

## Laurie Tish Vice Chair Nominee

Laurie J. Tish, CPA (WA) was selected on May 4 as the Nominating Committee's candidate for NASBA Vice Chair 2018-2019, to stand for election at the October Annual Business Meeting. If elected Vice Chair by the member State Boards of Accountancy, Ms. Tish will automatically accede to NASBA Chair 2019-2020. A former NASBA Secretary, Director-at-Large, Pacific Regional Director and Chair of the Uniform Accountancy Act, Accountancy Licensee Database/CPAverify, and Global Strategies Committees, Ms. Tish was a four-term member and chair of the Washington State Board of Accountancy. She is the national practice leader for government services for Moss Adams LLP, based in Seattle, and specializes in governmental accounting and auditing, municipal finance, regulatory accounting and federal compliance audits. Ms. Tish was a member of the AICPA Professional Ethics Executive Committee and presently serves on the Washington Society of CPAs' Government Accounting and Auditing Committee and as a technical reviewer for the Government Finance Officers Association.

Election of the NASBA officers will be held at the Annual Business Meeting on October 30, 2018 in Scottsdale, AZ. Nominating Committee Chair Telford Lodden (IA) has requested that all qualified State Board

members interested in serving on the 2018-2019 Board of Directors submit a letter of interest and biographical information to [aholt@nasba.org](mailto:aholt@nasba.org) by May 29, 2018. 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 Theodore Long, Jr. (OH) at least 10 days prior to the Annual Business Meeting. No nominations from the floor will be recognized.

State Boards from the Central, Middle Atlantic, Pacific and Southeast Regions are asked to submit their nominations for their Nominating Committee representatives by May 29, 2018. These nominations with bios and resumes should also be sent to [aholt@nasba.org](mailto:aholt@nasba.org).

Questions about the elections should be directed to Anita Holt (615) 880-4202. This year, at both NASBA Regional Meetings, there will be receptions held for individuals interested in serving on the NASBA Board of Directors. These were very successful last year in identifying those who want to become involved in leadership. ♦



Laurie J. Tish, CPA

## MRA with CPA Australia Approved

A mutual recognition agreement with CPA Australia was approved by the NASBA Board of Directors and the AICPA Board of Directors during the last week in April. The agreement had previously been approved by CPA Australia and will be circulated to the State Boards for their consideration, and hopefully adoption, as soon as all the appropriate signatures are on the document. Sharon A. Jensen (MN), chair of the NASBA/AICPA International Qualifications Appraisal Board (IQAB), presented a detailed summary of the agreement to the NASBA Board of Directors meeting on April 27 in Charleston, SC. Because of the new detailed format of the agreement, this document points out exactly how practitioners are to be recognized in each country and what changes in the terms of the agreement are to be undertaken prior to its renewal in five years' time.



Sharon Jensen

The agreement allows for the recognition of a qualified US CPA as a member of CPA Australia which then opens the pathway to receiving a public practice certificate and subsequently to qualify to become a registered company auditor with at least 3,000 hours of work experience auditing reporting entities during the five years immediately before the date of their application, of which 12 months must be practical experience obtained in Australia supervised by a registered company auditor. New Zealand will accept U.S. experience without additional experience in New Zealand. Under the terms of the MRA, during the next five years CPA Australia is to

seek to persuade the Australian regulatory body to permit that 12-month experience to be obtained in the U.S.

This agreement covers CPA Australia credential holders who are citizens or legal residents in Australia or New Zealand. During the five-year period of the agreement IQAB is to develop alternative requirements that would expand access to other CPA Australia credential holders. IQAB Chair Jensen explained that similar residency provisions are being considered for other agreements currently under review. "IQAB has done its due diligence," Ms. Jensen stated. "We could assure the State Boards of the qualifications of CPA Australia credential holders in Australia and New Zealand, but not others at this point.

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## New Accounting Accreditation Standards

The AACSB had approved new accounting accreditation standards based on work done in consultation with NASBA and the AICPA, Education Committee Chair Raymond Johnson announced at the April NASBA Board meeting. Approximately one-third of the CPA candidate pipeline has graduated from schools with AACSB accounting accreditation. Dr. Johnson explained the new standards will include several substantive changes: Beginning next year, the AACSB's accounting review teams will include practitioners. There will be more flexibility relating to faculty qualifications. Quality control over teaching modalities are embedded in the standards related to assurance of learning.



Ray Johnson

Both faculty and students are to adapt to emerging technologies as well as the mastery of current technology. "The standards talk about developing 'technological agility', which is the student's ability to nimbly change as technology does," Dr. Johnson reported. This ability could be achieved through the accounting or business program. He noted the AACSB's accounting and business standards are tied, as they are "changing simultaneously in a positive way."

Dr. Johnson also drew the Board's attention to a proposal to have NASBA's Executive Directors' portal provide those Boards that have academic integrity issues with accredited institutions to use NASBA as

a clearing house. Regional and programmatic/specialized accrediting bodies as well as the majority of national accreditors have a mechanism to report issues identified by higher education stakeholders, and NASBA could vet complaints and pass them on to the accrediting bodies.

Examples of issues might be:

- Accepting transfer credits from an institution that is not accredited.
- Increasing the credit hours associated with a course without changing the underlying course content.
- Concerns about program quality or course quality based on concerns about not following accreditation policies or standards.

The Education Committee is proposing that Boards be able to report to NASBA via a secure on-line delivery method. The report would identify the institution or quality of the education concerns and NASBA would compile this information and review it with subject matter experts and legal counsel, and then provide feedback to the Board. Ultimately the Board would determine if the issuance of a formal complaint to the accrediting body is warranted. Or NASBA might file the complaint on behalf of the State Board. NASBA could maintain a database of all reported problematic institutions, associated complaints from the Boards and if action resulted from the initial complaint.

Progress on transcript transparency has been going slowly, Dr. Johnson reported to the NASBA Board, based on initial discussions with the American Council on Education. ♦

## Monitoring Group's Premises Questioned

Respondents to the Monitoring Group's Consultation Paper on international audit-related standard setting (see *sbr 1/18*) doubted some of the core premises of the paper and the need for its proposed changes but supported further study. The Consultation Paper elicited 179 public comments, including NASBA's, which can be found on the website of the International Organization of Securities Commissions (IOSCO), a member of the Monitoring Group. The summary report was prepared by an international law firm, Gibson, Dunn & Crutcher LLP, engaged by the International Federation of Accountants.

"Commenters addressing the Consultation Paper's discussion of the perceived problems with the current standard-setting process disagreed with the Consultation Paper's assertion that significant changes are required to the standard-setting process by roughly a 2-to-1 margin," the report states. It further notes that "the large majority of commenters" believe "the current standard-setting model has produced high-quality standards that have gained widespread acceptance."

The Consultation Paper's public interest framework was also challenged: "The most common concern articulated among these commenters was the fact that the Consultation Paper did not define its concept of the 'public interest' – making it difficult to assess the foundation for the Monitoring Group's proposed changes to the current structure. Developing an agreed-upon public-interest framework, for these commenters, is the foundation for any proposals as to a revised standard-setting model."

Despite these issues, the commenters supported further deliberation and additional studies before any concrete action is taken with regard to the Monitoring Group's proposals: "Two of the areas with the most consensus among commenters were (1) that the Monitoring Group should provide more details and clarification on its proposed funding scheme and (2) that the continuing process should focus in particular on developing a clear public-interest framework for

evaluating changes to the current standard-setting process."

NASBA's comments were cited several times in the summary report. Although NASBA opposed the combining of the standard-setting boards, NASBA did advise: "The establishment of joint task forces to work on areas of common interest would be beneficial to the international standard-setting process." ♦

## 2018 NASBA Education Research Grants

The following projects were awarded NASBA Accounting Education Research Grants by a unanimous vote of the NASBA Board of Directors on April 27:

- **Reading Ability and Success in Accounting Program** – Helen H. L. Choy (Drexel University) and Deirdre J. Derrick (American Board of Internal Medicine)
- **Giving Accounting a Second Chance: Factors Influencing Returning Students to Choose Accounting and Become CPAs** – Venna L. Brown (University of Wisconsin- Milwaukee) and Amy C. Tegler (UW)
- **An Examination of the De-Motivational Factors Inhibiting Hispanic Students' Participation in the CPA Exam** – Akinloye Akindayomi (University of Texas – Rio Grande Valley School of Accounting), Deborah Gonzalez (UT), and Linda G. Acevedo (UT)
- **Research Exploring Determinants of the Path to Becoming a Certified Public Accountant** – Bradrick Cripe (Northern Illinois University), Ann Dzurainin (NIU), Linda Matuszewski (NIU) and Rebecca Shortridge (NIU).

NASBA Education Committee Chair Raymond Johnson (OR) noted that all of the four research projects this year deal with pipeline issues. The Education Committee had reviewed 17 projects and the four selected will receive a total of approximately \$25,000. ♦

# PRESIDENT'S MEMO

## Transparency vs. Persuasion

In last month's *Memo* entitled "An Open Mind," I discussed NASBA Chair Ted Long's request that attendees come with an open mind to the upcoming NASBA Regional Meetings, prepared to discuss the impact of technology on the accounting profession, including consideration of a new pathway to the CPA. Both Chair Long and I have continually stated that no final decisions have been made on the creation of such a pathway. Because of recent discussions in different forums, including the April NASBA Board of Directors' meeting, I believe it is important to reiterate that position and to state clearly that we too have kept our minds open. When I recently heard a NASBA volunteer leader say that he understood "Ken's position on the pathway discussion," it set me back a bit. That comment clearly illustrated the importance of clarity between transparency and persuasion. I am supporting an open dialog with fresh thinking to address the matter, and I have not reached a personal position.



Following the recent Executive Directors' conference, we received a letter from Executive Directors Committee Chair Randy Ross outlining the highlights of the conference, including a list of verbatim comments and questions from some attending Executive Directors (EDs) specifically about the technology pathway presentation that was delivered at the conference. Consideration of those questions is ongoing. While some were easily answered, others require research and vetting. During an ED breakout discussion, I found that responding to the questions raised without appearing to take a position was challenging, and I tried to convey my situation to the attendees.

Similarly, NASBA Executive Vice President Colleen Conrad presented the most current information on the proposed technology pathway to the April NASBA Board of Directors' meeting. As we have gained more knowledge about the proposal, she was able to effectively respond to many of the questions and concerns raised by Board members. At the end of her presentation, she qualified her remarks by stating that they were not intended to be persuasive, but illustrative and educational.

Nearly a dozen years ago, then NASBA Chair Wes Johnson asked me if I would lead NASBA's effort to promote mobility cross-border practice privileges. It was a radical departure from the existing registration model and many opposed the concept. At the time that Chair Johnson approached me, I too had reservations. However, through transparency, open mindedness and the tremendous combined efforts of NASBA, State Boards, AICPA and State Societies issues and questions were addressed, and the resulting end-product was much improved. Today, everyone recognizes that an unprecedented change in the accounting profession, particularly in audits and attest engagements, is occurring. The reliance on technology is not a future vision but a current reality. Thoughtful leaders were right about the need for mobility, as are those who recognize that the profession and regulators must meet the technology changes that are upon us.

At the Regional Meetings, attendees will see, hear and have an open dialog regarding the current state of the discussion of a new technology pathway. Responses to many of the questions and concerns raised to date will be conveyed. While we want you to be fully aware of all that is under consideration, we particularly want to listen to your feedback. Effectively dealing with what is a disruption, but also a great opportunity for the profession to bolster public protection, is historically important. As in all important undertakings, this effort will be significant and challenging but one that requires recognition of "transparency vs. persuasion."

I look forward to seeing you at the Regional Meetings.

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



**Ken L. Bishop**  
President & CEO

  
— Ken L. Bishop  
President & CEO

## FRC Increases Fines

As of June 1, the United Kingdom's Financial Reporting Council (FRC) will be applying an updated sanctions policy for audit firms based on the recommendations from an independent review. That panel had drawn on the Public Company Accounting Oversight Board's experience in imposing combined financial and non-financial penalties. Included in the adopted recommendations are:

- An increase in fines to £10 million or more for poor audit work;
- Exclusion from the accounting profession for a minimum of ten years for dishonesty;
- Greater use of non-financial penalties;
- Sanctions that reflect the level of cooperation by respondents.

The FRC's guidance is for the Enforcement Committee, Tribunals and Appeals Tribunal that hear its enforcement cases involving auditors,

accountants and actuaries. The policy states that the primary purpose of imposing sanctions for breaches of auditor regulations "is not to punish, but to protect the public and the wider public interest." In cases where it is determined that a financial penalty is appropriate, the aim is to impose a financial penalty that:

- a. is proportionate to the breach of the statutory auditor regulations and all the circumstances of the case;
- b. will act as an effective deterrent to future breaches;
- c. will promote public confidence in the regulation of statutory audit and in the way in which breaches are addressed.

The new updated guidelines include the removal of any requirement that the Tribunals consider themselves bound by precedent in deciding what are the appropriate sanctions to impose. ♦

## CPAES Keeps Growing

NASBA's CPA Examination Services continues to serve more Boards of Accountancy in more ways, Compliance Services Director Patricia Hartman reported to the NASBA Board on April 27. Now CPAES is processing CPA candidate information for 32 Boards of Accountancy, and for 11 it is providing some form of licensing service. Fifty states have approved the NASBA International Evaluation Service (NIES) to provide transcript evaluations, with 20 of those states making NIES the sole provider of such services. One university's master's program is depending on NIES evaluations. A couple of government departments at the state level are interested in using the evaluation service as well.

Besides providing decorative wall certificates for CPAs in some states, NASBA's Wall Certificate Service is also being used for one state's landscape architects and engineers.

"The Gateway launch was successful," Ms. Hartman told the NASBA Board. She underscored the value of the new version of the Gateway system in addressing issues of data integrity, data security and better audit trails for changes that are made to any data. "Overall, the workflow in client services is subject to more rigor with this new version," she stated.

In the two weeks following the launch of the new Gateway, call volume was 2.5 times higher than normal. NASBA increased its phone capacity to meet the demand and volume did return to normal levels. ♦

## MRA with CPA Australia Approved

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Several professional bodies have offshore membership and IQAB is looking at alternatives to residency that will provide equal assurance." The issue of offshore credential holders was significant as over 20 percent of CPA Australia's credential holders are in countries other than Australia or New Zealand.

The renewal of the mutual recognition agreement with Chartered Accountants Australia/New Zealand is currently under development. Ms. Jensen reported to the NASBA Board that it is anticipated that renewal will be completed soon. The more user-friendly format being applied to IQAB's agreements is providing more detailed information about exactly what is needed to attain audit rights in each partner's jurisdiction.

Members of the NASBA/AICPA IQAB include: Sharon A. Jensen – chair, Charles Heeter – vice chair, Elizabeth Gordon, Raymond Johnson, Rick Jones, Nancy Juron, Telford Lodden, Joseph Schiavo, Kathleen J. Smith, William Treacy and Jeffrey J. Truitt. The CPA Australia evaluation task force was chaired by Ms. Smith.

NASBA President Ken L. Bishop commented, "This is a changed process from the agreements we developed only a few years ago. In these agreements we have identified the gaps we have to fill, before reaching true mutual recognition, and how to close them up from the U.S. perspective as well as from the partner group's side." ♦