

## New CPE Model Rules Exposed

After many months of work by NASBA volunteers and staff, new Model Rules for continuing professional education are being released for comment, as approved by the NASBA Board at their meeting on January 6, 2017. Just as the "Statement on Continuing Professional Education Programs" guides course developers and sponsors on acceptable CPE, the Model Rules were developed to guide licensees. The new Model Rules are considerably more detailed than the previous version of these rules, in response to requests from State Boards to NASBA for this level of detail. Once all comments are received and the finalized Model Rules are approved by the NASBA Board of Directors, it is hoped each of the State Boards will adopt them to promote uniformity among the states. The comment period will conclude on April 17, 2017. The proposed new Model Rules can be found on [www.nasba.org](http://www.nasba.org).

NASBA CPE Committee Chair Maria E. Caldwell (FL) said she believes these proposed Model Rules will assist CPAs in taking advantage of the new forms of education that are being offered and will also provide the Boards with an effective way of monitoring those programs. "Coupled with the CPE Standards that came into effect at the end of 2016, I think we have set up a good platform for the State Boards to regulate meaningful CPE," she stated. She thanked the

### Included in the Model Rules

- Completion of a minimum of 50 percent of the total CPE credits required for the CPE reporting period in technical fields of study (as defined in the Rules).
- Participation and work on a technical committee of an international, national or state professional association, council or member organization, or a government entity that supports professional services or industries that require unique and specific knowledge in accounting or tax compliance shall qualify for CPE credit.
- Earning one-fifth of a credit for a single nano-learning program.
- Completion of an average of two credits of qualifying ethics CPE for each annual period included in the CPE reporting period.

Uniform Accountancy Act Committee and its Chair Coalter Baker (TX) for their assistance in coordinating the new proposal with the existing Model Rules. ♦

## Ethiopians Consult with NASBA

While Ethiopia is home to one of the oldest civilizations known to archeologists, its accounting profession is currently in a state of rebirth. Representatives from the Accounting and Auditing Board of Ethiopia (AABE), an organization formed by an act of the Ethiopian Parliament less than two years ago, came to meet with NASBA President and CEO Ken L. Bishop and other staff members on December 16 at the New York City NASBA office. Ethiopia is now a federation of nine provinces speaking multiple languages, with Amharic being the official language that is spoken by only about 29 percent of the population. However, the most common foreign language spoken in Ethiopia is English, and the U.S. and U.K. models of regulation of the accounting profession are admired.



(L to R) A. Alexander, B. Ejigu, K. Bishop, G. Yemane, and E. Eshetu exchange ideas.

AABE Director General Gashe Yemane asked President Bishop about the challenges involved in bringing multiple states together to work for uniformity in regulating the profession. Mr. Bishop stressed the need for the cultivation of regional professional bodies that can then come together to have input in the creation of standards and regulations. While Parliament has given the AABE the power to license accountants in Ethiopia, President Bishop advised: "You want all provinces to be part of the group that is setting up the law."

Currently several of the major international accounting firms are offering consulting in Ethiopia; however, to perform audits one must be a resident in that country. The AABE representatives estimated nearly all of the Ethiopian professional accountants are ACCA members and a

few are U.K. chartered accountants or U.S. CPAs. When federal licensing of accountants recently came into place in Ethiopia, all of the practicing auditors were grandfathered in. However, within five years they will all have to meet the requirements set by the AABE to continue to practice. The AABE is developing a road map to set out its strategy and anticipates asking for NASBA's input on building a similar forum for their states, reported Ermias Eshetu, CEO of the

Ethiopian Commodity Exchange and AABE member.

President Bishop underscored the need for developing and maintaining trusting relationships with the member states. ♦

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## NASBA at Regulators Conference

NASBA was among the half dozen U.S. regulatory and government agencies invited to join the Public Accounting Oversight Board at its 10th Annual International Institute on Audit Regulation with representatives from 36 non-U.S. audit regulators, December 12-14 in Washington, D.C. PCAOB Chairman James R. Doty observed: "The PCAOB's long-term strategy of collaborating with our international counterparts has delivered significant positive results for the investing public over the past decade." Chairman Doty led a panel discussion with regulators from Canada, the United Kingdom, South Africa and Switzerland on moving audit regulation forward in the current environment.

The keynote speaker was the U.S. Treasury Department's top point person on cybersecurity, Deputy Secretary Sarah Bloom Raskin. "These are still the early days in developing assurance processes around cybersecurity," Ms. Raskin observed. "Key questions include: What is the optimal approach to cybersecurity assurance and what are the expected levels of assurance? What are the respective roles of the institutions themselves – through their own information security, compliance, internal audit, and risk functions – as well as independent third parties like auditors?"

Deputy Raskin described the AICPA's proposal for a new cybersecurity assurance engagement to the PCAOB conference. She commented: "If done right – with independence, objectivity, appropriate expertise and professional skepticism – such an assurance process would be a vehicle by which greater cybersecurity and resilience could be achieved. Given the importance of getting it right, I urge you as audit regulators to carefully consider and monitor the development of cybersecurity assurance services."

Speakers also discussed emerging audit technology as well as the PCAOB's methodology for its inspections and hearings. The countries represented at the meeting divided into groups to compare and contrast what each is doing with what the PCAOB is doing.

In late November the PCAOB announced its cooperative agreement with the Italian audit oversight regulator, Commissione Nazionale per la Società e la Borsa (CONSOB). The PCAOB now has inspection agreements in place with 14 European audit regulators that have firms which have registered with the PCAOB. Negotiations with several other European regulators are underway. The agreements provide for joint inspections and allow for the exchange of confidential information in accordance with each of the countries' law. ♦

## Meetings on Accreditation Continue

Continuing to explore the value of accreditors for accounting education, the American Accounting Association sponsored a conference December 18-20 in Atlanta that brought together representatives from NASBA, AICPA, academicians, IMA and accrediting bodies. NASBA Past Chair Carlos E. Johnson, a member of the NASBA/AICPA Accreditation Task Force, reported the meeting had multiple speakers each giving short presentations on why accreditation of accounting education is important. Approximately 100 stakeholders were in attendance. The summarized conclusions from that meeting are to be distributed to the participants.

Following the AAA meeting, the AACSB met with NASBA and AICPA representatives to consider "Developing a New Process to Accredit Schools of Accountancy." Dr. Johnson described this as a working meeting with sheets of paper posted all about the room filled with ideas

on a process for accrediting schools of accountancy. He observed there was agreement that the profession should be more involved in the accreditation process, and that more consideration needs to be given to establishing a process similar to what architects and engineers currently have in place. Those professions make graduation from one of their approved schools a requirement for being eligible to take their licensing examination. ♦

### ED and Legal Counsel in New Orleans

NASBA's Annual Conference for Executive Directors and Board Staff and Annual Conference for State Board Legal Counsel will both be held March 14-16, 2017, in New Orleans, LA. It is hoped all Boards will be represented at these events as scholarships are available to assist Boards. See [www.nasba.org](http://www.nasba.org) for meeting details. ♦

## NASBA Launches Legislative Newsletter

This month NASBA's Legislative and Governmental Affairs Department is launching a new electronic newsletter, *Legislative E-News*, focused on legislative trends and news of special significance to the accounting profession and its regulators.

"With the legislative arena at all levels becoming increasingly important to the health and integrity of the profession, this type of regular communication will provide invaluable opportunities for awareness, unity and mobilization," explained NASBA Director of Legislative and Governmental Affairs John Johnson.

The E-News will complement NASBA's other governmental efforts currently assisting Boards and individuals, including its bill-tracking and Key Person Contact programs. "Every day we are tracking hundreds of pieces of legislation throughout the country with the goal of advancing our collective agenda," Mr. Johnson stated. "Information is power, and we believe the more we can discover and share that information, the stronger we are as both

regulators and professionals."

See [www.nasba.org](http://www.nasba.org) for this new NASBA electronic publication. Legislation in Guam, Montana, New Jersey and Texas are highlighted in its inaugural issue. ♦

### CPA Mobility Comes to Guam

Certified public accountants from other U.S. jurisdictions outside Guam will now be able to serve clients in the territory without obtaining a license or paying a fee to the Guam Board of Accountancy, under a law signed on December 15, 2016 by Governor Edward J.B. Calvo. Besides providing for CPA mobility, the new Guam Public Law No. 33-193 includes the updated definition of "attest" and other provisions that align the territory's law with the Uniform Accountancy Act. Guam has become the 53rd jurisdiction to adopt individual CPA mobility.

To view the Guam bill, go to the *Legislative E-News* in the publications section of [www.nasba.org](http://www.nasba.org). ♦

# PRESIDENT'S MEMO

## 2017 Already?

We all probably remember when our parents or grandparents would say: "The older you get, the faster time goes by." Now we all know that time does not really advance any faster as we age, but I am to the point in my life that time does indeed seem to fly by. As I was preparing to write this "Memo," and considering forthcoming topics and events, I looked at my calendar and had the thought: Is it really 2017 already?

Probably we all clearly remember 17 years ago, when our calendars were about to roll to the year 2000. While the use of computers then seems minimal compared to our reliance on IT today, the big fear on New Year's eve 1999 was the "Y2K problem" or the "Millennium bug" that was going to disrupt life as we knew it. It was feared that computers would crash, planes couldn't fly, trains would stop, lights would go out and the proverbial sky would fall. Most major businesses, governments and even the world's military community had "code red" teams standing by for the inevitable calamity. However, by the end of the first week of January 2000, it became clear that almost nothing bad had happened. A couple of software products, such as spreadsheets, defaulted to the wrong dates and some electronic calendars had to be reset manually, but the sky certainly didn't fall.

In the year 2000, again just 17 years ago, the *Wall Street Journal* published an article in its "Technology" section that described the phenomenal use of SMS (text messaging), proclaiming that some users were averaging 35 text messages per month and that some services were charging as much as \$1 per text message. I am writing this article on a Saturday morning, during the holiday period, and when I just checked my device, I had received 11 text messages plus more than 20 e-mails in the past two hours. In the New Year 2000, the iPhone would not be invented for another seven years, and the iPad for another 10 years. What some predicted to be a passing fancy turned out to be a commodity with the expectation of instantaneous communication and information.

The use of technology has changed our means of communication, our work days (how many of us are responding to e-mails and texts during our "time off"), and even how we think. For the incoming business generation, "Gen Z," electronic communication is the norm and its usage will only increase as technology advances.

In my speech at the NASBA Annual Meeting in November, I predicted that the practice of accounting and auditing would change more in the next five years than it had in the past 50 years. While much of this "Memo" is intended to be a simple reminder of just some of the significant change that has occurred in the past 17 years, my point is that, even when the level of change is fast and extensive, the outcome is typically positive.

This year NASBA will be discussing and working with the PCAOB, FAF and other U.S. and international regulators and educators to see how we can best be prepared to regulate in this rapidly changing environment. On January 4, the NASBA Standard-Setting Advisory Committee will begin discussions on the profession's use and reliance on data analytics and technology, and if and how current standards sync up to those changes.

NASBA is also looking at current regulatory laws, including the model Uniform Accountancy Act, to make sure that Boards of Accountancy have the statutory authority and legislative tools to adequately regulate in the increasingly technologically complex environment.

As with the example of the Y2K false predictions of gloom, we need to be careful to not confuse preparedness and forward thinking as somehow portending doom. The coming years will bring tools and levels of precision that can continue enhancing public accounting's relevance for public protection. In 2034, inevitably someone will be writing about the amazing and unprecedented changes of the past 17 years. Someone may be sitting at this very desk writing: "2034 already?" I hope to be reminding her or him of this "Memo."

I would like to take this opportunity to wish each of you an exceptionally healthy, happy and prosperous New Year, and to thank you for the service that you provided to the public in 2016.

*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

## Lodden and Bishop Meet with FRC

The United Kingdom's anticipated exit from the European Union (Brexit) has made negotiations for US/UK recognition of professionals more complex, but representatives of NASBA and the United Kingdom's Financial Reporting Council (FRC) continue to discuss how this will be achieved in the future. Meeting in New York City on December 14, FRC CEO Stephen Haddrill observed that Brexit will create opportunities and uncertainties, as the Prime Minister will formally request an exit from the EU in March 2017 and then it will take two years before the exit is completed.

NASBA Chair Telford Lodden told the FRC delegation that the goal is to have a "common sense pathway" that would allow experienced auditors in the US and the UK to have a functioning mutual recognition agreement in the two countries. Mr. Lodden (IA) is the former chair of the NASBA/AICPA International Qualifications Appraisal Board. "NASBA and AICPA have been trying to forge these agreements with foreign professional bodies for over 20 years and the time has come to get more of them completed," he said. While both the NASBA and AICPA Boards of Directors in 2016 approved modifying Uniform Accountancy Act Section 6(g) to allow for unilateral recognition of professionals, IQAB continues to work towards reaching mutual recognition as the ultimate goal of such agreements.

FRC Chairman Sir Winfried Bischoff was also at the meeting with Chair Lodden, President Bishop, current IQAB Chair Sharon Jensen (MN) and others. Sir Bischoff encouraged work on agreements

including a date certain by which time if the terms for complete recognition were not met, the agreements would fall away.

NASBA President Bishop suggested that agreements be intuitive. He asked that the parties look at the overall goal, ascertain what obstacles are in the way of achieving it, and then develop a pathway. ♦

### Bricker Sees U.S. Staying with GAAP

For domestic issues, SEC Chief Accountant Wesley R. Bricker predicts the United States will continue to use U.S. GAAP and rely on the FASB's independent standard setting process for at least the foreseeable future. Speaking at the AICPA's SEC Conference on December 5, Mr. Bricker added, "I strongly encourage the FASB and IASB to continue to work together to eliminate differences between their standards where such efforts will strengthen the standards and be in the best interests of investors in the U.S. public capital markets, as well as in other markets. I believe both the FASB and the IASB will benefit from continued collaboration as both Boards continue to eliminate differences as a means of achieving progress towards the objective of high-quality accounting standards in the U.S. and globally."

Mr. Bricker suggested study continue on a proposal made in 2014 by former SEC Chief Accountant James Schnurr that domestic issuers be allowed to provide IFRS-based information as a supplement to GAAP financial statements. ♦

