

## 2017 Candidate Statistics Out

The *University 2017 Edition* and the *Jurisdiction 2017 Edition of NASBA's Candidate Performance on the Uniform CPA Examination* are available for purchase from [nasbareport.com](http://nasbareport.com). The report on top performing first-time candidates' schools shows some familiar names and a couple of newcomers (see chart at right).

By jurisdiction, the highest pass rates were achieved by candidates in: Utah – 61.79 percent, Wisconsin – 57.6 percent, Missouri – 57.59 percent, South Dakota – 56.61 percent, Nebraska – 55.95 percent, North Carolina – 54.79 percent, South Carolina – 54.77 percent, and Colorado – 54.7 percent. A total of 25,834 candidates passed the fourth part of the Examination in 2017. While in 2016 there were 102,320 candidates taking some or all parts of the Examination, in 2017 that dropped to 95,650, which is still higher than any single year 2012-2015.

The largest number of sections were taken in the jurisdictions where there are the largest number of license holders: California (31,695 sections), New York (30,123) and Texas (15,533). Since 2015 there were slightly more women than men taking the examination, in 2017 with at least 48,700 women taking the examination and 44,600 men taking it (though not all jurisdictions permit reporting of gender).

The reports' information comes from NASBA's Gateway System, developed from submissions by the State Boards of eligible

Ranking by Institutions by Pass Rate for Sections Taken: First-Time, All Programs			
Rank	State	Institution	Percent Pass
1	VA	WASHINGTON & LEE UNIV	89.5%
2	IA	NORTHWESTERN COLL	89.3%
3	GA	UNIV GA	86.3%
4	NC	WAKE FOREST UNIV	84.5%
5	VA	UNIV VA	84.2%
6	UT	BRIGHAM YOUNG UNIV	83.1%
7	IA	LORAS COLL	82.5%
8	WI	UNIV WI MADISON	81.1%
9	TX	TX A&M UNIV	80.6%
10	TN	VANDERBILT UNIV	80.5%

candidates' data. Each Board is provided with a copy of the two editions. Additional copies may be purchased in a softback format through [nasbareport.com](http://nasbareport.com) for \$100 for the Jurisdiction Edition and \$200 for the University Edition, or \$250 for both editions when purchased together. These studies have been published by NASBA since 1982, but the new editions feature performance metrics for each of 18 content areas, plus simulations and written communications. Noel Winter is the editor with contributing editors Greg Gaynor, Ph.D., CPA, Mark M. Ulrich, CPA, and H. Fred Mittelstaedt, Ph.D. ♦

## NASBA Comments on PCAOB Plan

The Public Company Accounting Oversight Board's Strategic Plan 2018-22 maps out four goals for the PCAOB and the objectives to reach those goals. This is the first time the PCAOB has invited public comment on its areas of strategic focus. NASBA commended the PCAOB on the current board's effort to refresh its strategy, but pointed out the important role State Boards were meant to play in the effective functioning of the PCAOB when it was created by Congress.

The letter from NASBA Chair Theodore Long and President Ken Bishop states: "NASBA would welcome the opportunity to continue the historical dialogue with Board members of the PCAOB and key staff. The Sarbanes-Oxley Act, as adopted, expressly provided for State Boards as active beneficiaries and even participants in the PCAOB's public protection work"

They underscore: "NASBA encourages the PCAOB to consider ways that state regulators can work with the PCAOB to protect the public interest."

PCAOB Commissioner James G. Kaiser, CPA, will be addressing

the NASBA Annual Meeting in October. Commissioner Kaiser joined the PCAOB in March 2018 after retiring from Pricewaterhouse Coopers. He had been with the firm for 38 years, including 28 years as an audit partner, and had been a member of the PwC Global Assurance Executive Leadership Team. ♦

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Published by the National Association of State Boards of Accountancy  
 Editor-in-Chief: Louise Dratler Haberman; Editor: Ken L. Bishop; Production Editor:  
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 Tel/615.880.4200 Fax/615.880.4290 Web/[www.nasba.org](http://www.nasba.org)

## More International Testing Sites for CPA

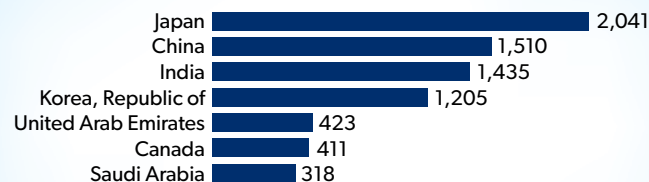
Candidates are now able to take the Uniform CPA Examination at testing sites in England, Germany, Ireland and Scotland. Registration for those sites began on September 5 for testing beginning on October 1. U.S. citizens living abroad are eligible to test in any location where the CPA Examination is offered, but now citizens and residents of the European Union member nations, Norway, the Russian Federation and Switzerland will also be able to take the Examination at these European Prometric testing centers.

The Uniform CPA Examination is also available at testing locations in Bahrain, Brazil, Japan, Kuwait, Lebanon and the United Arab Emirates. All of the testing centers also offer the International Qualifications Examination (IQEX) to accounting professionals whose professional bodies have entered into a mutual recognition agreement developed by the NASBA/AICPA International Qualifications Appraisal Board (IQAB). Those bodies include: Institute of Chartered Accountants Australia, Chartered Professional Accountants Canada, Chartered Accountants Ireland, Instituto Mexicano de Contadores Publico, Hong Kong Institute of Certified Public Accountants, New Zealand Institute of Chartered Accountants, Institute of Chartered Accountants of Scotland, and CPA Australia.

Applicants to take the Uniform CPA Examination in locations

### Strong International Interest

International jurisdictions by number of CPA Exam candidates, 2017



*Though Japan retains its #1 slot ahead of #2 China, India has replaced Korea in the #3 position with an amazing 80% growth in candidates over the last three years. China's growth was a healthy 30% over that same period. With the launch of the CPA Exam in the European Union this year, the numbers for Europe are expected to hit the radar in 2019.*

outside the United States may be made through those U.S. Boards that offer eligibility for international candidates. A list of the participating jurisdictions and information about fees can be found on <https://nasba.org/exams/international.exam/>. Those taking the Examination outside the United States must meet the same education and experience requirements as other U.S. CPA candidates. ♦

## IFAC Responds to Monitoring Group

The International Federation of Accountants (IFAC) released a white paper "Perspectives on the Way Forward for Strengthening the Oversight and Operations of the International Audit & Assurance and Ethics Standards Boards" on August 28, which responds to suggestions made by the Monitoring Group in its November 2017 consultation paper on "Strengthening the Governance and Oversight of International Audit-Related Standard-Setting Boards in the Public Interest" (see *sbr* 1/18). The public perception of IFAC's independence in its standard-setting process was questioned in the Monitoring Group's paper. IFAC's paper now offers recommendations for a new oversight body. Funding for implementing IFAC's proposals, which could cost an additional \$7,000,000 - 11,000,000 per year, "is a challenge and there is no certainty it would be forthcoming," IFAC observes.

The Monitoring Group consists of: the International Organization of Securities Commissions (IOSCO), the Basil Committee on Banking Supervision (BCBS), the European Commission (EC), the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS) and the World Bank Group (WBG).

The Monitoring Group expects to release a Public Interest Framework toward the end of 2018 on which to base any significant changes to the standard-setting model. IFAC is recommending that steps be taken before what they estimate could be a three-year process to have an agreed upon framework.

"An overall, integrated approach that focuses first on clarifying the composition and roles of the oversight body, and then making changes to the standards boards, is the best way to try to access the increased, sustainable and secure funding required to address the necessary improvements," the IFAC paper states. "These improvements include enhanced staffing, more efficient board processes, better use

of technology and remuneration for board members. In the absence of additional sustainable funding, it is unlikely that these changes can be successfully implemented."

The "next steps" set out by IFAC to strengthen the oversight and

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### Attend Annual in Arizona

Leaders from the federal government, academia and the profession will be addressing NASBA's 111th Annual Meeting, to be held in Scottsdale, AZ, October 28-31. Public Company Accounting Oversight Board Commissioner James G. Kaiser, Federal Trade Commission – Office of Policy Planning Executive Director Tara Koslov, American Accounting Association President Marc Rubin and others will be joining NASBA and AICPA officers and executives in bringing the State Boards up-to-date on the profession and regulation. "Building Trust" will be the Meeting's theme and will be kicked off by speaker Stephen M.R. Covey, author of *Speed of Trust*.

The program includes networking opportunities and receptions, and a NASBA Center for the Public Trust ethics workshop will proceed the Annual Meeting's start. A guest's tour is planned. For registration and complete program details see [www.nasba.org](http://www.nasba.org). ♦

# PRESIDENT'S MEMO

## Take a Big Swing at It!

Some of you probably read the title to this *Memo* and thought: "Take a big swing at it" must be a quote from NASBA Past Chair Ted Lodden, who often uses baseball metaphors to illustrate points. Others might attribute it to the unique language of the great baseball manager Casey Stengel, often referred to as "Stengelese," who once shouted that advice to a player who struck out after making three feeble swings. Actually, the title is to call to mind a speech made by Warren Buffett in 1998: "You'll see plenty of times when you get chances to do things that just shout at you. And the thing you have to do is, when that happens, you have to take a big swing at it."

For the past year, we have been having serious discussions about the increased reliance on technology, the use of data analytics and artificial intelligence in auditing, and the increased use of blockchain, cryptocurrency and other radical disruptive technologies that are impacting the accounting profession. Some of us, and I am including myself, believe this trend is continuing to gain momentum and, although it may not be even be on the radar of most smaller firms today, it will likely impact all size firms in a relatively short period of time. For NASBA, we must make sure that the candidate pipeline, education and examination all keep pace with the transition. Having State Boards prepared and able to regulate effectively in this new arena is something we are focused on. Earlier this year, we took a big swing at it....and we missed. However, we received the clear message that we need to continue to work toward solutions that are effective and salable to State Boards and to the profession.

It is not likely that we will have recommendations to present to the NASBA Annual Meeting in late October, but we hope to have a process underway to prepare us for the next big swing. There is general agreement that, because of the importance and scope of whatever recommendations we bring back to you, the results have to be significant enough to justify the costs and efforts that will have to be made. In the jargon of this memo, once again we will have to: "Take a big swing at it."

One thing we realize is that some of us, who have been developing and exploring different concepts and approaches, need to step back so that we can bring fresh eyes to the landscape. NASBA and AICPA will soon be announcing the appointment of the joint CPA Evolution Working Group (CEWG), which will revisit this challenge. The CEWG will be a mix of State Board, State Society, NASBA and AICPA volunteer leaders, and will also include an educator, a young CPA, an IT professional, a State Board executive director, a State Society director and a representative of a large firm. The group will be selected and will likely have had initial meetings prior to the Annual Meeting. Hopefully, their recommendations will be available to present by the Regional Meetings in June 2019. We are very appreciative of the continued feedback we have received from State Board members and staff from across the country.

My next *President's Memo* will not be published until December, as Chair Ted Long will be writing the October *Memo* and incoming Chair Janice Grey will be authoring the November *Memo*. So, this will be my last opportunity to encourage you to attend the exciting NASBA 111th Annual Meeting in Scottsdale, AZ. Last year we had great representation from all jurisdictions and we hope to replicate that this year. The agenda topics, speakers and presentations are going to be interesting, informative and relevant to every State Board member. If your state is not currently registered, there is still time to get signed up. Executive Directors please reach out to NASBA Chief Communication Officer Tom Kenny if there is anything we can do to support your Board's effort to attend. There are so many important challenges and opportunities in front of State Boards and NASBA in the coming year. Our expectation is that we will be prepared for whatever comes our way, but be sure: "We will take a big swing at it!"

I look forward to seeing you in Scottsdale!

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



**Ken L. Bishop**  
President & CEO



  
— Ken L. Bishop  
President & CEO

# State Board Report

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## Integrating Tomorrow's Technology

What technology skills are needed by new accountants and how can higher education develop those skills quickly enough to meet current needs will be the topics for a panel of outstanding educators at NASBA's Annual Meeting. NASBA Director-at-Large and Chair of the International Accounting Education Standards Board (IAESB) Consultative Advisory Group Raymond Johnson will moderate the discussion with American Accounting Association President Marc Rubin, International Accreditation Council for Business Education President Phyllis Okrepkie and IAESB Deputy Chair Anne-Marie Vitale.



**Ray Johnson**

The International Federation of Accountants recently announced a new model for the oversight of its accounting education standards-setting work. Ms. Vitale, who will be the chair of the new advisory group stated: "Global business, technology, and education imperatives are placing new demands on the global profession, and we must anticipate and prepare for the future. We will work with key stakeholders to develop a model that considers, addresses, and advances the needs of current and future accountants and acts in the public interest to progress a robust and relevant accountancy profession." The model will be overseen by the IFAC Board instead of the Public Interest Oversight Board.

The new model is to begin operations on July 1, 2019. With this date in mind, the IAESB is accelerating the completion of the projects it has been working on including the revision of its

standards on Continuing Professional Development and finalizing its work on Information and Communications Technology and Professional Skepticism. ♦

## IFAC Responds to Monitoring Group

*Continued from page 1*

operations of the international audit and assurance and ethics standards boards are:

1. Clarifying the distinct roles between oversight and standards development.
2. Enhancing multi-stakeholder representation on both the oversight body and the standards boards.
3. Improving the timeliness of standards development while retaining their quality and relevance; focusing on standards related to auditor performance; quality management within firms; the implications of new accounting standards; and emerging areas of reporting and new technology.
4. Addressing the perception that the accountancy profession is able to exert undue influence.
5. Increasing the funding sources to support the proposed improvements above and to ensure sufficient, sustainable and preferably diverse funding for the future. ♦