

Carlos Barrera Vice Chair Nominee



Carlos Barrera

A. Carlos Barrera, CPA (TX) was selected on May 3 as the Nominating Committee's candidate for NASBA Vice Chair 2019-2020, to stand for election at the October Annual Business Meeting. If elected Vice Chair by the member State Boards of Accountancy, Mr. Barrera will automatically accede to NASBA Chair 2020-2021. A NASBA Director-at-Large, and former Treasurer and Southwest Regional Director,

he currently serves as chair of NASBA's Continuing Professional Education Committee and on the AICPA's Professional Ethics Executive Committee. He has chaired NASBA's Global Strategies, Legislative Support and Standard-Setting & Professional Trends Advisory Committees. Mr. Barrera is a former member and presiding officer of the Texas State Board of Public Accountancy. He is a partner of Carr, Riggs & Ingram, LLC, in charge of the firm's Rio Grande Valley offices.

Election of the NASBA officers will be held at the Annual Business Meeting on October 29 in Boston, MA. Nominating Committee Chair Theodore Long (OH) has requested that all qualified State Board

members interested in serving on the 2019-2020 Board of Directors submit a letter of interest and biographical information to aholt@nasba.org by May 27, 2019. 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 Janice Gray (OK) at least 10 days prior to the Annual Business Meeting. No nominations from the floor will be recognized.

State Boards from the Great Lakes, Mountain, Northeast and Southwest are asked to submit their nominations for their Nominating Committee representatives by May 27, 2019. These nominations with bios and resumes should also be sent to aholt@nasba.org.

Questions about the elections should be directed to Executive Assistant to the President Anita Holt at (615)880-4202.

Again this year, at both NASBA Regional Meetings, there will be receptions held for individuals interested in serving on the NASBA Board of Directors in future years. These have proved to be very successful events for identifying those who want to participate in leadership. ♦

CPE Audit Service Launched

Florida, Kentucky, Missouri, Montana, North Carolina, Ohio, Tennessee and Virginia were the first Boards of Accountancy to migrate from the CPE Tracking legacy system to the new NASBA CPE Audit Services system in April. Eight additional Boards are scheduled to begin participation in early summer and a third wave of Boards is scheduled for September 2019. Additional Board requests are currently being accepted.

Long gone are the days of paper-based audit processes: The new CPE Audit Service is a turnkey web application solution for managing the CPE audit process. This online system will help streamline CPE audits and is designed to be used by both individual CPAs and Boards of Accountancy. The new system comes at no cost to Boards, as a benefit of their NASBA membership.

Created and customized with CPAs and Boards in mind, the application allows CPA users to enter or upload CPE information and documentation, view CPE records fed in directly from participating CPE program providers, monitor their CPE compliance by jurisdiction and submit their CPE information to the Board when selected for audit. Boards will be able to generate audit pools or upload an audit pool into the system, monitor workflow dashboards, run numerous reports, and receive and conduct CPE audits all within the system.

Participating CPE course providers can send or upload electronic attendance records for CPAs using the CPE ID number assigned to each CPA and easily review their file processing and records through the system.

"NASBA believes moving to an online system and promoting the acceptance of electronic records will dramatically improve the efficiency of the CPE audit process, and lead to greater compliance



with CPE rules, which is in the best interest of the public. We look forward to getting the newly participating Boards up and running soon," said Maria L. Caldwell, Chief Legal Officer and Director of Compliance Services.

Boards of Accountancy interested in a brief demonstration of the CPE Audit Service platform should contact Erin Buchanan, Sr. Account Manager, CPE Audit Service at cpeauditservice@nasba.org. ♦

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Continuous Testing Rule Adopted

The April 26 NASBA Board of Directors' meeting cleared the path for continuous testing on the Uniform CPA Examination as the Board approved Uniform Accountancy Act Model Rule 5-7(a)(2). According to the revised Rule, when system changes have eliminated the need for test window limitations "a Candidate can retake a Test Section once their grade for any previous attempt of the same Test Section has been released." A recent informal poll of the State Boards' executive directors found that many states have already started to model their rules after the new Model Rule. NASBA President Ken L. Bishop told the NASBA Board that plans now call for continuous testing to begin by June 30, 2020.

Technically NASBA is over its transition to outsourcing IT operations to CGI (see *sbr* 2/19), but it may take up to six months to learn the nuances of working in this type of relationship, President Bishop reported. Now that a new large source of technical talent is available to NASBA, prioritizing new projects has become important for enthusiastic NASBA directors. Treasurer Jim Burkes observed that while IT restructuring was costly for NASBA, and has had an impact on the financial report, it was the right move. ♦



Hansen Named Chair of CAG



Gaylen Hansen

Gaylen R. Hansen, CPA, NASBA Chair 2012-13, has been appointed chair of the Consultative Advisory Group (CAG) of the International Ethics Standards Boards for Accountants (IESBA) effective July 1, 2019. He has represented NASBA on the CAG since 2010 and currently serves on NASBA's Regulatory Response Committee and Standard-Setting & Professional Trends Advisory Committee, having led many NASBA committees in the past as well as chairing the Colorado State Board of Accountancy. He is also currently a member of the CAG for the International Auditing and Assurance Standards Board.

As the newly-elected IESBA CAG chair, Mr. Hansen stated: "The CAG plays a vital role in enabling all those concerned in the work of, or services provided by, professional accountants to have a voice in the development and maintenance of standards that ensure a high level of ethical conduct. I look forward to shepherding the CAG's diversity of experience to assist the IESBA setting robust ethics standards."

Mr. Hansen is a retired audit partner of EKS&H in Denver. ♦

2019 Research Grants Awarded

Three accounting education research grants were approved for funding by the NASBA Board of Directors at their April Meeting. Based on the recommendations of the Education Committee, as presented by Education Committee Chair Stephanie Saunders (VA) the following projects are receiving grants from NASBA:

- "Why Master's in Accounting Students Do Not Sit for the CPA: Determinants and Perceptions of CPA Value" – *Dierdre Collier, Ph.D., Associate Professor – Fairleigh Dickinson University; Hannah Rozen, Ph.D., Associate Professor – Fairleigh Dickinson University; and Alexander Sannella, Ph.D., Professor of Accounting - Rutgers University.*
- "What Accounting Program and Curriculum Features Influence

the Likelihood of Graduates Attempting the Uniform CPA Exam" – *Kelsey Brasel, Ph.D., CPA, Assistant Professor of Accounting – Ball State University; Heather Carrasco, Ph.D., Assistant Professor of Accounting – Texas Tech University; and Jason Stanfield, Ph.D., CPA, Assistant Professor of Accounting – Ball State University.*

- "Most Effective Study Methods for High-Stakes Tests: The CPA Exam" – *Linda Quick, Ph.D., CPA, Assistant Professor – East Carolina University; Denise Dickins, Ph.D., CPA, Professor – East Carolina University; and Rachel Hull, student - East Carolina University.*

The findings of these projects will be presented by members of the research teams at NASBA's 2020 Regional Meetings. ♦

2018 SEC & PCAOB Enforcement

2018 saw a drop in the Securities and Exchange Commission's and the Public Company Accounting Oversight Board's enforcement activities involving accountants, according to a report released by Cornerstone Research in April. The two bodies finalized 45 actions in 2018, while in 2017 they finalized 75 such actions. These efforts resulted in less than \$3.3 million in monetary settlements from 32 of the 67 individual and audit firm respondents.

Cornerstone continued their research to determine if the six State Boards with the largest number of licensees named in these actions were following up on them. Cornerstone learned that for the SEC's and PCAOB's actions finalized in 2013-2017 a majority were followed up, resulting in the Boards' actions against at least one individual or firm respondent. These State Boards on average completed follow-on actions approximately 18 months after the SEC's or PCAOB's actions were finalized. ♦

CAQ and FAF Leadership Changes



Julie Lindsay

Julie Bell Lindsay has been named executive director of the Center for Audit Quality, effective May 6. She succeeds Cindy Fornelli who is leaving the organization at the end of May, after having led the CAQ for 12 years.

On April 26 Financial Accounting Foundation CEO Terri Polley announced her retirement. She started her career with the Financial Accounting Standards Board in 1987 as a technical assistant, was named president in 2008 and ultimately CEO in 2010. NASBA President Ken Bishop reported Ms. Polley's resignation at the NASBA Board's meeting in San Francisco. He acknowledged her vital role in building a strong relationship between the FAF and NASBA.

Ms. Polley stated in her resignation: "It has been a privilege to work for a mission-driven organization filled with exceptional people who get to do something extraordinary as their life's work: set accounting standards that help make the capital markets function efficiently and effectively." ♦

PRESIDENT'S MEMO

Photos on the Wall – Revisited

I am writing this month's *Memo* after just returning home from the Nominating Committee's meeting to nominate NASBA's next Vice Chair (chair-elect). It is a real privilege to serve as the CEO of an organization that attracts such great leaders who aspire to serve as Chair. All the highly qualified candidates considered by the Nominating Committee would be successful chairs, and I suspect there are future chairs among them. The Committee's nominee for 2019-2020 Vice Chair, Carlos Barrera, will be formidable and historic, as he will be the first Hispanic Chair in NASBA's 108-year history.

Flying home to Nashville, I was thinking about the conscientious work done by the Nominating Committee and the success they have had in selecting strong leaders who have served NASBA so well, but, more specifically, how they have seriously brought diversity and balance into their deliberations. It caused me to reflect on the positive changes that have occurred since 2012 when I wrote what turned out to be a provocative President's Memo, during my first year as President and CEO of NASBA, entitled "Photos on the Wall." Many readers were probably not involved in NASBA when that *Memo* was printed, so here is an excerpt:



Ken L. Bishop
President & CEO

"Outside my office in Nashville is a wall of photos of the Chairs of NASBA who served over the past 17 years, since NASBA has been headquartered in Nashville. I walk by those photos numerous times every day and often stop to look at the faces of those fine leaders, most of whom I have gotten to know during my tenure as both a NASBA volunteer and employee. I usually point out the wall of Chair photos when I show visitors and guests around our facility. On several occasions someone will mention the lack of diversity. Not surprising. In fact, in the past 17 years, 15 of our chairs have been men...white men."

With the redesigned Nashville offices, we were able to display 50 years of Chair photos. The new "photos on the wall" revealed that in 50 years of NASBA Chairs there had been only one African-American man, one Asian-American man, and four women. As I stated in the original *Memo*, I was in no way trying to dissuade anyone from seeking the Chair position, nor be critical of any of the praiseworthy leaders represented. What I was challenging was the culture of NASBA and how we had failed to encourage and support women and minorities to "aspire to, seek and hold NASBA's highest office."

I am very pleased to report on the progress we have made. Since the "Photos on the Wall" was published in late 2012, of the seven nominated Vice Chairs (chair-elects), there were: two white men, two African-American men, two women and, now, a Hispanic man, all great leaders. Through NASBA's regional nomination processes, we achieved diversity success in a relatively short period of time. Kudos to the Nominating Committee members and to the candidates who stepped up to run for the office, who made this happen. As I have often stated, I consider the Nominating Committee to be NASBA's most important committee.

Supporting diversity is in no way meant to be disparaging to other demographic groups, and I would encourage anyone interested in serving as the NASBA chair to run. Recently national political candidates have essentially apologized for their being a "white male." That is ridiculous! However, it would be disingenuous not to recognize that some of us have been given opportunities and privileges others may not have enjoyed. Great organizations like NASBA do not shirk away from challenges, and I think we are proving that. There are opportunities for leadership in NASBA for all types of individuals and we are stronger for it!

Semper ad meliora (Always toward better things).

A handwritten signature in black ink that reads "Ken L. Bishop". The signature is fluid and cursive.

— Ken L. Bishop
President & CEO



State Board Report

National Association of State Boards of Accountancy
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AZ Recognizes Other States' Licensees

Arizona has become the first state to automatically grant occupational licenses to its residents who hold similar licenses in good standing from other states for at least a year. However, those with a criminal record can be disqualified and instant reciprocity is not granted for those occupations requiring a security clearance. The legislation, HB 2569, was signed by Governor Doug Ducey in April and does not require reciprocal recognition from other states. Legislation granting automatic licensing for military spouses from other states was enacted last year in Utah.

State Representative Warren Petersen, who sponsored the legislation, said: "We welcome you to Arizona. We know you are qualified."

As Arizona already has adopted individual CPA mobility, it is expected this new legislation will have little impact on the profession. However, it will have an impact on many other fields, including those licensed in health care, construction and embalming. Lawyers, security guards and private investigators are excluded. ♦



CMA Report on UK Audit Released

In its April final report on the "statutory audit services market," the United Kingdom's Competition & Markets Authority (CMA) offers four main recommendations, plus a few others for the new regulator to consider. These come a month after UK Business Secretary Greg Clark announced the Financial Reporting Council (FRC), which oversees the accounting profession, is being replaced with a new regulator called the Audit, Reporting and Governance Authority (ARGA). The CMA's core recommendations to the ARGA and the UK government include: 1- Audit committee scrutiny. 2- Mandatory joint audit, including at least one non-Big Four firm, for most large companies; peer reviews for the largest; and measures to mitigate the effects of a Big Four failure. 3- An operational split between the audit and non-audit practices of the biggest firms. 4- A five-year review of progress by the new regulator. The report also mentions as meriting "careful consideration"

technology licensing and a change in firm ownership.

As another possible measure, the CMA suggests: "Keeping under review the possibility of cross-industry technology licensing, potentially facilitated by the regulator and/or the professional bodies. Access to technology has not been cited as a major barrier, at least by the bigger challenger firms, but technology changes are likely to play a potentially significant role in the way the sector develops in coming years."

The CMA also believes firm ownership rules should be reviewed: "Re-considering the necessity of the audit firm ownership requirements, which currently require that audit firms are majority owned by qualified auditors. Although the existence of potential entrants following a different business model is highly uncertain, such businesses may never even be contemplated if their route to launch is blocked by regulation." ♦