiana CPA Society need to hold members more accountable during

the CPE experience? As a professional organization, do we have an ethical obligation to do so?"

Currently the CPE Standards Working Group is reviewing the "Statement on Standards for Continuing Professional Education Programs," which is appended to the AICPA/NASBA Uniform Accountancy Act. The group is comprised of 13 members representing stakeholders in CPE including the State Boards of Accountancy, NASBA's Board of Directors, educators and the profession. The standards were last revised in January 2012. ♦

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NASBA Draws Academics' Attention

NASBA's exhibition at the American Accounting Association's 2014 Annual Meeting, in Atlanta, GA, August 2-6, resulted in 30 new university accounts for NASBA's Accounting Licensing Library as well as more recognition of NASBA and the State Boards by educators. The meeting's theme was "Global Engagements and Perspectives" and the AAA explained that: "Continuing to become more global means embracing varied perspectives, and having global impact and reach for our teaching, research and service to the profession." The event drew a reported 3,900 attendees, including academics and others interested in the accounting profession and education. NASBA was represented at the meeting by NASBA Chair Carlos Johnson, NASBA Director of International Evaluation Services James Suh, NASBA Chief Relationship Officer Alfonzo Alexander plus NASBA staff members involved in the NASBA Report on the CPA Examination, compliance services and the Center for the Public Trust.

"Reaching out to the educational community is one element of the branding effort that is so important for NASBA and the State Boards," NASBA Chair Johnson said. "We need to hear from educators and they need to hear from us. Just as we encourage Boards to reach out to their local colleges and universities, we are raising the public and academic awareness of State Boards and NASBA nationally with exhibition space and presentations at this well-attended conference."

At the AAA meeting, Mr. Alexander facilitated a panel discussion

featuring the 2013 grant recipients of NASBA's Accounting Education Research Program, who had addressed the NASBA Regional Meetings in June 2014. He also announced the 2014 NASBA grant recipients (see *sbr* 6/14). Mr. Suh led a question and answer session for professors and department heads interested in finding out more about NASBA's CPA Examination custom reporting tools.

In addition, prior to the AAA meeting, Chair Johnson, Vice Chair Walter C. Davenport (NC), NASBA Diversity Group Chair Tyrone E. Dickerson (VA) and NASBA President Ken Bishop attended the Ph.D. Project dinner honoring those minority students pursuing a Ph.D. at various academic institutions. The Ph.D. Project, of which NASBA is a cosponsor, encourages minorities at the undergraduate level to look at a career in academia.

Next year's AAA Annual Meeting will be in Chicago and NASBA is making plans to participate. ♦

NASBA 107th Annual in D.C.

Don't miss out on a memorable NASBA Annual Meeting, November 2-5, 2014 at the JW Marriott in Washington, D.C. Besides NASBA leaders, speakers include: Tommye Barie, Christine Botosan, James Doty, Frank Keating, Dan Montgomery, Cokie Roberts, Paul Stebbins, David Vaudt, Jan Williams and other thought leaders. See www.nasba.org for details. ♦

USTR Continues Talks with EU

Members of the U.S. Trade Representative's office will resume discussions of the Transatlantic Trade and Investment Partnership (T-TIP) in September. T-TIP is a comprehensive trade and investment agreement being negotiated between the United States and the European Union. According to the USTR: "T-TIP will be a cutting edge agreement aimed at providing greater compatibility and transparency in trade and investment regulation, while maintaining high levels of health, safety and environmental protection." Negotiations on T-TIP were launched by President Barak Obama and European Council President Herman Van Rompuy and European Commission President José Manuel Barroso in June 2013.

The T-TIP aims for the trade in services are:

- "We seek to obtain improved market access in the EU on

a comprehensive basis, and address the operation of any designated monopolies and state-owned enterprises, as appropriate; and

- "We seek to reinforce transparency, impartiality, and due process with regard to authorizations to supply services, obtain additional disciplines in certain services sectors, and improve regulatory cooperation where appropriate."

NASBA/AICPA International Qualifications Appraisal Board Chair Telford A. Lodden (IA) stated during IQAB's August conference call that the USTR's progress in these negotiations is being monitored for their impact on the accounting profession. IQAB has been attempting to develop mutual recognition agreements with several EU member countries and T-TIP may help the states get to the desired MRAs. ♦

AICPA Paper on Enhancing Audit Quality

The AICPA is seeking input from all stakeholders on a discussion paper entitled "Enhancing Audit Quality: Plans and Perspectives for the U.S. CPA Profession," released on August 7, 2014. The paper covers the AICPA's short-term and long-term plans to address quality issues related to financial statement audits of private entities. Among the significant changes included are:

- Release a rigorous, profession-wide competency framework that has been validated by experts and regulators.
- Perform more extensive peer review procedures on high-risk and complex areas and engagements.
- Explore ways in which peer review reporting can better articulate information users find meaningful.
- Consider sanctions, including admonishment, suspension or expulsion from AICPA membership, when a firm has failed to

provide the AICPA Peer Review Program with a complete list of engagements that should be subject to review. The AICPA's action would be reported to the appropriate regulators.

The Enhancing Audit Quality (EAQ) initiative was launched by the AICPA in May and is to take a two-phased approach. Phase 1 involves efforts to improve quality in the near term and Phase 2 covers transformation of the current peer review program into a practice monitoring process that couples technology with human oversight.

A second paper, covering practice monitoring of the future, is to be issued by the AICPA in the fall, as was announced at the NASBA Regional Meetings by AICPA Senior Vice President Susan S. Coffey.

Twenty-nine questions are posed in the current EAQ discussion paper and feedback is requested by November 7, 2014. NASBA will be commenting on the paper. ♦

PRESIDENT'S MEMO

PLEASE READ!

Yesterday I was flying home from a NASBA meeting and was lucky enough to get an exit seat on what was among the smallest regional jets I fly on. With my 6'4" frame, the extra leg-room is always appreciated. Just before take-off, the flight attendant came by to advise me and my fellow row passengers, with the privileged status, of our responsibilities. She ended by saying, "please read the pamphlet that explains what to do in an emergency." Now, I fly over a hundred trips a year, so I consider myself a subject matter expert on exit row responsibilities, and therefore, saw no need to read the bright yellow pamphlet with "PLEASE READ" plainly showing. However, it was evident that the diligent attendant was going nowhere until I pulled out and read the 'important' information. As we were taking off, I was thinking about potential topics for this month's *President's Memo* and what thoughts or content would be something that I wish you would "please read."

I am often amazed and pleased by the number of NASBA constituents who comment on the various topics I have discussed in this venue. Occasionally, someone will comment that after hearing another reader discuss an article, that they dug through the pile of "I may read if I have time stuff" to search for the relevant *State Board Report* to read the recommended passages. Unlike the accountable flight attendant, I cannot stand over you with arms crossed and a motivational stare, but for this month's topic, I am using the persuasive title "PLEASE READ."

For nearly three years, I have been working to continually enhance the relevancy of NASBA. As I often comment, I truly believe that a strong and relevant NASBA has direct nexus to having strong and relevant Boards of Accountancy. One critical element of success is to be the trusted, collective voice which represents the common interests of all Boards of Accountancy. The NASBA Board of Directors, particularly the eight Regional Directors, play a primary role in that endeavor.

NASBA has been blessed with great volunteers serving as officers and board members. The past year we had a tremendous slate of candidates seeking the Vice Chair and Director-at-Large positions. The number and interests of the candidates is indicative of the relevant organization NASBA has become. However, this year, as in several previous years, it was more challenging to find interested candidates for the Regional Director positions. We certainly ended the process with great candidates, but success was more onerous than it should be.

There is no doubt that the office of Regional Director is of critical importance to the NASBA mission, but it is also among the most rewarding for those that hold the office. This is evident in the fact that nearly every Regional Director seeks re-election for the maximum of three years, and then seeks continued office as Director-at-Large. So why is it so hard to get the initial interests of Board of Accountancy members to run for Regional Director? We intend to find out!

Chair Carlos Johnson appointed a special Nominations Process Task Force to consider this and other questions. The current nominations process was developed in 2004 and the review of the 10 years of implementation is to determine what has worked well and what opportunities exist for improvement. The work is not completed, and it is premature to discuss the early findings, but one point is apparent, we are not doing a good enough job in communicating with state board members about the great opportunities afforded through NASBA Board service.

It is my hope that Boards of Accountancy will "READ THIS," have discussions at board meetings and among themselves, and begin identifying and considering future candidates for Regional Directors well in advance. We will be developing information that discusses the amount of time and effort required for NASBA office holders and board members. We also will communicate the tremendous value the service brings to the profession, to you and to your firm or employer. NASBA's senior volunteers are at the cutting edge of information effecting the profession and are fulfilled by their participation and developed relationships.

Thanks to all who "READ THIS!" I look forward to seeing many of you in Washington, D.C. at what will be a great Annual Meeting.

Semper ad meliora (Always toward better things).



Ken L. Bishop
President & CEO

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

— Ken L. Bishop
President & CEO

NASBA Panelists at NSA Annual

Potential peer review changes and the AICPA's Accounting and Review Services Committee's (ARSC) proposed preparation standards were among the topics discussed by a panel including NASBA Chair Carlos Johnson and President Ken Bishop at the National Society of Accountants' Annual Meeting on August 21, in Baltimore, MD.

IRS Commissioner John Koskinen, the NSA Annual Meeting's keynote speaker, urged meeting attendees to contact their Congressmen to restore funding to the IRS. He said that his message to Congress is: "You cannot continue to reduce our resources and ask us to do more things. The blind belief in Congress that they can continue to cut funding and we will just become more efficient is not the case. We are becoming more efficient but there is a limit. Eventually the effects will show up. We are no longer going to pretend that cutting funding makes no difference." Funding for the IRS was cut 7 percent for this year while 7,000,000 more taxpayers filed returns, he reported.

The IRS's voluntary education and testing program for paid tax return preparers, which the agency plans to implement by the beginning of the 2015 tax filing season, was also discussed by Commissioner Koskinen. "It is important to keep the momentum going for the education of tax preparers, but it is only an interim step," he said. Mr. Koskinen advised that the President's 2015 Fiscal Year Budget includes language that would give the IRS mandatory oversight of return preparers, that would transition the "voluntary"

program into a mandatory program.

A lawsuit to block the IRS from going ahead with its voluntary program has been filed by the AICPA. Institute President Barry Melancon said in announcing the suit: "The AICPA has been a steadfast supporter of the IRS's overall goals of enhancing compliance by tax return preparers and elevating ethical conduct. However, the IRS's new rule regulating tax return preparers is an unlawful exercise of government power. By implementing a purportedly 'voluntary' program that is mandatory in effect, the rule is an end-run around *Loving v. IRS*, a federal court ruling which struck down the IRS's earlier attempt to regulate tax return preparers." (See *sbr 2/13*.) ♦

Central Region Nominee Named

The NASBA Nominating Committee met on August 21, 2014 in Dallas to select their nominee for Central Regional Director 2014-2015. The Committee selected Janeth Glenn, a public member of the Nebraska State Board of Public Accountancy, to be their nominee for the post. The special face-to-face meeting of the Nominating Committee was required because according to the Bylaws the Committee must meet in person to make their selections. Initially another candidate had been chosen; however, upon being notified of his nomination, that candidate withdrew his name. Members of the NASBA Board of Directors will be elected by the State Boards' delegates at the Annual Business Meeting in Washington, D.C., in November. ♦