

## Prometric CEO Shares Strategy



Michael Brannick

Prometric President and CEO Michael Brannick visited NASBA's Nashville office on September 30, meeting with NASBA President and CEO Ken Bishop, speaking to NASBA directors and hearing staff reports. He told the directors the NASBA/AICPA/ Prometric contract for the development, delivery and scoring of the Uniform CPA Examination had been Prometric's first three-party contract and it has "worked pretty well." Continuing this innovation, the three parties are trying to share with one another business strategies, he explained.

Mr. Brannick outlined Prometric's leadership development program for its over 2,000 employees worldwide. Besides having Leaders Engaged In Prometric (LEIP), who are involved in strategic planning and control, there is also a relatively new group entitled Women Executives In Prometric (WEIP), who are engaged in developing formal mentoring programs and assisting employees who start out with different expectations. Mr. Brannick commented: "Have people expect to have equality and there will be equality." NASBA President Ken Bishop subsequently announced the formation of Women Of NASBA (WON), to be spearheaded by Chief Information Officer Cheryl Farrar and Chief Legal Officer and Director of Compliance Services Maria Caldwell. Mr. Brannick agreed that NASBA staff representatives would be invited to attend a meeting of WEIP.

Based on Walter Isaacson's biography of Steve Jobs, Mr. Brannick developed a competency model for Prometric employees. The Apple Computer leader had a 14-point plan which Mr. Brannick summarized, and on which a 100-item multiple-choice test was developed for Prometric leaders with delivery in Prometric testing centers. This exercise not only showed Mr. Brannick their strengths and weaknesses, but it also gave the Prometric staff leaders empathy with their clients who want fair, unbiased questions, and with the clients' test takers' experience.

To further carry on the plan, 12 staff members were selected to be "ambassadors" of the Jobs book and were assigned to "The Values Project." They have fanned out to others so that everyone in Prometric has a voice and every day there are about 400 people having interaction related to the vision, mission and values of the plan, Mr. Brannick reported. NASBA President Bishop has asked Senior Vice President and CFO Michael Bryant to lead a group studying the Jobs' biography for suggestions that could assist NASBA.

Suggestions for Prometric's strategic plan can come from all levels of the organization, Mr. Brannick explained. By leadership acknowledging that ideas can stem from anywhere, there was an increase in engagement and an increase in productivity, he observed. ♦

## Puerto Rico 52nd Mobility Jurisdiction

There are now 52 U.S. jurisdictions that have individual mobility based on acknowledging each other's being substantially equivalent. This means the jurisdictions have adopted a pathway to licensure based on the education, experience and examination requirements as set out in the Uniform Accountancy Act and they are ready to accept out-of-state CPAs without those professionals having to obtain a reciprocal license or register in another state. The latest to move to such mobility was Puerto Rico. Governor Alejandro Garcia Padilla signed the bill into law on August 28, with NASBA President Ken Bishop present for the signing. Puerto Rico still continues to be the only jurisdiction that requires membership in the state CPA society in order for a CPA to perform attest services, but other areas of CPA practice will fall under the mobility guideline of "no notice, no fee, no escape."



PR Governor signs mobility bill.

"Having worked for years to bring true mobility to the profession under appropriate regulatory control, I must admit that it feels great seeing 52 jurisdictions operating under substantial equivalency -- in harmony at last," NASBA President Ken L. Bishop said.

Only three U.S. Boards of Accountancy do not have substantially equivalent pathways and mobility legislation in place, Hawaii, the Mariana Islands and Guam. NASBA Director of Legislative and Regulatory Affairs John Johnson reports the Mariana Islands and Guam have mobility legislation ready to be filed in 2015 and he is optimistic that Hawaii will soon follow suit. ♦

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## BOE Invitation to Comment Released

To prepare for the next version of the Uniform CPA Examination to be launched in 2017, the AICPA Board of Examiners has kicked off its practice analysis to ensure the examination remains relevant to the profession. On September 2 the BOE released its "Invitation to Comment: Maintaining the Relevance of the Uniform CPA Examination," with a response period ending on December 2, 2014. The paper covers the preliminary findings of the BOE's initial research and asks for comments that will influence the design of the Examination. Possible changes to the Uniform CPA Examination include examination length, types of questions, number and structure of test sections, testing fees and score reporting timelines.

In November 2014 the BOE will be sending out a survey to thousands of randomly selected newly licensed CPAs and direct supervisors of newly licensed CPAs to further develop the test blueprint. A final proposal for the next version of the Uniform CPA Examination is expected to be released for comment in August 2015, with the response period continuing until October 2015.

Based on input from 17 focus groups, the BOE has concluded

that "increased testing of higher-order skills – through tasks such as writing, research, and calculations – is needed to continue protecting the public interest."

Respondents to the Invitation are being asked if this may call for testing higher-level skills through simulations. They are also being asked if there should be an integrative section of the Examination that would include questions blending elements of taxation, auditing and financial accounting and reporting. Should these changes be made if they increase the cost of the Examination or if they require increased time to report scores?

NASBA's CBT Administration Committee is developing a response in consultation with the Executive Directors Committee and Education Committee. All Boards are asked to study the invitation and then to either send their comments to NASBA Executive Vice President and Chief Operating Officer Colleen Conrad, who is coordinating the NASBA response, or to submit a copy of their electronic responses to the paper to Ms. Conrad. The paper can be found on [www.aicpa.org](http://www.aicpa.org). ♦

## CPA Canada Completes Unification

As of October 1, ICGA Canada has united with the Chartered Professional Accountants of Canada (CPA Canada), to complete the merger of what had previously been three national Canadian professional associations. CPA Canada now has more than 190,000 members.

In his update to the October 6 conference call of the NASBA/AICPA International Qualifications Appraisal Board, Chair Emeritus William Treacy (TX) reported: CPA Canada's Professional Education Program has developed and delivered four of the six planned Core and Elective Modules with the remaining two to be delivered later this fall. Some of the examinations of the Cores and Electives have been



delivered and the Common Final Examination is in development, as are the modules that will lead to that examination. The first sitting of the Common Final Examination will be in September 2015. The Practical Experience Requirements are complete and candidates started using the reporting tool to track their experience in September 2014.

The renewal date for the tri-partite mutual recognition agreement developed by IQAB for the State Boards, CPA Canada (previously the Canadian Institute of Chartered Accountants) and the Instituto Mexicano de Contadores Públicos is scheduled for December 2016. ♦

## Mideast Sites Open to Indian Candidates

The Middle Eastern testing centers for the Uniform CPA Examination are open to all qualified citizens and permanent residents of India as of October 1, 2014. This includes Prometric's test centers in Bahrain, Kuwait, Lebanon and the United Arab Emirates. Candidates from India represent the sixth largest group of non-U.S. candidates who have been taking the Uniform CPA Examination in the U.S. Qualifications for the Examination and the Examination itself remain the same for these candidates as for U.S. CPA candidates. All must meet the education and experience requirements mandated by the Boards of Accountancy.

According to the *NASBA 2013 Uniform CPA Examination Candidate Performance* research, the average pass rate for candidates from India was 41.5 percent. In 2013 there were 428 candidates from India, which represented an increase of 7.8 percent over the previous year. In 2013, there were 8,739 candidates from 97 countries other than the U.S. who sat for 23,423 sections of the Uniform CPA Examination. ♦

## 2014 State Legislatures Adjourn

With 10 jurisdictions still technically in regular session (Illinois, Michigan, Ohio, Pennsylvania, New York, Massachusetts, New Hampshire, Puerto Rico, Guam, and CNMI), and Virginia in special session, of the 235 pieces of "high-priority" legislation potentially impacting the regulation of the accounting profession, which were monitored by NASBA Director of Legislative and Governmental Affairs Director John W. Johnson during the 2014 legislative session, 78 of those bills have already been signed into law.

To view the enacted legislation, once on the Legislative Tracking page, found through the member section of [www.nasba.org](http://www.nasba.org), click on the link to view "high-priority legislation signed into law." Then, either scroll down to find a particular jurisdiction, or click on any blue jurisdiction on the map (blue indicating the high priority legislation has been signed into law) to go directly to that jurisdiction's listing. Questions or comments about any legislation should be directed to Mr. Johnson at [jjohnson@nasba.org](mailto:jjohnson@nasba.org). ♦

# CHAIR'S MEMO

## A SHORT YEAR

November 4 will usher out the 2013-14 Board and usher in the 2014-15 Board with new visions, energy and purpose. What a short year it has been! It does not seem possible that 11 months have passed since the 2013 Annual Meeting. We started the year urging State Board members to be proactive with the public, build relationships and help attract the best and the brightest into the profession. In addition, I committed to leading the effort to strengthen the brand of NASBA and State Boards through raising their image to the public. Each month I reviewed that commitment, giving thought to how best to lead that effort during the month. October is no different, but the calendar is full of due dates for reviews of audit reports, 990s, the annual report and the like. Therefore, not much branding is planned, but the mission of State Boards is ever present, "protection of the public," along with the mission of NASBA.

The 2013 Annual Meeting featured speakers such as Financial Accounting Standards Board (FASB) Chair Russ Golden, Public Company Accounting Oversight Board (PCAOB) Member Jeanette Franzel, and American Accounting Association (AAA) Immediate Past Chair Karen Pincus. Russ and Jeanette set the tone for new accounting standards for public and private companies, and the process of creating those standards, along with a renewed emphasis on the inspection process of public company auditors. Karen described new methods of teaching and learning, i.e., "nano" learning, teaching in ten-minute segments and testing thereof, which wowed the attendees. NASBA Chair Gaylen Hansen reported on the events of NASBA's 2012-13 year and what was accomplished toward increasing the protection of the public. With those words, NASBA's 2013-14 year was launched.

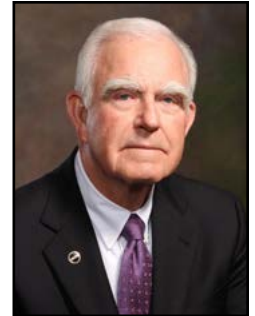
A major effort of 2014 was enhancing the brand of NASBA with the academic world. The awarding of the educational research grants whose results would benefit State Boards had been in operation in prior years, but our branding from this effort was really localized with the grantees. In consultation with President and CEO Ken Bishop, we made a conscious decision to expand NASBA's brand with the AAA Accounting Program Leadership Group Ph.D. Project (a 501 c 3 organization that supports individuals of color seeking a doctoral degree in a business discipline) and the upper tier accrediting association for collegiate schools of business and schools of accounting, the Association to Advance Collegiate Schools of Business (AACSB) and Federation of Schools of Accountancy (FSA), respectively.

At the AAA Annual Meeting, we expanded our presence in the Exhibit Hall by doubling our exhibit area and announcing the NASBA research grant recipients at our booth. The support of the Ph.D. Project was an enhancement of the work of our Diversity Group, whose Chair Tyrone Dickerson attended the dinner honoring the students seeking a Ph.D. in accounting, along with President Bishop, Vice Chair Walter Davenport and myself. We have already seen the results of our efforts through increased contact by AAA leadership and faculty members seeking joint collaboration with NASBA. Through the efforts of James Suh, Director of Continuous Improvements and Analytics, NASBA is almost a household word with the AACSB and FSA, as James has been a presenter on several programs sponsored by the AACSB. Vice Chair Davenport has committed to continue the effort to reach out to educators during his tenure.

As the year progressed, working with President Bishop, we continued to refine the Bylaws so NASBA would be the organization that other nonprofit organizations would recognize as the "best in class." Additionally, a Task Force was established to review and make suggestions for revising NASBA's nominating process and it is expected to make its report by December 31. At the same time a report is anticipated from the Task Force developing a process for NASBA to showcase the young leaders on various State Boards. The Diversity Group has continued to progress and expand NASBA's role in identifying professionals of color who are leaders and who qualify to serve on State Boards. The Diversity Group will also recommend how to attract high school and college students to enter the profession.

We tackled the concept of firm mobility and working through the joint NASBA/AICPA Uniform Accountancy Act Committee adopted language to be inserted in the Uniform Accountancy Act - Seventh Edition along with a revised definition of "attest."

I appreciate the privilege afforded me by the NASBA Board of Directors, Boards of Accountancy and the Nominating Committee to serve as Chair. The opportunity to work with President Bishop and Executive Vice President Colleen Conrad has increased my professional experience. Each leads a qualified staff who have strengthened the role of NASBA in many ways. As we approached each decision, uppermost in our thought processes was how will this decision enhance the protection of the public. I want to thank each of the many volunteers for their time and efforts to expand the brand of State Boards and that of NASBA.



Carlos Johnson, CPA

A handwritten signature in black ink that reads "Carlos E. Johnson". The signature is written in a cursive, flowing style.

-- Carlos E. Johnson, CPA

Chair

## CPE Summit Reviews Draft Standards

The concepts of gamification and nano learning were among the educational innovations discussed at this year's National Registry Summit. In keeping with the biennial review of the "Statement on Standards for Continuing Professional Education Programs," which is appended to the Uniform Accountancy Act, the 2014 NASBA National Registry Summit, held September 17-19 in Nashville, focused on changes being proposed for CPE programs. This year there were over 150 conference registrants, including representatives from nine Boards of Accountancy, 12 state CPA societies, and many CPA firms and course providers. Participants were given an overview of the revisions to the Standards under consideration and in breakout sessions their input was collected to aid in the Standards' further development.

The CPE Standards Working Group has 13 members including educators, course developers, CPE vendors and State Board, NASBA and AICPA representatives. Recommended revisions to the Statement on Standards will be presented by the Working Group to the NASBA CPE Committee, which will then present them to the joint NASBA/AICPA CPE Standards Committee. Once they meet with the joint committee's approval, the revised standards will be presented to the NASBA and AICPA Boards of Directors who will determine if they are ready for public comment. While the Standards are being developed, another 14-member task force is working on a proposed CPE Model Rule that would work with the new Standards and recommended to the UAA Committee, NASBA Compliance Services Director and Chief

Legal Officer Maria Caldwell explained.

CPE Committee Chair John Dailey, Jr. (NJ) said they hope to have the revised Standards ready for the Boards of Directors of NASBA and the AICPA to consider in April 2015, with exposure for comment by the member Boards and other interested parties to conclude by September 1, 2015. If all goes according to plan, new finalized standards would be approved in October 2015 for implementation in January 2016. A recommended new CPE Model Rule would be sent to the Uniform Accountancy Act Committee in October 2015 and be ready in January 2016 for approval by the NASBA Board for exposure through the 2016 Regional Meetings. The Model Rule could become effective in late summer or early fall of 2016. It would then go out for the States to consider for adoption into their law.

Besides "nano learning," the Summit's participants were told that the working draft of the Standards currently includes: blended delivery methods for courses; clarification of the definition of "group live" and "group internet-based delivery" methods; qualified assessment of self-study programs to occur throughout the program and not just at the end; and an element of engagement for group live programs. A panel that included members of the CPE Standards Working Group highlighted some of the proposed revisions to the standards and discussed the rationale behind the modifications.

Greg Cole of BKD, LLP, a Standard Working Group member, said: "We want to look at technology, which has been a game changer." ♦