

8th Edition of UAA and Model Rules Out

Retired CPAs and unilateral recognition agreements are all part of the Eighth Edition of the Uniform Accountancy Act (UAA) and the Model Rules now on www.nasba.org. Last updated in 2014, the new edition eliminates antiquated references and terminology in various sections of the Act. The January 2018 edition includes the latest Statement on Standards for Continuing Profession Education Programs and the Model Rules contain the guidance to make those standards more directly link to CPAs.

If adopted by a Board of Accountancy, Section 6 (d) would allow a person of retirement age to use the CPA Retired title and to offer some community service, via programs such as VITA, without being required to meet the state's standard continuing professional education requirement. Some states have already moved forward with this type of legislation.

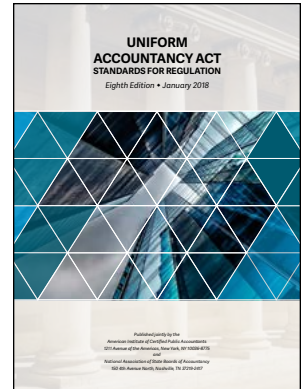
A more welcoming view of qualified international professionals is provided in the revised Section 6(g) of the UAA, one which does not depend on mutual recognition. This would allow these professionals to be regulated by the State Boards even if that professional's home country is not considering a similar arrangement for U.S. CPAs. The US would be able to benefit from the services the international professional is ready to provide.

The just released Model Rules, Article 5-9 no longer refers

to switching seats for suspected Examination cheaters. The testing centers have tightened their monitoring procedures since the earlier testing rules were written. Similarly the Model Rules for CPE are covering more advanced types of learning products.

As your Board works on new legislation, check the NASBA website for the latest UAA and Model Rules changes. The AICPA/NASBA Uniform Accountancy Act Committee is reviewing the sections on compliance assurance/peer review and NASBA UAA Committee Chair J. Coalter Baker (TX) anticipates exposure drafts on changes will be coming out in 2018. These are evergreen documents and change is inevitable as the profession and the technology to regulate it advance.

NASBA Chair Theodore Long (OH) thanked the members of the AICPA/NASBA UAA Committee and those Boards, associations, firms and others who commented on the various exposure drafts that went into the Uniform Accountancy Act - Eighth Edition and Model Rules for their help and good counsel. ♦



IESBA Forms Tech Task Force

To respond to its key strategic priorities, during the December 4-7 meeting of the International Ethics Standards Board for Accountants (IESBA), held in Livingstone, Zambia, the Board established a new Task Force on Technology and Innovation. The strategic task force is charged with responsibility to assess the impact of emerging technology and innovation on international ethics standards, and to develop new or expanded ethics standards as considered necessary. The Task Force members were selected from among IESBA members and technical advisers based on their relevant skills and experience. Nigyar Mamedova, NASBA's Director of Technical Research and IESBA's Technical Adviser, was nominated by the IESBA Chairman Stavros Thomadakis to join the Task Force with Patricia Mulvaney (PWC, US), Myriam Antoinette (CIMA, UK), Hironoti Fukukawa (Institute of CPAs, Japan) and Robert Juenemann (Institute of Corporate Governance, Brazil).

One of the key areas of focus for the Zambia meeting was IESBA's Strategy and Work Plan 2019-2023. Based on its recent survey of regulators, standard-setters, investors, users of financial statements and other stakeholders, the IESBA identified a strong convergence of views in terms of priority on the following key topics:

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Katrina Salazar Pacific Director

Katrina Salazar, CPA, a member of the California Board of Accountancy was elected Pacific Regional Director by the NASBA Board of Directors at their January meeting. In accord with NASBA Bylaws Section 4.6.4, the Board of Directors selected Ms. Salazar following the resignation of James R. Ladd, CPA, as Pacific Regional Director. Ms. Salazar was first appointed to the California Board in December 2012 and is a past president of the Board. ♦



Katrina Salazar

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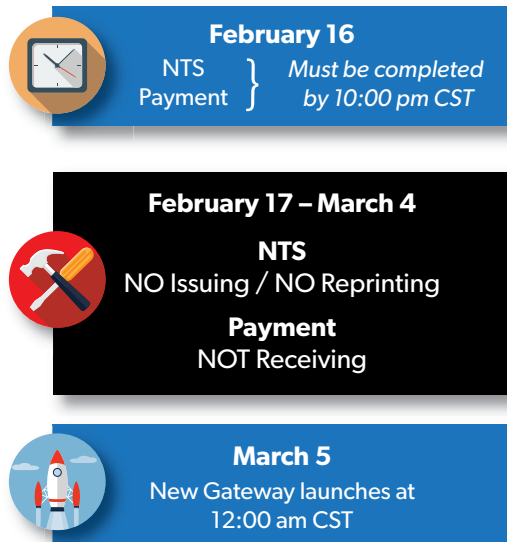
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New Gateway in Place March 5

The next version of the Gateway and the National Candidate Database will be up and running on Monday, March 5, 2018. State Board staff are being instructed on how to work with the new system, which is more user-friendly and offers enhanced data security. Examination candidates have been advised that, to allow for the migration of data into the new system, they will not be able to print or reprint their Notices to Schedule (NTS) or have the system accept payments from February 17 through March 4. The new version will be ready to resume all services at 12:00 a.m. Central Standard Time on March 5. Neither candidate testing nor Prometric scheduling will be affected by the Gateway's migration timeline. ♦

GATEWAY MIGRATION TIMELINE



Board Questions to AICPA

January 2018 marked the end of the first year of the joint operation of the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants under the umbrella of the Association of International Certified Professional Accountants and that relationship has raised questions for State Boards of Accountancy. At the NASBA Board's January meeting, a summary report of the questions gathered from 43 State Boards by NASBA's Reorganization Impact Task Force was presented by Task Force Chair John Dailey (NJ). Since the Board's meeting, NASBA staff members have presented the questions to the Institute and have been advised that responses are being researched and developed.

The Boards raised questions about legal and contractual compliance with the new entity as well as public confusion arising from the joint venture's structure and functions.

Virtually all of the State Boards' acts and rules reference AICPA standards, as well as mandating programs and courses owned by the Institute; consequently, if ownership of any of those things have shifted to the Association there are concerns for the states, the Task Force concluded.

President and CEO Ken Bishop said responses from the Institute will be used to prepare for the discussions at the June Regional Meetings. ♦

IESBA Forms Tech Task Force

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- Trends and developments in technology and innovation
- Emerging or newer models of service delivery
- Tax planning and related services
- Materiality
- Definitions of "public interest entity" and "listed entity."

In addition, IESBA agreed to add to its 2018 agenda a review of the independence provisions pertaining to non-assurance services, a review of the international Ethics Code to align with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and the development of enhanced electronic code.

IESBA is the International Federation of Accountants' (IFAC) board responsible for setting ethics standards (including auditor independence requirements) for professional accountants around the world. IESBA's activities have had significant impact on the U.S. accounting profession through the activities of the American Institute of Certified Public Accountants' Professional Ethics Executive Committee (PEEC), as the AICPA is a member of IFAC.

The IESBA standards are also relevant to U.S. accounting firms that are members of various global networks which incorporate international audit-related and ethics standards as part of the common global audit methodology, training and governance. U.S. regulators, SEC and PCAOB, are also impacted by IFAC's audit-related and ethics standard-setting boards. The IESBA members include standard-setters, regulators, leaders of professional practices of accounting firms, academia, public members and other international stakeholders.

During its December meeting IESBA also discussed the Monitoring Group's recent consultation paper *Strengthening the Governance and Oversight of the International Audit-Related Standard-Setting Boards in the Public Interest* and obtained comments from the IFAC bodies around the globe. IFAC submitted a letter in response to the consultation and NASBA is also sending in a reply.

IESBA also finalized several important projects such as restructuring the international Code of Ethics, which contains new application material to clarify exercising professional skepticism for professional accountants performing audits and other assurance engagements. This is a major milestone for the IESBA since it can take up to several years to develop a single standard. Subject to the Public Interest Oversight Board (PIOB) approval, the restructured Code is expected to be released by early April 2018.

IESBA is also considering undertaking a long-term professional skepticism initiative which would evaluate the application of the concept to all professional accountants, beyond audits and other assurance engagements. IESBA plans to develop a consultation paper that would seek stakeholder views on this topic. Among other matters, the consultation paper would explore the specific behaviors that the public expects of all professional accountants, and whether to elaborate on the relationships between those behaviors and requirements of the IESBA Ethics Code. The draft of the consultation paper on professional skepticism will be discussed by IESBA during its March 2018 meeting in New York. ♦

PRESIDENT'S MEMO

Diversity Action

For the past several months I have been addressing the future of the CPA profession, specifically focusing on how data analytics and artificial intelligence will impact practice, relevance and even the candidate pipeline. I am purposefully avoiding technology in this *Memo* as I know that, at upcoming NASBA meetings and conferences, the implications of technology will be a significant part of the agendas. The future of the profession, however, is much more about people than technology, and the importance of substantive diversity action is an imperative for a successful future.

In the proceeding sentence, I intentionally used the phrase “diversity action” versus “diversity discussion.” During my term as President and in past roles, I have had the privilege of working with many outstanding thinkers and leaders, and I have heard countless discussions about diversity – but have witnessed relatively few substantive actions. In the current hyper-politically correct (PC) environment, many thoughtful leaders hold back from having meaningful discussions about diversity for fear they will misstep, have their intentions misunderstood or misrepresented. This is not a favorable condition for meaningful action.



Ken L. Bishop
President & CEO

I have been fortunate to know some leaders who were not afraid of having robust conversations. A couple of



Frank Ross

years ago, I had the opportunity to discuss the importance of diversity action with Frank K. Ross, the first national president of the National Association of Black Accountants (NABA). He was awarded the AICPA's Gold Medal for Distinguished Service, was one of the first African-American partners of an international firm (KPMG), and is now a leader in academia at Howard University. I will never forget our conversation when we concurred that well-meaning individuals and organizations have been talking about diversity for decades, but unfortunately have inspired very limited action or material change. Hearing that conclusion from a true diversity pioneer amplified my determination to push for planning that produces action-driven results.



Bernie Milano

Another individual who is action and results-oriented is Bernard (“Bernie”) Milano, president of The PhD Project. Anyone who knows Bernie understands that political correctness will not get in the way of having a frank discussion when he hears excuses or resistance to diversity action. NASBA is proud to be a sponsor of The PhD Project as the measurable outcomes and successes of the Project fall squarely into our mandate of accountability.

I should take a moment to “toot NASBA's own horn” as to successful diversity action. A look at NASBA's Board of Directors, staff, and governance leadership clearly illustrates the results of efforts and actions we have taken. We know we have challenges in maintaining the successes we have achieved to date. NASBA's leadership pipeline starts with Boards of Accountancy, and the Boards of Accountancy's pipeline is dependent on the number of diverse people in the profession.

That number is still dismally low when you consider the “browning” of America and the percentages of African-American and Hispanic-American CPAs in relation to the population, despite the years of discussions and efforts to attract diverse candidates. It seems that new grassroots action is needed to move the bubble.

When there are discussions about CPAs and CPA firm diversity, the context is usually about what the big or regional firms are doing. Yet across rural America there are thousands of small towns and cities where the local CPAs play a critically important role in their communities' financial stability. I have visited many such firms and have rarely seen a person of color on the professional staff. I am certain that the void that I have witnessed was not because of prejudice or racism, but because there were virtually no CPAs of color available. What can we do to change that?

For years NASBA has participated in the Inroads program that has provided us with some excellent summer interns who are now valued members of our permanent full-time staff. We have also hired minority group members who learned about the CPA profession through working for NASBA and went on to pursue the training needed to become CPAs themselves.

What if, across America, local CPAs visited their local high school counselors and offered internships and employment to diverse students with math, business or IT acumen and interests, who probably have never considered working in an accounting firm? What if that internship was followed up by offering financial assistance for college, including summer employment, to those interns who demonstrate proficiency? Finally, what if that local firm offered a partnership-track position to the intern upon college graduation? As with any “what if” scenario, the ultimate outcome would depend upon many variables. However, actions always speak louder than words.

It's the beginning of busy season and perhaps the right time to offer some new opportunities. Maybe, by adding some diverse faces to your staff, you will not only bring in added talent and support, but also some new clients who appreciate that diversity!

Semper ad meliora (Always toward better things).

Ken L. Bishop
President & CEO

WA State Considers BC Mobility

Without a Washington firm license or staff holding individual Washington CPA licenses, legislation introduced in the State of Washington would permit Canadian British Columbia accounting firms to provide compilation and attest services in Washington for corporate entities registered in Canada. Senate Bill 6256 introduced by Senators Steve Conway (D) and John Braun (R) on January 11, explains that there are wholly or majority-owned subsidiaries of British Columbia companies residing in Washington “that require specific financial services and reports for issuance solely in Canada but are unable to utilize the services of British Columbia accounting firms, thus resulting in high audit costs. The legislature intends to allow British Columbia accounting firms to provide specific engagements for these subsidiaries residing in Washington.”

Section 14(j) of the Uniform Accountancy Act provides a dispensation to the holders of certificates from other countries providing professional services to persons and firms of those countries looking to issue reports only in foreign countries. This has been adopted by some states. ♦

Data Analytics Added to CIA Exam

Based on a job analysis study conducted during 2017, the Institute of Internal Auditors (IIA) has announced it will be administering an updated Certified Internal Auditor examination beginning in January 2019. Among the changes in the three-part examination is the addition of a new subdomain on data analytics. The information security portion of the examination has also been expanded to include additional topics such as cybersecurity risks and emerging technology practices. *CIA Part Three: Business Knowledge* currently has eight domains, which will be revised to only four: business acumen (35 percent); information security (25 percent); information technology (20 percent); and financial management (20 percent).

IIA reports they have awarded 141,000 CIA certifications since they first gave the examination in 1974. The examination is administered in more than 800 testing facilities and 150 countries around the world, but beginning with the 2019 examination will only be offered in English. IIA states it will work with local affiliates around the world to transition the examination into additional languages. ♦