

## Executive Directors and Societies Meet



Dick Carroll

NASBA's 37th Annual Conference for Executive Directors and State Board Staff, March 26-28 in San Antonio, TX, once again brought together the Boards' top administrative staff with the chief executives of the State CPA Societies. Information was shared about many topics of common interest including the administration of the Uniform CPA Examination, significant legislation and recent legal cases. The announcement of the forthcoming streamlined CPE Audit Service was warmly greeted as executive directors voiced their eagerness to become users of the tool as quickly as possible.



Stephanie Peters

Total attendance for the executive directors conference was 105, including representatives from 22 State CPA Societies. The 24th NASBA State

Board Legal Counsel Conference, which ran in parallel with the ED conference, had 41 attendees. Richard C. Carroll, Esq., executive director of the Kentucky State Board of Accountancy and Chair of the Executive Directors Committee stated: "This conference is the perfect opportunity to bring Boards and Societies together to discuss issues impacting the profession." Stephanie R. Peters, president and chief executive officer of the Virginia Society of Certified Public Accountants and chair of the State Society Relations Committee, told the audience: "We are building relationships in our states so we can talk and share what we know. We want to hear your thoughts and ideas."

NASBA President and Chief Executive Officer Ken L. Bishop told the conference: "This year has been an anomaly for us, because we have seen a real change in candidate behavior. We have not met our budgeted and forecast revenue for the past year due to a decrease in the number of CPA Examination sections.... The good news is we

are now starting to see some increases in the number of applications, particularly of initial candidates." The cause of the decrease in candidates is unclear, he observed. Historically, drops have occurred when the Uniform CPA Examination changes or when the economy is doing well. Chair Janice Gray added that this drop has not reduced NASBA's mission spending in support of State Boards; in fact, mission spending has been projected to reach a record \$11.5 for this fiscal year, which is 17.3 percent over last year's \$9.4 million.

Ms. Gray and Mr. Bishop outlined "trending issues" for the meeting, which included the impact of disruptive technology on the CPA profession, challenges from groups promoting anti-regulatory legislation, practice experience requirements, promotion of the CGMA and consideration of the 150-hour requirement. Discussion of these topics continued in the following meeting sessions. ♦



President Ken Bishop and Chair Janice Gray outline trending issues.



Board and Society staff listen to presentations at NASBA's 37th Annual Conference for Executive Directors and State Board Staff.

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## Anticipating CPA Evolution



Laurie Tish

Guiding principles for moving ahead in visioning the profession of the future are under refinement by a team led by NASBA Vice Chair Laurie Tish and AICPA Vice Chair William Reeb, the executive directors heard. At the 2018 NASBA Regional Meetings, the concept of two pathways leading to the CPA was not well received; however, leadership came away with the observation that the Boards believe there is a need for change to address the profession's use of and reliance on technology (see "President's Memo" *sbr* 7/18).

The CPA Evolution Working Group (Catherine Allen – Chair, Tom Broderick, Mark Dawkins, Clay Huffman, Audrey Katcher, Rick Niswander, Todd Shapiro, Susan Somers, Nancy Juron, Michael Womble) was formed in the fall of 2018, met four times and agreed there was a need for additional expertise in relevant technology and analytics coursework for licensure, Dan Dustin, NASBA Vice President – State Board Relations, told the March conference. A report on the Working Group's conclusions is to be made at the June 2018 Regional Meetings.

"What we heard is: Look at the education requirements. Are they the right ones? Do we need to add, delete, or make them more flexible?" NASBA Executive Vice President & COO Colleen Conrad stated. As for the Uniform CPA Examination, the Working Group recommended that the number of hours should not be increased, but more technological and analytics assessments should be added. "If we don't make the Examination longer, then we need to step back



Dan Dustin and Colleen Conrad talk about the how and why of the CPA evolution and coming guidelines.

and say what may be less relevant. Maybe take a fresh look at the depth and breadth of testing on certain topics," she said. Ms. Conrad commented that it is "crucial" that State Board members be present at the Regional Meetings when the guiding principles are discussed.

Mr. Dustin noted that NASBA's Education Committee has met and decided to hold in abeyance changes they planned to recommend to the Uniform Accountancy Act's Model Rules on education until more work is completed on the Evolution project.

Another issue that is expected to be heading to the State Boards soon is the need for additional experience to sign certain accountants' reports. Mr. Dustin reported language which would call for additional experience, beyond initial licensure, for CPAs who supervise, sign or authorize someone to sign the accountant's report has been presented to the Uniform Accountancy Act Committee for their discussion. ♦

## Getting Ready for 2019 Practice Analysis

"We are gearing up with the AICPA to start the next practice analysis and we are asking for the Boards' permission to use Accountancy Licensee Database information to gather the pool of newly licensed CPAs to participate in the surveys and focus groups," Ed Barnicott, NASBA Vice President – Strategic Planning and Program Management, announced at the Executive Directors' conference. He assured the Boards that the information would not be used without their permission. The initial draft results from the practice analysis are expected to be completed by the end of 2019 and released for public comment.

The Board of Examiners has announced the practice analysis will focus on two areas:

1. The impact of the technology revolution (e.g., audit data analytics, automation, etc.) on the required knowledge and skills of newly licensed CPAs engaged in core services to protect the public interest.
2. Areas of Exam content that may no longer be required. This work will be informed by a prioritization exercise of each section's areas, groups, and topics to better focus on knowledge and skills required of a newly-licensed CPA.

The AICPA Exams Team plans to release the results of the practice analysis in a December 2019 research paper. To prevent delays in implementing Exam updates, Board of Examiners Chair Jeffrey Hoops and AICPA Vice President -Examinations Michael A. Decker have requested the State Boards and CPA Societies make plans now to meet in the first quarter of 2020 in order to provide feedback on the research paper by March 31, 2020. ♦

## Time to Sign Up for Committees

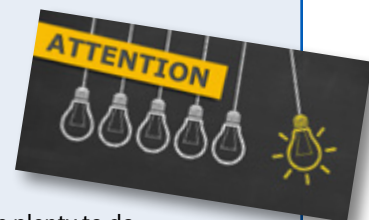
State Board members, State Board executive directors and NASBA associates the time is now to tell NASBA if you are interested in serving on a 2019-2020 NASBA Committee. Though the 2018-2019

NASBA committee members still have plenty to do before their assignments expire, planning for the 2019-2020 NASBA year by Vice Chair Laurie Tish is due to begin soon. The committee interest form can be accessed through the member portal (<https://nasba.secure.force.com/>) and questions should be addressed to Noël Winter ([nwinter@nasba.org](mailto:nwinter@nasba.org)).

Current committee members should submit their committee interest forms to let NASBA know if they want to continue to serve on their present committee or would be interested in working with another one. Those with a long-standing history on a particular committee are being asked to consider applying for new committees.

A list of the committees and their anticipated time commitments can be found via the member portal. Most of the committees' work is accomplished via e-mail and calls, but some face-to-face meetings may be required.

"NASBA's committees are the bodies that keep NASBA a vital organization," Ms. Tish commented. "They uphold the association's structure, take ideas and convert them into practical strategies, and create the vision for NASBA's future." ♦



# PRESIDENT'S MEMO

## Elusive Word

Last month in my *President's Memo*, entitled "Substantial vs. Radical," I discussed the challenge of finding the appropriate words to describe the degree of change needed to prepare the CPA profession for the future. I was surprised and delighted by the number of responses I received and, more importantly, by the comments and suggestions for the "elusive word" included in those messages. Before I highlight them, I want to give credit to our *State Board Report* team for the recent decision to send the SBR to member Boards and stakeholders electronically as well as in print. I have been amazed by the increased amount of feedback we have received.

Among the first responses I received was from a current NASBA Board member. He entitled his email "Elusive Word," which I instantly decided would be the title of this month's Memo. In the email was a suggestion that might help us identify the appropriate word(s): "Tomorrow's CPA's clients will demand expansion of services from their CPA. The CPA will have to learn and understand this expansion of services. The CPA exam will have to include testing of these expanded services. The Board will have to regulate these new expanded services." He makes an important point: We have been discussing how technology will ultimately automate existing services (which may be true in some cases), but technology and new client needs will certainly expand the services CPAs and CPA firms provide.

Another interesting response I received was from a former NASBA Board member, who is a retired accounting professor and one of NASBA's super volunteers. The conclusion of his email struck a chord: "It is not important to define the degree of change we are facing. Rather the accounting profession will benefit from defining a clear professional goal for every professional accountant: Be intellectually and technologically agile." The International Accounting Education Standards Board (IAESB) defines "intellectual agility" as: "The ability of a professional accountant to: consider new, or reconsider existing, data and information; re-evaluate conclusions in response to new or existing facts; identify new or alternative ways of working; and adapt quickly to changing circumstances." This goes beyond wordsmithing to describe the changes under consideration and focuses on the behavioral change individual accountants and the entire profession will need to embrace.

The final response I will share came from a State Board of Accountancy member who wrote: "My one word would be 'transformative.' The definition of 'transformative' is 'causing or able to cause an important and lasting change in someone or something.'" Actually, the word "transformative" has been used in our internal discussions regarding the evolution of the profession, but this respondent referenced an article in the March 1, 2019 edition of *Accounting Today* written by the visionary author and lecturer Gary Boomer. Mr. Boomer began his article with: "Change is difficult, especially for those whose income continues to increase. Is this trend sustainable without investing more in talent and technology? Most will agree an increased investment in talent and technology are needed to sustain success and be future-ready. However, sometimes change is not enough and transformation is required."

We have been primarily discussing the difficulty in getting our stakeholders to buy in to the changes necessary to ensure that the profession is prepared for the technological advancements quickly overtaking it. Mr. Boomer's point is well taken: We also need to understand that practitioners will have to adopt the willingness to transform.

There is not enough space to share all of the many suggestions and contributions I have received, but I sincerely thank those of you who took the time to opine. I am always amazed by the breadth and depth of the knowledge, skill and thoughtfulness of NASBA volunteers and stakeholders, and their willingness to help me find those elusive words. The work toward CPA Evolution continues. Your input can provide new and important guidance for our work.

Before concluding, recognizing other contributed knowledge and skills, I want to acknowledge the very successful Conference for Executive Directors and State Board Staff held in San Antonio, March 26-28. Executive directors and their staff do so much of the heavy lifting in the day-to-day work of regulating the accounting profession. Their input is invaluable to NASBA and we thank them for all they do!

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



Ken L. Bishop  
President & CEO

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

— Ken L. Bishop  
President & CEO



## Investment in Testing Centers Continues

Prometric, the testing center provider for the Uniform CPA Examination, is continually investing in technology and software, Kimberly Farace, Prometric Director of Global Account Management, assured the executive directors at their conference. The company invested over \$23 million last year and now has a running distributed data center. This year they are upgrading their Microsoft operating systems to Windows Server 2019 and Windows 10, with the platform pilot refresh scheduled to begin in July 2019 and the complete refresh scheduled for all test centers by April 2020. Ms. Farace added that hardware will be updated as needed during the software upgrade process.

The second half of 2019 will also see a change in Prometric's user interface that will allow the candidates to use their cell phones optimally, Ms. Farace announced. The new interface will enable candidates to search over a range of dates and across a group of geographically adjacent test centers to schedule a seat by date and geographical location.

Global security consultants have been engaged by Prometric and new security devices are continually being pilot tested, Ms. Farace reported. Standard test center procedures already include checking for spyware in eyeglasses, collection of jewelry that could contain small cameras, use of metal detector wands, fingerprinting, emptying of pockets and diligent proctoring.

Candidate complaints are being addressed. For example,

complaints about dry pens have resulted in Prometric staff now including in their standard procedure checking if the pens are still inked. Ms. Farace said beginning in April Prometric is pilot testing note board packets, to address candidates' complaints that they need more space for writing down their work.

Several of the executive directors raised questions about when a testing center might be closed. Ms. Farace explained that if a university closes down because of weather conditions, and the testing center is in the university, then it will close down as well. If there is a change in demand for seats at a testing center, then centers will be closed or opened to meet that demand. If a center has not addressed failures identified by "secret shopper" inspections, then the staff's entire staff may be changed so as not to risk the center's security, she stated.

The CPA Examination Review Board, chaired by Barbara A. Ley (OK) with Sheena Murphy serving as staff liaison, conduct "secret shopper" inspections as part of their work program on behalf of the State Boards. ♦



Kim Farace tells about investments in technology and software at Prometric.

## 9 States Use CPT Course



Alfonzo Alexander

The Kansas Board of Accountancy has become the first Board to work with the NASBA Center for the Public Trust to add to the CPT's three-module Ethical Leadership Training Resource Program a fourth module, covering its state's law and rules. It has been three years since the Missouri State Board of Accountancy began talking about using the NASBA Center for the Public Trust's Ethical Leadership Training Resource Program as part of their licensee

discipline program, now nine states are doing the same, CPT President Alfonzo Alexander told the executive directors' conference. The three-module program provides a way to help Accountancy Boards "change the behaviors of individuals," Mr. Alexander observed.

"This is not a continuing professional education course: The nine Boards are not giving credit for it," Mr. Alexander underscored. The states assign the individuals to complete the course. The CPA

then registers for the course and the Board gets a report from NASBA on which individuals are taking the program. The interactive program includes a quiz every 15 minutes that the individual must pass to complete the program and their score is calculated. Upon completion, the individual will receive a certificate to submit to his or her Board.

There is no charge to the State Board for this program. NASBA absorbs the development cost, including for a state-specific module. The three-module program costs the CPA \$250 and the four-module is \$400. These fees go to the CPT to support its student programs as well as its accounting ethics training resources.

In addition, the CPT is working with the South Carolina Board of Accountancy to develop the contents for an ethics program for its licensees that will meet the state's specific needs. Mr. Alexander said the content follows an outline that was developed by the South Carolina Board and will be made available to vendors when it is completed. ♦

## Removing Good Moral Character



John Johnson

Among the legislative trends being followed by NASBA Director of Legislative and Governmental Affairs John W. Johnson is a push to remove "good moral character" as a requirement for licensure. Mr. Johnson reported to the executive directors that this is one of the initiatives of the Institute for Justice, which characterizes this requirement as a barrier to entry into the profession. Not all countries view such

requirements as optional: Recent mutual recognition agreements with the two professional associations in Australia and New Zealand specifically require: "A US CPA must file a fit and proper statement, containing details of any previous disqualifications, disciplinary

action taken, litigation matter, criminal conviction or resignation or removal as an auditor."

Recent legislative changes pointed out by Mr. Johnson in his presentation at the March conference were: Now 27 jurisdictions have adopted firm mobility, and it is possible the number will reach 30 by the end of the year. Hawaii has introduced legislation to provide for individual mobility. Utah has lowered its requirement to sit for the Uniform CPA Examination to 120 credits. Connecticut is considering reducing its initial license fee 75 percent. California became the eighth state to prohibit denying a professional license for failure to meet student loan obligations. Check out NASBA's *Legislative E News* ([www.nasba.org](http://www.nasba.org)) for the latest developments. ♦

# A Look at the 37th Annual Executive Directors and State Board Staff Conference



Executive Directors listen to discussion of peer review oversight and the program's improvements.



Grace Berger (MT) introduces CPA Exam panel.



Time for networking, soda and photos.



Retiring executive Tom DeGroodt (MO) and Pamela Ivey (WY).



Cyber security update from special agent.



Listening to current reports and asking questions.



Central Region's representatives meet.



Susan Somers (KS), Wendy Garvin (TN) and Tom DeGroodt (MO) lead panel.



Randy Ross (OK) hands gavel to new committee chair Dick Carroll (KY).



John Johnson, Kimberly Scott (WA) and Charles Satterlund (WA).



# State Board Report

National Association of State Boards of Accountancy  
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## Building Support for CPAs

"Too many people do not know what we do," Arkansas State Board of Public Accountancy Executive Director James Corley, CPA, told the executive directors' meeting. "It is not enough for people to know the importance of CPAs to the capital markets. People don't know what an audit is or what is done for banks." Mr. Corley observed that more needs to be done to make the work of the CPA easily understood by average people. "How could you make an investment decision without a financial report? They want to know their retirement balance is safe and that their investments are being looked at. I want legislators to hear every instance in our code where 'CPA' is mentioned or an audit required. CPA firms are getting it right: They are producing reports that the public can rely on."

"Right to Work" legislation has appeared in Arkansas and NASBA Director of Legislative and Governmental Affairs John Johnson has assisted Mr. Corley and the Board in educating legislators. The CPA Society also hired a lobbyist to assist in that effort. The Society became involved in a coalition with the Chamber of Commerce, and when the legislators saw those groups working together "that pretty much killed the bill in 2017," Mr. Corley said.

Mr. Corley is a member of the Accountancy Stakeholders Work Group (ASWG) that also includes Nevada State Board of Accountancy Executive Director Viki Windfeldt, Virginia Society of CPAs Vice President of Advocacy Emily Walker, EY Director of State Legislative and Regulatory Affairs Tammy Valazquez, AICPA Vice President Regulatory and Legislative Affairs Skip Braziel, Society of Louisiana CPAs Executive Director & CEO Ron Glitz and Mr. Johnson. NASBA Vice President Strategic Planning & Program Management

Ed Barnicott explained that the members of the ASWG have taken on different assignments: NASBA and the State Boards are to take the lead in messaging; the AICPA is to focus on advocacy; and coalition building is to be led by the State CPA Societies.

"We needed a work group to develop strategies and resources to help Boards deal with the anti-regulatory environment we are working against now," Mr. Barnicott stated.

Mr. Braziel said the anti-regulatory movement began in 2015 and over time more and more bills have been introduced supporting this agenda. "They have very good story tellers, people trying to climb the economic ladder, and they use words like 'justice,' 'equality' and 'liberty' as themes. They want to keep the story going that government is bad," Mr. Braziel observed. "It is time to take a step forward and we need a broad messaging campaign of our own... Get our story in mass media outlets. We can't be afraid to talk about the good of licensing and the value propositions created."

In Louisiana, a coalition of the CPAs and the realtors was formed to oppose the "Right to Earn a Living Act," and that grew to a coalition including 47 member groups, Mr. Glitz reported. Their work continues as the new session begins in April. ♦



Jimmy Corley (left) and Skip Braziel talk about the need to grow support.