

Title Language Approved for Exposure

Following a spirited discussion, the NASBA Board of Directors agreed to expose for comment a proposed amendment to the Uniform Accountancy Act, Section 14(q) which would allow management accountant titles to be used as an accounting designation in restricted circumstances. The Board ultimately agreed to an exposure period no shorter than September 30, 2017 and requested that the State Boards thoroughly consider the proposal and communicate their conclusions to the NASBA Board. On April 28 the AICPA Board of Directors approved the proposed language for exposure for comment as well.

NASBA Uniform Accountancy Act Committee Chair J. Coalter Baker (TX) thanked NASBA Vice President Dan Dustin and AICPA Vice President Mat Young for their work on developing title language for all to consider. Mr. Baker described the many iterations the language went through and the conference calls held before the current proposed language was arrived at. Mr. Baker stressed the importance of having the State Boards respond to the exposure draft as to whether they believe it should be included in the UAA and if they agree with the language as proposed or would suggest some changes. He reported the Texas Board of Accountancy is hiring a polling firm to update the study they did ten years ago in order to determine what titles the public believes are licensed and regulated.

With credentials coming into the marketplace, questions have

been raised if UAA Section 14(g) covers them. UAA Section 14(g), which many states have adopted, currently says:

No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," or any other title or designation likely to be confused with the titles "certified public accountant" or "public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviation likely to be confused with the abbreviations "CPA" or "PA." The title "Enrolled Agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

The proposed language would allow titles like CMA and CGMA to be used with certain restrictions. See the exposure draft on www.nasba.org.

NASBA's Regional Directors will be reaching out to their Boards to encourage them to carefully consider the proposal. It will also be discussed at the Regional Breakout sessions during the Regional Meetings.

"The exposure process is critical in allowing State Boards to give us information and opinions on changes to the UAA that are being considered," President Ken Bishop told the NASBA Board. ♦

Accreditation Report Completed

The "Report of the AICPA/NASBA Accreditation Task Force: Exploring Opportunities to Enhance the Candidate Pipeline and Improve the Quality of Education" was unanimously accepted by the NASBA Board of Directors during their April Meeting. The document will be discussed at the June Regional Meetings. The joint Task Force agreed that the need to have greater involvement in accounting accreditation, its standards and processes requires more engagement among the profession, regulators, accreditors and academia.

Their report includes eight recommendations for strengthening accreditation, two for improving candidate outcomes, one for improving the quality of education evaluation for the Boards of

Accountancy and a recommendation for further study. These recommendations will be explained by NASBA Education Committee Chair Raymond Johnson and NASBA Vice President – Strategic Planning and Project Management Ed Barnicott at both Regional Meetings.

The Task Force included: Co-Chairs Joanne Fiore and Carlos Johnson; members Ed Barnicott, Tonya Flesher, Brentni Henderson, Yvonne Hinson, Raymond Johnson, Sharon Lassar, and Steve Matzke; and consultant Jan Williams. ♦

PCAOB Considers Data Analytics' Impact

The threat of auditors' over-reliance on data analytics was raised by Public Company Accounting Oversight Board Member Steven B. Harris at the April 20 joint conference of the PCAOB and the American Accounting Association. He cautioned: "...auditors should take care that they are not over relying on data analytics. As powerful as these tools are, or are expected to become, they nonetheless are not substitutes for the auditor's knowledge, judgment, and exercise of professional skepticism."

Mr. Harris cited Deloitte Chief Executive Officer Cathy Engelbert's

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PwC Faced with Discrimination Suit

Steve Rabin, CPA, 53, on behalf of himself and all other similarly situated has brought a class and collective action alleging PricewaterhouseCoopers LLC has violated the Age Discrimination in Employment Act of 1967. The suit was filed on April 26, 2017, in the U.S. District Court for the Northern District of California, case no. 3:16-cv-02276. Not only does the suit challenge the firm's policy of campus track hiring, but also a portion of its experienced track hiring.

The suit states: "Specifically, its campus track recruiting results in disproportionately higher employment of young employees than their older comparators. This is because PwC generally does not post job openings for associate and other entry-level positions on its website, even though it regularly posts job openings for 'Experienced' hires on its website. The only way to apply to these positions is through PwC's campus track recruitment tool, which requires a college affiliation." The suit also points out: "Because of the organization's mandatory retirement policy [at age 60], PwC's hiring personnel are incentivized to hire applicants under 40 years of age."

The impact of this policy goes beyond the initial denial of employment, according to Mr. Rabin: "Older applicants denied employment at PwC continue to experience repercussions stemming from PwC's discriminatory hiring protocols throughout their careers."

Because many jobs in the accounting field require applicants to have previous employment at PwC, KPMG, Deloitte, or Ernst & Young (collectively known as the Big 4), accountants ages 40 and older are shut out of future business opportunities and professional growth as a result of PwC's discriminatory policies."

According to PwC's predictions, in 2016 almost 80 percent of its employees would be Millennials (ages 21-36), while the Bureau of Labor Statistics in 2013 said approximately 35 percent of accountants and auditors nationwide were in that age group. In 2015 PwC reported having 53,656 people employed in its North American Region.

Mr. Rabin had applied for the position of seasonal experienced associate with PwC in October 2013 and within the month he was notified his application had been rejected. He is now seeking an injunction against the firm and its partners from engaging in practices that discriminate against him and his class because of their age. He is also seeking back pay, including interest and benefits for himself and his class, as well as damages for emotional distress and other remedies. The law firm of Outten & Goden, LLP, represents Mr. Rabin and has posted on the internet a notice that those who might be affected by the lawsuit should contact them. They estimate PwC has over 208,000 employees worldwide in 157 countries. ♦

PCAOB Considers Data Analytics' Impact (Continued from page 1)

prediction that in the next 5-6 years the accounting and auditing profession will change more than it has in the last 30 years. Quoting another Big 4 leader from the United Kingdom, Mr. Harris said the projected impact of artificial intelligence could result in a drop in the employment of auditors and accountants by as much as 50 percent by 2020.

"The use of these technological tools and methods raises certain challenges," Mr. Harris told the joint conference. "For example, it is important that the data being used is reliable, complete and accurate. That is true for general ledger data, other financial and operating data, and data from outside the company. Data security and quality control over these tools, whether developed in-house or by vendors, are also factors for firms to consider. And ensuring consistency of approaches

across group audits may become difficult if such tools are not readily available to, or used by, affiliate offices."

He described Blockchain as an emerging technology that has an open, distributed ledger where transactions are verified by the parties involved. Mr. Harris asked, "Will new technologies, such as Blockchain, call into question the need for an audit?" He called on the educators to continue to analyze the future role of the audit and how best to prepare the next generation of auditors.

Two educators who are closely analyzing this area, Dr. Miklos Vasarhelyi and Dr. Hussein Issa, will be discussing the significance of these coming changes at NASBA's June Regional Meetings with Regulatory Response Committee Chair W. Michael Fritz (OH) and Standard Setting Advisory Committee Chair Catherine Allen (NY). ♦

KPMG Discovers PCAOB Leak

KPMG's discovery that it had received advance information of which engagements would be inspected by the Public Company Accounting Oversight Board led to its firing of five partners, plus another staff member, and contacting both the Securities and Exchange Commission and the Public Company Accounting Oversight Board. One of KPMG's employees who had previously worked for the PCAOB had received the leaked advance warnings from a PCAOB staff member. Among those fired was Scott Marcello, KPMG US Vice Chair- Audit and Regional Head of Audit, Americas. A private investigator found that the six had either received the information or were aware that the information had been improperly shared.

Lynne Doughtie, KPMG Chairman and CEO stated, "We are taking additional steps to ensure that such a situation should not happen again."

A PCAOB spokesperson said its "investigation identified inappropriate disclosures by an employee, and the employee is no longer with the PCAOB." It has taken steps to "maintain and reinforce the integrity of its inspection process." ♦

2017 NASBA Research Grants Approved

The recipients of NASBA's 2017 Accounting Education Research Grants were unanimously approved by the NASBA Board of Directors at their April meeting. As selected by the Education Committee and reported by Committee Chair Raymond Johnson (OR), they are:

- ***The Landscape of High School Accounting Education and the Impact on the Future of the Accounting Profession*** – Dr. Kimberly Swanson Church of the University of Missouri – Kansas City and Dr. Gail Hoover King of Purdue University Northwest.
- ***Stereotype Threat and Mindset Orientation: Psychological Barriers to the Accounting Profession*** – Dr. Brandis Phillips, North Carolina A&T State University
- ***Is Success on the CPA Exam All About Opportunity?*** – Reza Espahbodi of Washburn University, and G. Thomas White of the College of William and Mary.

Two of the projects are focused on diversity and the other on educators and students participating in pilot advanced placement accounting seminars. Results of these projects will be reported on by the researchers at the 2018 Regional Meetings. ♦

PRESIDENT'S MEMO

Persuasion and Transparency

Last year I was interviewed for an accounting-related publication when the reporter asked me this question: "What is the most important function of your job in one word?" After brief consideration, I responded, "Persuasion." I recently wrote a message to my friend Pat Costello, the CEO of the Chartered Accountants of Ireland (CAI), that I led off by observing, "You are a persuasive guy..." knowing that to a fellow CEO, that would be taken as a complement. Mr. Costello, who will be retiring this summer, had been in Nashville discussing terms for the renewal of the mutual recognition agreement between the CAI and the State Boards, and he was successful in persuading our NASBA Chair Ted Lodden and me to consider a different approach.

I want to be clear, "persuasion" is not pleading or reliance on passion or dominance, but providing information and intuitive arguments to counter existing positions. I have discovered that effective negotiation and persuasion work best for me when all the cards are on the table. I often speak and write on the importance of transparency in developing trusting relationships. Transparency is even more important in getting to a good end in a negotiation.

The point of the introduction of this *Memo* is twofold: to briefly recognize my friend Pat Costello, and to disclose in advance that I am ultimately going to try to persuade you in this *Memo*.

In speaking with my staff this week, I was pleased to hear that the registration numbers for both the upcoming Western and Eastern NASBA Regional Meetings are strong. I am elated that so many states who a few years ago were not participating in NASBA meetings are now regularly attending and providing valuable input at those meetings. You might recall that last year's Annual Meeting was the first time in NASBA's history that we had someone registered from all of the 55 U.S. states and territories. So, what is my concern? We continue to have several states that find it very difficult to attend because of often arbitrary determinations that some type of conflict might exist, or because of financially-related travel freezes. We also see a few states that have historically sent multiple members to meetings now waning to sending only one, and possibly only a staff person, with no Board member representation.

I am not one to rest on my laurels. Even though the ebb and flow of time and events often changes patterns of behavior, I believe it may be time to step up again to try to be transparently persuasive. We are at a critical juncture as to rapid changes in the profession: increased reliance on technology and data analytics, incursions from other credentials and titles, expansion of new education delivery models, and a myriad of other threats and opportunities. NASBA's meetings and forums are undoubtedly the best, and often the only, source of information, education and deliberation of regulatory issues for State Board members. I believe it is imperative that every state and territory have representation at all meetings so that the uniform distribution, assessment and concurrence on critical regulatory matters can be maintained.

By the time you read this *Memo*, I know that it may be difficult to adjust calendars and priorities to attend a Regional Meeting in June. However, there is ample time for everyone to plan for and commit to attending the NASBA Annual Meeting in New York City on October 29 through November 1. The agenda is likely to be one of the most important in our history, with an impressive lineup of speakers and topics. As always, NASBA will provide a scholarship to any state or territory that does not have the funding to attend, enabling all jurisdictions to be represented. As importantly, if your state denies your requests to participate in this, or any other NASBA meeting, I would be pleased and willing to parachute into your state to try to persuade the bureaucracy to not only allow, but to encourage, you to attend. I would be transparent -- and "persuasion" is what I do!

Semper ad meliora (Always toward better things).



— Ken L. Bishop
President & CEO



Ken L. Bishop
President & CEO

That's NASBA's Past Chair

NASBA's Past Chairs have been outstanding people but fortunately, or unfortunately, they have seldom received the national media attention recently garnered by K. Michael Conaway, NASBA Chair 2002-2003. As President Donald Trump called for the investigation of Russian influence on the 2016 presidential election, someone used to handling tough jobs was needed to lead the House Intelligence Committee's project. Congressman Conaway (R-TX) was put in charge of that effort.

Press coverage of Congressman Conaway's appointment to that lead role has made reference to his being presiding officer of the Texas State Board of Public Accountancy when Arthur Andersen's firm

license was revoked, his assistance in uncovering embezzlement in the National Republican Congressional Committee, and his serving on the House Ethics Committee that recommended discipline against Congressman Charles Rangel.

Attendees at many of NASBA's recent Annual Meetings have had the opportunity to speak with Congressman Conaway and learn about how some of the same skills he used as a NASBA leader are being applied to his work in Congress. Mr. Conaway may have been the first NASBA chair to have compared getting the State Boards of Accountancy to consensus to "herding cats." ♦



Call for NASBA Award Nominees

NASBA Awards Committee Chair Walter Davenport (NC) has called for nominations from State Accountancy Board members, associates, and executive directors for the 2017 NASBA awards to be formally presented at the Annual Meeting in New York City. 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. Recent past recipients include: Diane M. Rubin, David A. Vaudt, Samuel K. Cotterell and Billy Atkinson.
- **NASBA Distinguished Service Award** - To an individual who has demonstrated unwavering commitment and dedication to enhancing NASBA's mission. Recent past recipients include: Andrew L. Duboff, Richard Isserman, Kenneth R. Odom and Robert Cagnassola.
- **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. Recent past recipients include: Richard C. Sweeney, Viki A. Windfeldt, Dan Sweetwood and James Abbott.

A nomination form and award criteria can be found on www.nasba.org. Questions about the awards program should be directed to Communications Manager Cassandra Gray (cgray@nasba.org). Nominations must be submitted by Friday, June 30, 2017. ♦

AZ Looks to Streamline Licensing

A campaign to cut licensing requirements has been launched by Arizona Governor Douglas A. Ducey. His stated aim is to modernize the licensing system and remove unnecessary barriers to employment. Besides issuing an executive order in February to require licensing boards, including the Board of Accountancy, to review all their requirements for each type of license they issue, the Governor has launched "Regulation Rollback," an on-line service that allows those in the state to submit their ideas for improving or eliminating outdated regulations directly to the Governor. His goal is to remove 500 regulations by the end of 2017.

The Rollback material states: "You send it and we'll see it, because big things can happen when government gets out of the way of innovation, creativity, and entrepreneurship."

Arizona's boards have also been required to report how many applicants with criminal convictions were denied licenses due to character concerns for each of the past five years.

Director of Legislative and Governmental Affairs John Johnson will be leading panel sessions on "Anti-Regulation Legislation Impacting the Profession" at NASBA's June Regional Meetings, when attendees will be encouraged to report on anti-regulatory trends in their jurisdictions. See NASBA's monthly *Legislative E-News* on www.nasba.org for latest legislative developments. Mr. Johnson has announced a stepped up effort to have all participants in NASBA respond to a Key Person Contact Program questionnaire in order to identify those who have personal or professional relationships with any elected member of state or federal government. ♦