

## Recognizing CPA-Retirees

A uniform path for allowing older CPAs to continue to use their title although they no longer comply with all continuing professional education requirements was approved by the NASBA Board of Directors on July 22. Many State Boards have moved to allow CPAs who are no longer practicing to be licensed and use a modified title that retains their CPA designation but makes clear to the public that they have ceased to meet all requirements.



Coalter Baker

The AICPA/NASBA Uniform Accountancy Act Committee began discussion of this topic several years ago, when it was first brought to their attention by some State Boards. Initially slight modification of the Model Rules was recommended to the Board of Directors, but as more questions arose as to exactly what a CPA-retired could do without stepping into active practice, the Committee determined more specific guidance was needed. Sticking with the previous language in the UAA would theoretically allow an unskilled laborer to volunteer to provide tax advice through the IRS VITA program, but would prohibit a retired CPA from doing the same. UAA Committee members were asked: Was this strict limitation in the best interests of the public?

The new language added to UAA Section 6 (d) states:

*In addition, inactive CPAs, at least 55 years of age, may, in lieu of "inactive"; place the word "retired" adjacent to their CPA title or PA title on any business card, letterhead or any other document or device, with the exception of their CPA certificate or PA registration, on which their CPA or PA title appears. Nothing in this section shall preclude an inactive CPA, at least 55 years of age, from providing the following volunteer, uncompensated services: tax preparation services, participating in a government sponsored business mentoring program, or serving on the board of directors for a nonprofit or governmental organization, or serving on a government-appointed advisory body. Licensees may only convert to inactive status if they hold a license in good standing.*

The UAA Committee had considered all the comments

submitted during the exposure period, which ranged from questions about the age specification, to permissible employment, to and acceptance of per diems. This resulted in some modifications of the proposed Model Rules, which now allow for some minimal compensation to cover costs. However, "retired" is applicable only to those who meet the 55-year age threshold. In addition, the rules do not allow a CPA engaged in teaching to meet less than the CPE requirement for active practice. The Committee's decisions are reflected in Model Rule 6-7 .

In the commentary to the UAA, the Committee explained: "... for CPAs who go inactive because they are at the end of their careers, this provision offers an exception to ensure that they can continue to offer a limited number of volunteer, uncompensated services to the public (such as participation in the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) program and the Small Business Administration's SCORE program). These services are narrow in scope, may be offered by non-CPAs, and the provision acknowledges that these CPAs still have much to contribute to their communities during retirement. In order to protect the public the board of accountancy may consider requiring these CPAs to affirm their understanding of the limited types of activities in which they may engage while in inactive CPA status and their understanding that they have a professional duty to ensure that they hold the professional competencies necessary to offer these limited services."

"We are trying to get states to use consistent language, in the area of CPAs-retired as well as others," UAA Committee Chair J. Coalter Baker said. "The baby boomer generation has reached retirement age and State Boards are seeing more CPAs who want to step back – but without losing the respect engendered by the CPA title they worked hard to achieve. We think we have come up with a good solution that allows for such recognition and for the retired CPAs' continuing ability to provide volunteer services in which they remain competent to benefit the public." ♦

### Check the Enforcement Newsletter

You can find the latest edition of NASBA's Enforcement Newsletter on <https://t.e2ma.net/webview/e5j7j/03dc9a44977e8e59ff0b32ce523d17e2>. Topics covered in this issue include:

- Probation monitoring
- Searching the Federal Audit Clearinghouse Database
- 2016 PTIN listings
- Investigators and expert witness database
- ALD update
- Investigator training certification.

This publicly available quarterly electronic newsletter, focused on enforcement and compliance issues, also features a directory that links to other enforcement resources. ♦

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## CPE Standards Revisions Approved

The revised “Statement on Standards for Continuing Professional Education Programs” and “Fields of Study that Qualify for Continuing Professional Education” were approved by the NASBA Board on July 22, and the Standards were also approved by the AICPA Board on August 4. These Standards are to be effective on September 1, 2016 for all CPE program sponsors except for those that have programs currently under development, which have until December 31, 2016 to put them into effect. The Standards are an appendix of the Uniform Accountancy Act.

Originally these revisions went out for comment in November 2015, then based on the comments received were revised again and sent out for a second comment period, which ended on April 30, 2016. CPE Committee Chair Maria Caldwell (FL) told the NASBA Board that every comment received had been reviewed and discussed by the Committee. The submitted comments did not result in major changes to the November 2015 exposure draft of the Standards, Ms. Caldwell noted.

Among the revised standards was the current Standard 16: “Sponsored Learning activities are measured by actual program



Maria Caldwell

length, with one 50-minute period equal to one CPE credit. Sponsors may recommend CPE credits under the following scenarios:

- Group programs, independent study, and blended learning programs – A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, and so on).
- Self study – A minimum of one-half credit must be awarded initially, but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, and so on).
- Nano learning – Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano learning programs.

“Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.”

The Standards and Fields of study can be found on [nasba.org](http://nasba.org). ♦



## 2016 Annual Meeting in Austin

NASBA's 2016 Annual Meeting in Austin, TX, October 30 – November 2, will feature outstanding speakers, up-to-the-minute information and invaluable networking with Accountancy Board members from across the country. Developments in enforcement, education, examination, litigation and regulation will be discussed. Among the well-known speakers joining NASBA's leaders in addressing the meeting will be:

- Carlos Cascos, Texas Secretary of State
- K. Michael Conway, U. S. Representative (TX)
- James R. Doty, Chairman – Public Company Accounting Oversight Board
- Karl Rove, Former White House Deputy Chief of Staff

For meeting details, check [www.nasba.org](http://www.nasba.org). ♦



James Doty



Karl Rove

## Boards Sent AICPA Proposal

A seven-page report entitled “Proposed Evolution of Peer Review Administration: A Supplemental Discussion Paper Seeking Input from State Boards of Accountancy,” was released for comment by the AICPA on July 18. Its forthcoming release was announced by AICPA Vice President James W. Brackens at NASBA's June Regional Meetings (see *sbr* 7/16). NASBA Compliance Assurance Committee Chair John F. Dailey, Jr., told the July 22 NASBA Board of Directors' meeting that the CAC will be responding to the paper and will be surveying the State Boards to gather information for that response.

The AICPA paper asks State Boards to consider the following questions when formulating their responses:

- “Considering the information presented in the proposed model, what changes do you believe will increase consistency in peer review acceptance results?”
- “Considering the information presented in the proposed model, what changes do you believe will best promote proper and timely application of Standards and guidance?”
- “How do you believe the familiarity threat in the peer review acceptance process can best be minimized?”



John Dailey

As specifics about how the reorganized Peer Review Program will operate have yet to be determined, Mr. Dailey observed the CAC and State Boards will be challenged to design an oversight plan that works smoothly with the new structure. State Boards will need to find out if their state societies wish to continue as administering entities for the Peer Review Program, or if they will be dropping out of that role.

The changes under consideration address the current AICPA Peer Review Program, not the AICPA's Practice Monitoring of the Future initiative. As the paper states: “The initiative conceptualizes a future technology-driven system, much different from today's peer review process. Upon the realization that the Practice Monitoring of the Future will take several years – and the input of many stakeholders – to achieve actualization, the Peer Review Board resumes its focus on improvements to the current Program.”

The AICPA has requested comments on its paper be sent to Beth Thoresen, AICPA Director- Peer Review Operations ([prsupport@aicpa.org](mailto:prsupport@aicpa.org)) by October 31, 2016. Mr. Dailey has requested that the Boards send copies of those responses to Leona Johnson, Liaison to NASBA CAC ([ljohnson@nasba.org](mailto:ljohnson@nasba.org)) as well, to ensure the CAC can also consider them. ♦

# PRESIDENT'S MEMO

## Missed Opportunities

Yesterday I received a telephone call from a member of our Board of Directors, Tyrone Dickerson, who serves as chair of what I consider to be one of NASBA's most important committees, the Diversity Committee. I have had calls from other committee chairs with similar expressed messages about the accomplishments of their groups. As is often the case, I was surprised, especially since the Diversity Committee has achieved significant results in the past two years. I am so proud of how NASBA has reached out to minorities and women to encourage them to serve on Boards of Accountancy, and to have those new Board members seek leadership positions in NASBA. The outcome of the Committee's efforts is apparent with the current makeup of our board of directors, committees and task forces. We have come a long way since my *President's Memo*, entitled "Photos on the Wall," was published four years ago.



**Ken L. Bishop**  
President & CEO



ADVISORY COMMITTEE ON  
THE AUDITING PROFESSION

FINAL REPORT  
OCTOBER 6, 2008



THE DEPARTMENT OF THE TREASURY

The above paragraph may seem to conflict with the title of this *Memo*, but I wanted to demonstrate the contrast with another recent issue.

Earlier this month I received a letter from the co-chairs of a working group of the Public Accounting Oversight Board's Investor Advisory Group (IAG), Professor Parveen Gupta and Lynn E. Turner. They requested that NASBA report on the progress of the recommendations to NASBA contained in the October 6, 2008 *Final Report of the Advisory Committee on the Auditing Profession (ACAP)*, from the U.S. Department of the Treasury.

As 2008 was several years before my watch, I had to do some digging to reconstruct our activities. I was somewhat dismayed when I read some of the very credible recommendations in the report and realized that several had never been achieved -- or even seriously considered. My initial reaction was that NASBA and other organizations named in the report may have dropped the ball, and missed an opportunity to augment the regulatory structure of the U.S. that could have possibly precluded some of the challenges for the profession that have occurred over the last decade.

NASBA's committees, task forces and work groups, like the members of the 2008 ACAP work group, are made up of highly qualified individuals, with specific knowledge and skill sets, who do valuable work as volunteers. After receiving the IAG Working Group's letter, I had the opportunity to speak with Gaylen Hansen, a NASBA Past Chair who was a member of ACAP's Subcommittee on Firm Structure and Finances. Mr. Hansen, who is one of the country's premier technical experts and an extremely articulate leader in the profession, expressed his disappointment that some of the critical recommendations of the ACAP report had not been accomplished. I share his concern.

In response, I have called on some of our top folks to review the 2008 ACAP report. We will be developing in the coming weeks a summary of the achievements accomplished, but, more importantly, we will review and identify recommendations that should be resurrected and considered for implementation.

The message of this *Memo* is not specifically about the ACAP report, but about how incredibly important it is to respect and give serious consideration to the work done by our volunteers. The type of individuals who rise to become State Board members, committee chairs and members of bodies like the ACAP bring tremendous knowledge, skills and abilities to activities in the public interest. The value of having such men and women devote time and energy to their volunteer efforts is incalculable.

The outcomes and recommendations of these volunteer-centric groups need to be treated as precious gifts. If we don't, we will have dropped balls and missed opportunities!

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

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

— Ken L. Bishop  
President & CEO

## NASBA Responds

The end of tax season has brought with it exposure drafts for consideration by the profession and its regulators. Responses from Chair Donald Burkett (SC) and President Ken L. Bishop are prepared with the assistance of NASBA committees and overseen by NASBA Regional Directors. In the past few weeks, NASBA has responded to the documents listed below. NASBA's responses can be found on [www.nasba.org](http://www.nasba.org).

1. July 14, 2016 – AICPA Professional Ethics Executive Committee  
– Exposure Draft on Hosting Services
2. July 29, 2016 – Public Company Accounting Oversight Board  
– Supervision of Audits Involving Outside Auditors, Docket Matter No. 042.

Later this month NASBA will be submitting comments on the PCAOB's proposed auditing standards that would add information to the auditor's report, including critical audit matters (CAM) and the length of the auditor's tenure. These areas have been under consideration by the PCAOB for years. PCAOB Chairman James Doty is scheduled to address NASBA's Annual Meeting.

Recent NASBA responses have been developed by the Compliance Assurance Committee chaired by John F. Dailey, Jr. (NJ), the Ethics Committee chaired by Janice L. Gray (OK) and the Regulatory Response Committee chaired by W. Michael Fritz (OH). ♦

## Non-Compliance vs. Confidentiality

The International Ethics Standards Board of Accountants (IAESBA) released its long-awaited final pronouncement in July on "Responding to Non-Compliance with Laws and Regulations." When can an accountant breach confidentiality and make a disclosure to an appropriate authority? The IAESBA Standard 225.34 states: "The determination of whether to make such a disclosure depends in particular on the nature and extent of the actual or potential harm that is or may be caused by the matter to investors, creditors, employees or the general public." External factors also impact the determination when to make such a disclosure, including: (1) "Whether there is an appropriate authority that is able to receive the information, and cause the matter to be investigated and action to be taken..." (2) "Whether there exists robust and credible protection from civil, criminal or professional liability or retaliation afforded by legislation or regulation, such as under whistle-blowing legislation or regulation." (3) "Whether there are actual or potential threats to the physical safety of the professional accountant or other individuals."

Standard 225.36 recognizes, after exercising professional judgment, the accountant may in exceptional circumstances immediately disclose the matter to an appropriate authority, "...Such disclosure will not be considered a breach of the duty of confidentiality under Section 140 of this Code." ♦