CPA Evolution Update

December saw stepped-up activity associated with the CPA Evolution initiative: Its website, EvolutionofCPA.org, was refreshed; NASBA committees held preliminary meetings; and a webcast was broadcast for those who had not attended the NASBA Annual Meeting.

- Updated material was added to EvolutionofCPA.org pertaining to recent thinking regarding possible revisions to the CPA licensure model, along with new FAQs and links to recent press articles about the initiative.
- NASBA’s Uniform Accountancy Act Committee held a conference call to discuss their work plan for 2020, including possible UAA amendments and Model Rules tied to the CPA Evolution initiative.
- NASBA’s Education Committee met to hear preliminary discussions about the CPA Evolution initiative and learned about the establishment of an Education Advisory Group. The Committee also discussed plans for a meeting in January 2020.
- NASBA Chair Laurie Tish held a webcast on December 18 to provide an opportunity for those Boards of Accountancy members and Executive Directors who were unable to attend the NASBA Annual Meeting in October to hear a presentation on the initiative and to pose questions to NASBA leadership.

IL Requires Harassment CPE

As of January 1, 2020, a person seeking to renew their professional license issued by the Illinois Division of Financial and Professional Regulation (IDFPR) must complete a one-hour continuing education course in sexual harassment prevention. This is to be done for every renewal after January 1, 2020, and does not increase the number of required CPE credits for renewal. However, those renewing for the first time do not need to meet this requirement. The training must be provided by IDFPR-approved continuing education providers. It can be administered in a classroom setting, as a webinar or on-line.

Topics to be included in the course, at a minimum, are:

(Continued on page 2)
IL Requires Harassment CPE (Continued from page 1)

1. What is sexual harassment, including its forms and types;
2. What should one do if one experiences or witnesses unwelcome sexual contact;
3. Reporting sexual harassment within one’s place of employment and to outside entities, such as the Illinois Department of Human Rights; and
4. Whistleblower protections.

Approved sponsors for the training include State of Illinois agencies, federal agencies, accredited colleges, Illinois municipalities, and any business or entity with an active continuing education provider license issued by the IDFPR.

This requirement was enacted by the General Assembly in the Civil Administrative Code of Illinois Section 2105-15.5.

New FASB Appointments

Richard R. Jones, CPA, has been selected by the Board of Trustees of the Financial Accounting Foundation to succeed Russ Golden as Financial Accounting Standards Board Chairman on July 1, 2020. Mr. Jones is chief accountant and partner of Ernst & Young LLP, having spent over 30 years with the firm. He has also served on the Financial Accounting Standards Advisory Council 2016-2018 and the AICPA’s Accounting Standards Executive Committee 2003-2008. Mr. Jones will be joining the FASB early in 2020 to begin his transition into the chairmanship.

Kathleen L. Casey became chair of the FAF on January 1, 2020, succeeding Charles H. Noski. She came on the FAF Board of Trustees on January 1, 2018. She is a senior advisor at Patomak Global Partners in Washington, DC, a financial services consultancy firm.

New appointees to the FAF Board of Trustees as of January 1, 2020 are: Bruce Herring, Michael Rollings, Timothy Ryan, Lawrence Salva and Shundrawn Thomas. Retiring from the Board are: Gary Bruebaker, Myra Drucker, Ann Spruill and John Veihmeyer.
2020 is Going to Be a Busy Year!

I probably could have used the title “This is Going to Be a Busy Year” for most, if not all, of the President’s Memos I have written over the past nine years, but it seems particularly relevant for the year ahead, 2020. While each year is typically busy for NASBA staff and volunteers alike, 2020 may well be remembered as not only busy - but transformative.

For several years we have been discussing changes in the accounting profession, specifically in the use and reliance on technology and artificial intelligence. Last year, after several false starts, a CPA Evolution model was exposed that garnered support from the majority of stakeholder groups and, most importantly for NASBA, from State Board members who participated in the Annual Meeting and other discussion forums, including a national webcast led by NASBA Chair Laurie Tish. Getting general support for the initiative was important, but now the heavy lifting begins.

A key component of the CPA Evolution initiative is education. We established the CPA Evolution Education Advisory Group (CEEAG), made up of practitioners, educators, State Board members and other regulators, who will review the current education requirements to consider changes and additions to the Uniform Accountancy Act and its Model Rules that may be needed. The work of the CEEAG began January 8, 2020.

In 2020 the agenda of the NASBA/AICPA International Qualifications Appraisal Board (IQAB) continues to be a high priority for NASBA. Recent developments in the United Kingdom, particularly the election of Prime Minister Boris Johnson and the support he received for his plan to leave the European Union (Brexit) early this year, have raised both challenges and opportunities for new and existing mutual recognition agreements with UK Commonwealth countries. While post-Brexit administrative changes may ultimately improve our ability to gain fair and equitable reciprocal practice privileges for U.S. CPAs, other recent changes in the UK, including the change in leadership at the Financial Reporting Council (FRC), have presented some potential barriers that were unanticipated and will need to be resolved. NASBA certainly supports the FRC, a regulatory body responsible for audit quality in the UK, and looks forward to building strong relationships with their new leaders.

We expect 2020 to be another busy year for legislation, some of which would be damaging to State Boards and public protection. NASBA’s governance, legislative staff and Legislative Support Committee are gearing up for the challenge. Working closely with State Boards, State Societies and the AICPA legislative team, we keep tracking bills and legislative activity in all U.S. jurisdictions. The threat of anti-regulatory legislation remains our primary focus and we are dedicated to support any State Board in warding off bad bills and legislative language. As I have stated many times, every State Board needs to be prudent and responsive to anti-regulatory legislation filed in its state. NASBA continues to work with the AICPA and other professional industry groups through our joint Alliance for Responsible Professional Licensing (ARPL). You can expect to have ongoing support and current educational material from ARPL in 2020.

Momentum to bring new states on to the CPE Audit Service is strong in 2020. NASBA continues to make significant investments into this important resource for State Boards. Managing and supporting the CPE Audit Service and all our internal software systems includes ramping-up security compliance. New legislation in states, nationally and internationally has significantly raised the bar for the integrity and protection of personal information and data. NASBA’s compliance in this area is a high priority this year.

When publishing an article with “busy” in its title, we recognize that for most CPAs, including our State Board members, January begins the “busy season.” The NASBA staff members always take that into consideration when planning committee, task force and working group meetings. It is also a time that we are particularly appreciative of the tremendous investment of time each of you makes by serving on your State Board and protecting the public. We at NASBA honor and thank you for that, for we know 2020 is going to be a busy year!

Happy New Year and to all we send wishes for good health and prosperity in 2020.

Semper ad meliora (Always toward better things).

— Ken L. Bishop
President & CEO
TX Board Answers Regulation Limitation

All Texas agencies were asked to submit to Governor Greg Abbott by December 1, 2019 their plans for limiting regulations, reducing fees and removing licensing barriers for people with criminal records where appropriate. The Texas State Board of Public Accountancy replied in a letter to the Governor in mid-November 2019:

• In early 2020 the Board will review all of its rules, giving prominent consideration to the objectives stated in the Governor’s letter.
• The Board is extensively revising its Chapter 525 rules to address “blanket exclusions for persons with criminal records, identify criminal offenses that could disqualify a person from licensure or maintaining an occupational license, and establish criteria that directly relate to the practice of public accountancy that might disqualify a candidate for licensure.”
• The Board is considering reduction in application fees for Texas residents who are eligible for public assistance.

Texas Board Executive Director William Treacy pointed out to the Governor: “All of the states have been determined to have ‘substantially equivalent’ [CPA] regulatory programs. As a result all CPAs in the U.S. have access to each other state without a requirement of notice or a licensing fee. This ‘substantial equivalency’ provides a mechanism to accommodate military transfers.”

A survey of the prevailing Accountancy Boards’ fees found Texas already has a license application fee that is 75 percent or less of the national average for the CPA.

IFAC Backs Whistleblower Protection

Whistleblower protection is essential to empower people who uncover corruption, according to International Federation of Accountants Executive Director Kevin Dancey: “IFAC supports the adoption of whistleblower protection legislation in all jurisdictions in line with principles advanced by the G20, the OECD, and the International Bar Association.” Looking at the G20 Anti-Corruption Plan, he identified areas where accountants are positioned to tackle corruption. Besides whistleblower protections, he believes accountants can bring their skillsets to help organizations protect against money laundering and can improve public sector transparency to illuminate illicit cash flows, transactions and budgeting for public scrutiny.

On December 16, 2019 the European Union’s Directive on the “Protection of Persons Reporting on Breaches of Union Law” (the “Whistleblower Protection Directive”) went into effect and the EU’s 27 member states are expected to bring its provisions into their national legal frameworks by December 17, 2021. The Directive states: “Members of professions other than lawyers and health care providers should be able to qualify for protection under this Directive when they report information protected by applicable professional rules, provided that reporting that information is necessary for the purposes of revealing a breach falling within the scope of this Directive.” Among the areas mentioned in the Directive’s material scope are: financial services, products and markets, and prevention of money laundering.

The Directive aims to protect those who report on breaches of EU law by preventing various forms of retaliation, including: suspension, loss of business or income, blacklisting, medical referrals or cancellation of a license.