

EDs and Attorneys Meet in Tucson

Tucson proved to be a comfortable location for NASBA's 2016 conferences for State Board staff. Thirty-seven Accountancy Boards' executive directors were in attendance at the 34th Annual Conference of Executive Directors and Board Staff, held March 15-17. Once again this year, the conference welcomed the Chief Executive Officers of the State CPA Societies, with 21 in attendance and a total participation of 104. Concurrently, the 21st NASBA Annual Conference for Board of Accountancy Legal Counsel included Board counsel from 25 jurisdictions, with a total of 42 attendees. Executive Directors Committee Chair James Corley (AR) and State Society Committee Chair Ralph Thomas (NJ) reported their committees had worked collaboratively to develop the program and looked forward to continuing to work together on other projects.

President Ken Bishop and Chair Donny Burkett (SC) reported on one of the projects that was suggested by the executive directors at their Annual Conference last year and is now moving ahead. "You asked and we listened," President Bishop told the conference. He reported the initial price for the new CPetracking system being developed is \$1.6 million. It is to be more intuitive and user friendly



34th Annual Conference of Executive Directors and Board Staff in Tucson.

than previously developed systems and will be available at no cost to all State Accountancy Boards. "We have high hopes for this system," he said. Another major expenditure is the updating of the gateway system, which has been in operation for over ten years.

Reflecting back on his inaugural remarks, Chair Burkett commented: "I said we were going to give you tools for your toolkit, to help you do your job better. And that's what we are doing." ♦

Exam Revisions Announced

Changes to the Uniform CPA Examination, beginning with tests administered on April 1, 2017, were announced to the public on April 4, 2016 along with blueprints for the Exam. "We have been on a long journey here," Executive Vice President and COO Colleen K. Conrad reported to the Executive Directors Meeting. "Most of the announced changes should not be a surprise to the Boards as we have been sharing changes under consideration and seeking your input throughout the entire process. Next year, when the new Exam actually launches, should be really exciting," she said.

By November 2015, the Board of Examiners had received over 600 comments on proposed changes to the Uniform CPA Examination, AICPA Vice President-Examinations Michael Decker told the conference. He explained the next version of the Examination reflects updates to continue to test the knowledge and skills needed for a "newly licensed CPA." The practice analysis was conducted to specifically measure the knowledge and skills possessed by a person with two years of experience. "We are shifting to testing critical thinking from testing memorization," he said, as candidates are being asked to do more critical thinking earlier in their careers, requiring higher order skills. These include analytical ability, problem solving, critical thinking, professional skepticism and communication skills.

Task-based simulations have been added to the BEC (Business Environment and Concepts) section of the Examination, and both the BEC and REG sections will now each be four hours long, Ms. Conrad said. This brings the total time for taking the four sections up to 16 hours. A standard 15-minute off-the-clock break has been added approximately halfway through each section, she reported, and

candidates can opt to take the break or not. Forty additional testing days are being added as each quarterly testing window has been extended by ten days commencing in the second quarter of 2016 through 2017, except for the launch window of the second quarter of 2017. The extension is not included in that quarter as additional time is necessary to analyze results due to the changes made.

In 2018 Microsoft Excel will be added as a tool for the Uniform CPA Examination, Mr. Decker announced. Also the user experience will be enhanced, as all of the Prometric testing centers will have 23" HD monitors by 2018 and there will be added support for ADA candidates.

For more information about the forthcoming changes see nasba.org/exams/cpaexam. ♦

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Getting Intentional on Diversity

NASBA's strategic plan now includes promoting the CPA license to ensure an adequate supply of CPAs and promoting diversity and inclusion, NASBA Chief Relationship Officer Alfonso Alexander pointed out to the Executive Directors Conference. He reported the theme of NASBA's Diversity Committee is: "It is time to be intentional." NASBA wants to impact diversity on the front end of the professional pipeline by getting candidates eager to become part of the process, as well as farther down the pipeline when appointments are made to State Boards and the NASBA Board of Directors. Mr. Alexander reported on how the committee is working with other organizations to support their various diversity efforts, as well as using statistics gathered by NASBA to document information about candidates making it into the pipeline.

With the assistance of NASBA Director of Continuous Improvement and Analytics James Suh, a meeting was held with North Carolina State Board of CPA Examiners Executive Director Robert N. Brooks; NASBA Past Chair Walter Davenport; Shawana Karkouki of the North Carolina Association of CPAs; Kevin James of North Carolina Agricultural and Technical State University; Norma Montague of Wake Forest; Eddie Sams of DHG (Dixon Hughes Goodman, LLP); Jack Cathey of University of North Carolina-Charlotte via phone; and Messrs. Alexander and Suh. Pointing out that North Carolina has the highest number of historically black colleges and universities (HBCU) in the nation, Mr. Suh challenged the North Carolina meeting participants to consider how they could get more of these schools to participate in the North Carolina Board's CPA Examination scholarship program.

Looking at one of the top CPA-producing HBCU school's candidates' performance in 2011-2015, of the 129 accounting majors, only 29 took the Uniform CPA Examination and of those only 8 passed all parts of the Examination. Analyzing the data collected by NASBA 2011-2015, Mr. Suh reported 32.1 percent of the African-American candidates made only one attempt to pass the Uniform CPA Examination, while just 12.1 percent of the Caucasians made only a single try. He said lack of resources, guidance and review course providers could all be contributing factors and he invited discussion.



Alfonzo Alexander describes diversity and inclusion efforts underway.

NASBA's statistics also show that 58.3 percent of African – American CPA candidates take the Uniform CPA Examination after their 30th birthday, as compared to 35.5 percent of the total population (including African-American candidates) who take it that late in their careers, Mr. Alexander pointed out.

Mr. Brooks reported to the Executive Directors Conference that he thought that the diversity meeting held in his state with NASBA staff should be packaged and taken to every state, because he and the others in attendance had learned so much about the problems in their state and others. Executive directors from Florida, Kentucky, Ohio and Texas told the Executive Directors Conference about the programs that their Boards had instituted to assist minority students. These include scholarships for minority students for their fifth year of study, accounting career awareness programs and materials to enhance high school accounting courses.

Mr. Alexander said NASBA is undertaking analysis of data to find out why so few African-American students are becoming CPAs and where they are dropping out of the process.

The National Commission on Diversity and Inclusion, sponsored by the AICPA, has many programs in operation, Boyd E. Search, chief executive officer of the Georgia Society of CPAs, reported. These include: webinars on unconscious bias; an e-newsletter *Inclusion Solutions* which currently has over 25,000 subscribers; and working with HBCU. ♦

AICPA Rethinks Peer Review Administration

The State Boards' executive directors were surprised to hear the AICPA is considering reducing the number of its peer review administering entities (AE) from 41 to 8-10 within the next few years. Stephanie Peters, chief executive officer of the Virginia Society of CPAs, told the March conference that the AICPA had a dozen state CPA societies work on developing a proposal on the evolution of peer review administration, which had been sent to state CPA societies for their input. "We believe there will still be a role for state societies recruiting volunteers to be engaged with the State Boards on how it [the peer review process] is working for them," Ms. Peters said. The goal is to more effectively administer the process, she explained: "The administering entities now have 41 different ways of working."



Stephanie Peters



Todd Shapiro

added. This raised questions from the State Board Executive Directors about the concept of equating bigger AEs to better AEs and how the state society programs would be merged. "The Virginia Society is committed to working with the State Board to see that they get what they need. We will not transition out until we are sure their needs will be met," Ms. Peters responded.

Since January 2015, the AICPA's peer review program has required that firms which either fail their peer reviews twice or pass with deficiencies twice have only one chance to remediate their problems or they are out of the AICPA peer review program, Ms. Peters said. Effective May 2016, the AICPA is instituting an expedited drop process, she pointed out, which will reduce the period until a firm is dropped to 94 days and to 36 days for the firm to have a hearing.

How the evolving peer review system might be monitored by the State Boards will be discussed at the June NASBA Regional Meetings. ♦

PRESIDENT'S MEMO

Changing Our Culture

I am writing this month's *President's Memo* after arriving back in Nashville, TN, from a trip to Canada where I attended an international financial meeting. One of the most enjoyable aspects of my job is the opportunity to meet and work with other associations, regulatory bodies and individuals from all over the globe that have nexus to NASBA. After a few years of experience as President and CEO, I have become much more interested in the various cultures of these organizations and their people, and I have begun to compare and contrast NASBA to them.

Merriam-Webster defines "culture," as it pertains to organizations, as: "The set of shared attitudes, values, goals and practices that characterize an institution or organization or its activities." Of course, any institution or organization is made up of people who often come from different backgrounds and experiences, with resulting contrasting attitudes. Some time ago it occurred to me that, for our organization to move to the next level of efficiency, we should redefine our culture.

NASBA, as a business entity, is made up of highly qualified, competent and often competitive individual staff members who work in various, and sometimes very disparate, sub-organizations and business units. As in any organization, there is a natural tendency to gravitate to what I refer to as a "bucketed mentality." Our infrastructure and processes had only amplified that tendency. With the support of our governance and staff leadership, we have taken it upon ourselves to begin changing our culture and to aspire to continuing to ramp up our capabilities and capacity to provide greater service to the Boards of Accountancy.

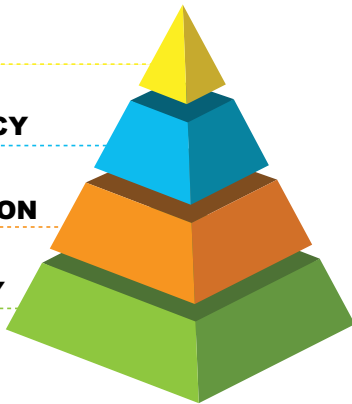
During this past week we completed the second construction phase of the major move in our Tennessee site, as staff from the 13th floor were relocated to the 7th floor. By the first of May we will have completed the third, and final, phase and all NASBA staff in both Nashville and New York will be in recently redesigned environments.

LIGHT

TRANSPARENCY

COLLABORATION

OPPORTUNITY



In Nashville we focused on light, transparency, collaboration and opportunity. Literally every employee has access to direct sunlight. High walled cubicles and most offices have been eliminated and collaborative work spaces (glassed enclaves, stand-up areas, and community areas) are placed throughout the floors. Individual break rooms were reduced to coffee areas and a new centralized employee cafeteria area encourages all staff to break together to get to know each other better. I am very pleased to report that we are already seeing a difference in behaviors, relationships and work methodologies. As importantly, the new spaces and technologies are promising greater productivity.

In the New York City office, which moved to the 12th floor last year, the atmosphere is also light, but quiet and efficient, with a conference room ready to accommodate meetings with representatives who are attending professional gatherings in the financial hub.

So why is all this, including the effort to change our culture, important to State Boards. Frankly, this is about you and the type and level of services and support NASBA can provide to you. We have made a large investment in the infrastructure changes and I like being transparent about how we spend - and make - NASBA money. More importantly, as we want Boards of Accountancy to be the benefactors of our transition, having you know of the changes we are making invites your feedback.

To be a continuing, growing, relevant association, a process of ongoing improvement and change is critical, and often requires alteration of culture. To quote Frances Hesselbein, author, speaker and former CEO of Girl Scouts of the USA: "Culture does not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day."

Semper ad meliora (Always toward better things).



Ken L. Bishop
President & CEO

— Ken L. Bishop
President & CEO

Use of Titles Varies Among States

State Board Executive Directors were urged by North Carolina Board Executive Director Robert Brooks to check with their attorneys to determine if in their state those not holding a current Certified Public Accountant's license can use or assume a title that includes "accountant." This has become a topic of current discussion as new designations are appearing. Via an informal poll, Mr. Brooks discovered approximately a third of his colleagues said that would be a problem in their state, another third said it might not be a problem and a third were unsure and still researching.

While many states have a version of Section 14(g) of the Uniform Accountancy Act in their accountancy law, not all states are interpreting that restriction in the same way. NASBA Executive Vice President Colleen Conrad told the Executive Directors: "We have a dilemma at NASBA because our interpretation of the UAA says it is not okay to use CGMA or other similar titles if you are not a CPA. But this is subject to interpretation by you and your attorneys. We have heard from several international accounting firms that their legal interpretation is similar to ours and they are not allowing the use of those credentials by their partners and staff. Some Boards may say it is okay to use them in business, and industry, but not in public accounting. But be careful to say it is 'okay' for some to use them in a public space, as in a sense you may be changing your law."

Sue Coffey, AICPA Senior Vice President – Public Practice and Global Alliances, explained that the AICPA Council voted to open up its CGMA (Chartered Global Management Accountant) designation to qualified non-CPA professionals in October 2015. She pointed

out several developments that have "heated up" competition among accountants, including: The ACCA has launched its accreditation program in the U.S. at Pace University and American University. CPACanada was formed through the merger of the Institute of Chartered Accountants of Canada, the Canadian CMA and CGA. The Institute of Chartered Accountants of Australia merged with the New Zealand Institute of Chartered Accountants. The Institute of Management Accountants has partnered with Penn State University to develop a curriculum for accounting careers in industry, consulting and advisory services.

Following regional council meetings throughout the country, the AICPA is holding a membership vote April-June, 2016, on creating a new global association "to integrate operations, promote global quality for the profession, and deliver enhanced resources for the benefit of our members," Ms. Coffey stated.

Preventing consumer confusion will be one of the topics discussed at NASBA's June Regional Meetings. ♦

Reminders:

- Mark your calendar for the June 7-9 Eastern Regional Meeting in Asheville, NC, or the June 22-24 Western Regional Meeting in Denver, CO. For details and registration see www.nasba.org.
- State Board members and current committee members who would like to serve on NASBA 2016-17 committees need to fill in their committee interest forms now. Visit <https://nasba.secure.force.com/>. ♦