

## Ted Long Vice Chair Nominee

Theodore W. Long, Jr., CPA (OH), was selected on May 5 as the Nominating Committee's candidate for NASBA Vice Chair 2016-2017, to stand for election at the November Annual Business Meeting. If elected Vice Chair by the member State Boards of Accountancy, Mr. Long will automatically accede to NASBA Chair 2017-2018. Former NASBA Treasurer, Director-at-Large and Chair of the CPE Advisory, Global Strategies, UAA Mobility Implementation, and Relations with Member Boards Committees, Mr. Long also served as NASBA's Great Lakes Regional Director and was a member of numerous NASBA task forces. He served on the Accountancy Board of Ohio for eleven years, including three terms as its Chair. Mr. Long is a retired partner of Ernst & Young, LLP.



Election of NASBA officers will be held at the Annual Business Meeting on November 1, 2016 in Austin, TX. Nominating Committee Chair Walter C. Davenport (NC) has requested that all qualified State Board members interested in serving on the 2016-17 Board of Directors submit a letter of interest and biographical information to [aholt@nasba.org](mailto:aholt@nasba.org) by May 27, 2016. Nominations for any elected Board position, including the office of Vice Chair, may also be made by at least five Boards if filed with NASBA Chair Donald Burkett at least 10 days prior to the Annual Business Meeting. No nominations from the floor will be recognized.

State Boards in the Central, Middle Atlantic, Pacific and Southeast Regions are asked to submit their nominations for their Nominating Committee representatives by June 1, 2016. These nominations with bios or resumes should also be sent to [aholt@nasba.org](mailto:aholt@nasba.org). Questions about the election should be directed to Anita Holt (615)880-4202. ♦

## Board Exposes UAA Changes

Changes to Model Rules related to the forthcoming revision of the Uniform CPA Examination and a change to the Uniform Accountancy Act to enable additional recognition of international professionals were approved for exposure for comment at the April 22, 2016 meeting of the NASBA Board of Directors. The change to Section 6 of the Uniform Accountancy Act would enable international auditors who hold designations that have been evaluated by the NASBA/AICPA International Qualifications Appraisal Board (IQAB) to be substantially equivalent to the U.S. CPA to be eligible for a quicker pathway to state licensure --without requiring mutual recognition of U.S. CPAs by their home country's licensing body.

"We know there are qualified professionals who are in the United States, but who cannot sign audit reports because they are not licensed as CPAs. While they may be doing the work, someone else in the firm has to sign off on the report," IQAB Chair Ted Lodden explained. "If they are working here, we want them to be regulated by the State Boards. In a global economy, international accountants are a valuable asset to U.S. accounting firms and we want that asset to be available to them and the U.S. clients they serve." The expectation is that other countries will want to recognize U.S. CPAs. "The ultimate goal is mutual recognition agreements covering professionals around the world," Mr. Lodden said.

The modifications being proposed for Model Rules 5-3, 5-4, 5-5, 5-6 and 5-7 would provide for changes in support of the revised Uniform CPA Examination. Among these are clarification that the Examination tests for the knowledge and skills required for a "newly licensed" CPA and that the Examination is "one component" of qualifying for a license. The changes would delete specification of the total number of sections comprising the Examination. They also state candidates could test for at least two months in each quarter,

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## Samoa Now NASBA's 56th Member

The American Samoa Territorial Board of Public Accountancy was approved by the Board of Directors as the 56th member of the National Association of State Boards of Accountancy on April 22, 2016. In bringing the American Samoa Board's request for membership to the NASBA Board, Director-at-Large Laurie J. Tish (WA), who holds American Samoa License No. 11, explained that American Samoa established its Accountancy Law in 1971. It has a three-member Board of Public Accountancy appointed by the Governor, of which all members must be citizens or nationals of the U.S. and residents of Samoa, and two must be CPAs in active practice and one must be a PA in active practice. At the present time there is no way to become a CPA in Samoa except through reciprocity, and there are approximately 30 such license holders now, Ms. Tish estimated. American Samoa is now the 9th member of the Pacific Region, which includes Alaska, Arizona, California, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, Oregon and Washington. ♦



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*Published by the National Association of State Boards of Accountancy*  
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## ALD/CPAverify Committee's Vision

Additional ways in which the Accountancy Licensee Database (ALD) and CPAverify could be used to benefit the public at large and the profession were suggested to the NASBA Board at their April meeting. "Accountancy License Database: A Vision for 2020," was presented to the Board of Directors by ALD/CPAverify Committee Chair Laurie J. Tish, who commented: "Now that the database has participation from almost all jurisdictions and the completeness of the database is improving with daily data updates and more states sending disciplinary information and firm data, the value of the ALD and CPAverify has never been greater."

The guiding principles for the ALD, Ms. Tish explained, are: data completeness, data security, data accuracy, communication and education, optimize use and responsible use. She underscored: "Use of the data in the ALD will undergo thoughtful consideration by NASBA staff and the ALD/CPAverify Committee who will both adhere to an approval set of data use policies. Extreme caution will be practiced to assure that Boards of Accountancy have authority over the use of the data in the ALD."

In looking to the future, the ALD/CPAverify Committee expects to aggregate and disseminate enforcement and disciplinary data

from other agencies, send out disciplinary alerts to Boards of Accountancy, interface with other information sources to identify those who are falsely claiming to be licensed CPAs and alert the public to their available reference information.

Maria L. Caldwell, NASBA Director of Compliance Services and In-House Counsel, summarized her division's activity at the April Board meeting. Besides looking at resources to enhance the ALD and new tools to offer the Boards, Ms. Caldwell's team has been meeting with State Board staff encouraging them to add disciplinary information to their websites. They have been working with the Department of Labor to ensure the appropriate referrals of deficient reports by licensees are being sent to the State Boards. ♦

**CPE Summit September 13-14:** The comment period has ended for the revisions to the Standards for Continuing Professional Education Programs and the NASBA CPE Committee is considering the feedback received. How those revised standards will be implemented will be the major focus of the September 12-14, 2016 Registry Summit in Tampa, FL. Hotel information has been posted on the NASBA website, [www.nasba.org](http://www.nasba.org), so plan to be there. ♦

## Tax Preparer Proposal Stopped

A party-line vote of the Senate Finance Committee on April 20 blocked an amendment to the Bill to Prevent Identity Theft and Tax Refund Fraud. The amendment would have given the Department of the Treasury authority to develop minimum standards for paid tax return preparers. Although the original Bill was passed by the Committee, the amendment proposed by Senator Ron Wyden (D-OR) did not have Republican support. Committee Chair Orrin Hatch (R-UT) said they would continue working on the issue but were concerned about the breadth of the authority the amendment would give to the government.

The AICPA wrote to Senators Wyden and Hatch on April 19: "Since some taxpayers are already confused by the different qualifications of preparers and the varying practice rights that they possess, we support the provision in the Wyden amendment that subjects the currently-unenrolled community to the guidance in Notice 2011-45, 2011-25 IRB 86. To mitigate marketplace confusion, it is important that unlicensed PTIN holders using any paid advertising involving print, television, radio or other medium – in which the individual represents themselves as a registered tax return preparer – should display or broadcast a statement directing the taxpaying public to the IRS website where the differences between the various types of preparers (e.g., qualifications) are explained, and informing the public that the IRS does not endorse any particular tax return preparer." ♦

## Board Exposes UAA Changes

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but they would still be prohibited from retaking the same section within one testing window. The changes were proposed by the CBT Administration Committee, chaired by Richard N. Reisig (MT), and the NASBA/AICPA UAA Committee and presented to the Board by NASBA UAA Committee Chair J. Coalter Baker (TX). The comment period will run 90 days from the exposure date. ♦

## Call for 2016 Award Nominees

NASBA Awards Committee Chair Carlos E. Johnson (OK) has called for nominations from members, associates and executive directors of State Boards of Accountancy for the 2016 NASBA Awards to be formally presented at the Annual Meeting. The awards to be presented are:

- William H. Van Rensselaer Award – To an individual who has contributed to the development or improvement of programs for Boards of Accountancy, or influenced passage of rules or statutes to improve accountancy regulations and laws, with the goal of protecting the public.
- NASBA Distinguished Service Award – To an individual who has demonstrated unswerving commitment and dedication to enhancing NASBA's mission.
- Lorraine P. Sachs Standard of Excellence Award – To a State Board executive staff leader who has shown excellence in regulating and made a positive impact on the accounting profession.

A nomination form and award criteria can be found on [www.nasba.org](http://www.nasba.org). Questions about the awards program should be directed to Communications Manager Cassandra Gray ([cgray@nasba.org](mailto:cgray@nasba.org)). Nominations must be submitted by Monday, June 20, 2016. ♦

## NASBA Joins Coalition

NASBA has joined with representatives from other national professional licensing board associations to form a coalition in response to the *North Carolina Dental Board* case. The Professional Licensing Coalition (PLC) has spearheaded a federal effort to eliminate the threat of anti-trust financial liability from regulatory boards and their members when they are acting in their official capacity. The strategy is to amend the 1984 Local Government Anti-Trust Act (LGAA) to include state regulatory boards. NASBA Director of Governmental and Legislative Affairs John Johnson is serving as NASBA's representative to the coalition to help shape legislation that will protect those who serve on State Boards from potential litigation. ♦

# PRESIDENT'S MEMO

## Thinking Internationally Continues...

In the March 2015 *President's Memo* entitled "Changing Our International Thinking," I began the discussion of how the U.S. Boards of Accountancy currently recognize non-U.S. accountants holding professional designations, and how this limited model might need to change. This April we passed an important milestone in that discussion when the Boards of NASBA and AICPA approved the exposure of Uniform Accountancy Act (UAA) proposed language that would add to the existing mutual recognition agreement (MRA) model a new unilateral pathway, which I described in the March Memo.

While a 14-month development period may seem overly long, it is actually expeditious when considering the significance of the change being exposed. We have had the current MRA procedures in place since about 1991, so 14 months to work through a change does not seem excessive. Last year I explained that the current MRA guidelines do not allow for granting a CPA to a professional from a country that has not made reciprocal provisions for U.S. CPAs. As an example, consider a country that has a large number of well-educated accountants who would like to have practice privileges in the U.S., but because their country requires six years of attest experience before they are granted audit practice privileges, the auditing oversight body will not enter into an MRA, as it is possible that a U.S. CPA might have only one year of experience. Without an MRA, an accountant from that country would have to file an initial application for licensure, be individually evaluated, and ultimately sit for all four parts of the Uniform CPA Examination. This puts the State Board in the position of determining equivalence of that credential and discourages senior experienced professionals from trying to become licensed. When IQAB was formed it was with the idea that one body would take the time and resources to do in-depth research on non-U.S. credentials to determine if they were substantially equivalent to the U.S. CPA, so that individual Boards would not be faced with this challenge. In turn, those coming from other countries would know that their professional qualifications would be recognized based on a State Board's adoption of the MRA developed by IQAB.

In early 2015, the leadership of NASBA and AICPA asked the NASBA/AICPA International Qualifications Appraisal Board (IQAB) to develop a different approach for identifying and accepting qualified international accountants from countries where a mutual recognition agreement is not in place. For lack of a better term, we are calling this process a unilateral approach to recognition. The language presented and approved at the April Boards of Directors' meetings fulfilled that request.

Some Boards of Accountancy may wonder why an expanded and realigned reciprocal model is necessary, particularly states that see very few applicants for license from international locations. However, all Boards should be interested in the arguments behind this effort to ensure all professionals practicing public accounting are under the regulation of the State Boards.

Many of us have heard that the number of new CPA applicants is somewhat flat at a time when firms are hiring record numbers of candidates while a significant population of baby-boomer CPAs are retiring. We know that thousands of international accountants are living and working in the U.S. in accounting firms and private industry. In our discussions with organizations like the Association of Chartered Accountants in the United State (ACAUS) we have seen surveys and evidence that many of these individuals would seek state licensure if there were a viable pathway available to them that would readily recognize their foreign credential coupled with years of professional experience and the passing of the U.S. International Qualification Examination (IQEX).

We will be discussing the relevant UAA language at our Regional Meetings in June. A part of that discussion will be an explanation of the current global practice privilege environment and how the traditional MRA model has been a barrier to recognition of highly qualified professionals. It is our hope that all Boards of Accountancy will consider the soon-to-be exposed language and will reach out to NASBA with any questions or for support that we can provide. This effort will be spearheaded by State Board volunteers, with NASBA Vice Chair Telford Lodden (IA), who serves as Chair of NASBA/AICPA IQAB, leading this program.

I hope everyone had a very successful "busy season", will have a great summer, and be able to attend one of the NASBA Regional Meetings. There are several very important issues to be discussed. Plenty to talk about — including "thinking internationally!"

*Semper ad meliora (Always toward better things).*



**Ken L. Bishop**  
President & CEO

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

— Ken L. Bishop  
President & CEO

## PCAOB Considers Inspection Approach

Changes to the Public Company Accounting Oversight Board's inspection program are under consideration, PCAOB Board Member Jeanette M. Franzel, told a May 5 meeting at Baruch College. She explained that since the PCAOB began its operations in 2003, it has been refining and evolving its approach to overseeing the audits of public companies. She recalled that some PCAOB members had said it had been in "regulator adolescence," and now Ms. Franzel believes it has emerged from that stage.

"One potential change the PCAOB is exploring is selecting audits for inspection on a broader basis than the current risk-based selection approach (potentially random selections)," she stated. "Increasing the selection of audits or audit areas outside the risk-based selection approach could help us assess firms' compliance with standards in the types of audit and areas that PCAOB inspections have not focused on in the past. This may provide information about how firms' quality control systems are operating across a wider span of issuer audits."

Another potential change would involve more focus on testing of a firm's quality control system. Ms. Franzel explained: "Currently, inspection staff assess whether a firm has weaknesses in its quality control system based on the number and types of deficiencies identified in individual audits, combined with the results of testing certain aspects of the quality control system." This change in focus could decrease the number of audits inspected.

Through March 2016, the PCAOB made publicly available quality control criticisms from 235 inspection reports, including some from each of the largest audit firms. However, Ms. Franzel said she was

"encouraged by the progress I've seen in the remediation efforts in many of the largest firms and the corresponding improvements in quality control." As for the smaller firms, she observed "...progress is more nuanced and challenging to gauge across the board...." ♦

### Ethics Certification for Professionals

Business professionals are being offered a three-module on-line, self-paced, interactive program on ethical leadership by the NASBA Center for the Public Trust. CPT launched its "Ethical Leadership Training and Certification" program for business professionals in April, based on the success of its student certification program. The three modules use videos, real world ethical dilemmas discussed by subject matter experts and quizzes to gauge the participant's understanding. All three modules must be completed to earn the ethical leadership certification.



CPT President Alfonzo Alexander explained: "This training and certification program is designed to help employees recognize ethical issues, resolve ethical dilemmas and create an atmosphere that promotes positive ethical behavior in organizations. At the end of the program, users will have a clear understanding of why ethical leadership is important to both business and career success."

The training was developed through a partnership of CPT with Savant Learning Systems and business ethics professors Drs. O.C. and Linda Ferrell. Information can be found on [www.thecpt.org](http://www.thecpt.org). ♦