

Nominating Committee Announces Slate

On June 20 the NASBA Nominating Committee met in Newport Beach, CA, and selected the following individuals as their nominees for Directors-at-Large and Regional Directors, as reported by Nominating Committee Chair Wesley P. Johnson:

Directors-at-Large (three-year terms)

- Rick Isserman (Associate – NY)
- Theodore Long, Jr. (Associate – OH)
- Kathleen Smith (Associate – NE)

Regional Directors (one-year terms)

- Middle Atlantic – Donald H. Burkett (Delegate – SC)
- Great Lakes – Claireen Herting (Delegate – IL)
- Southwest – Carlos E. Johnson (Delegate – OK)
- Southeast – Kenneth R. Odom (Delegate – AL)
- Mountain – Harry O. Parsons (Delegate – NV)
- Central – E. Kent Smoll (Delegate – KS)
- Pacific – Laurie J. Tish (Delegate – WA)
- Northeast – Michael Weinshel (Delegate – CT)

As announced in March, the Committee selected Billy M. Atkinson (Associate – TX) as their Vice Chair nominee, who would accede to the office of NASBA Chair 2009-2010 should he be elected at the Annual Business Meeting, on October 28, 2008.

Nominations may also be made by any five member boards if filed with NASBA Chair Samuel K. Cotterell at least 10 days prior to the Annual Business Meeting. No nominations from the floor will be recognized. A majority vote of the designated voting representatives of the member boards attending the Annual Meeting shall constitute an election provided a quorum is present.

Under the provisions of NASBA's Bylaws, at the 2008 Annual Meeting, Thomas J. Sadler (Associate – WA) will accede to the office of NASBA Chair and Samuel K. Cotterell (Delegate – ID) will accede to the office of Past Chair.

The following officers will continue to serve for the balance of their unexpired terms: Directors-at-Large (third year of a three-year term) – Walter C. Davenport (Associate – NC), Mark P. Harris (Delegate – LA) and Robert A. Pearson (Associate – MO); Directors-at-Large (second year of a three-year term) – Gaylen R. Hansen (Delegate – CO) and Leonard R. Sanchez (Delegate – NM).

Should Mr. Atkinson be elected NASBA Vice Chair at the Annual Business Meeting, in accordance with Article IV Section 6 of the Bylaws, the Board of Directors will appoint a Director-at-

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Regionals See International Future

NASBA's 2008 Eastern Regional Meeting, June 11-13 in Asheville, NC, drew representatives from 34 jurisdictions and a total attendance of 213, only to be followed a week later, June 18-20, by NASBA's 2008 Western Regional in Newport Beach, CA, which had representatives from 31 jurisdictions and a total attendance of 257. Arthur M. Winstead, Jr., president of the North Carolina State Board of CPA Examiners welcomed the Eastern's participants and Donald A. Driftmier, president of the California Board of Accountancy welcomed the Western's participants. Mr. Driftmier focused his remarks on the impact of International Financial Reporting Standards (IFRS) on the many small businesses that drive the US economy and that serve as the client base of the majority of his state's CPAs.

"We have to convince our clients that their financial statements are not going to make it in a global market," Mr. Driftmier stated. "Our economy is driven by small business," he said, and they too will have to make the change to IFRS. It will be on the Uniform CPA Examination and those who prepare candidates to take the examination will teach them IFRS because "they want their candidates to be successful."

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Regionals See International Future

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The inevitability of greater international involvement for the state boards was referenced in different ways by many speakers, for example: Chair Samuel Cotterell talked about a state-based regime to administer the Uniform CPA Examination internationally; President Costello spoke of acquiring a seat for NASBA among the international standard setters and of the International Regulators Conference scheduled for October; Board of Examiners Chair Colleen Conrad reported the AICPA is putting together groups to write questions on IFRS for the Uniform CPA Examination; and NASBA Past Chair Michael Weatherwax told the boards that they may have already indirectly acknowledged the International Accounting Standards Board (IASB): “The AICPA has now revised its Code of Professional Conduct to include the IASB as a designated standard setting body for purposes of establishing international accounting and reporting principles. The AICPA Code of Professional Conduct has been adopted in whole or in part in the rules of a significant number of boards of accountancy. Thus, IASB as a standard setter may have found its way into a number of states’ rules without NASBA and the boards of accountancy independently performing an assessment of the IASB as a standard setter.”

Mr. Weatherwax maintained that the state boards should have a significant say in the adoption of IFRS particularly for non-public companies: “Neither FASB nor the AICPA should be allowed to make such a fundamental decision without guidance and input from NASBA and the boards of accountancy.” He also pointed out that boards need to be involved in reconciling ethics standards being promulgated by various bodies.

Gaylen Hansen, chair of the NASBA Strategic Initiatives Committee, summarized for the Regional Meetings the preliminary recommendations being made by the US Treasury Department’s Advisory Committee on the Auditing Profession (ACAP). Although ACAP is focused on dealing with the audits of public companies, Mr. Hansen stated, “We all know there will be a trickle down effect” to other companies. He reported that thanks to President David Costello’s testimony to the Committee, which underscored to the Uniform Accountancy Act’s Section 23



President David Costello and Chair Sam Cotterell summarized NASBA’s activities for the attendees at the 2008 Regional Meetings.



Michael Weatherwax discussed the IFRS trend at the Regional Meetings.



Gaylen Hansen presented ACAP recommendations at the Regional Meetings.

mobility provisions that are being adopted by the states, the discussion of a national license was taken off the table. The ACAP’s preliminary recommendations also call for state boards to become operationally and financially independent. Mr. Hansen said incoming NASBA Chair Thomas Sadler will form a committee to assist the boards in reaching that goal. ACAP’s final report is expected to be released about September 26, Mr. Hansen stated. ♦

Nominating Committee Announces Slate

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Large to fill the remaining two years of his three-year term.

At the 2008 Regional Meetings, half of the Nominating Committee’s members and alternate members were selected by four Regions, in accordance with Article VII Section 3 of the Bylaws.

The newly elected members to the 2008-2010 Nominating Committee are:

Pacific – Edwin G. Jolicoeur (WA) (member), Michael T. Daggett (AZ) (alternate)

Central – Marianne Mickelson (IA) (member)

Middle Atlantic – Leonard W. Jones (NC) (member)

Southeast – David P. Kassouf (AL) (member), Grace Williams (GA) (alternate)

Continuing to serve on the Nominating Committee 2007-2009 are: Northeast – Robert A. Cagnassola (NJ) (member); Great Lakes – Ray G. Stephens (OH) (member) and Myra A. Swick (IL) (alternate); Mountain – Charles W. Clark (ID) (member) and Kathy Zeller (NV) (alternate); and Southwest - Dorothy M. Fowler (TX) (member). ♦

Improving Communication with Feds

NASBA's Governmental Agency Referral Task Force has been meeting with federal agencies' staff members to identify how state boards can be more effective when referrals of substandard work are made to the boards, and to communicate to the agencies the difficulties that state boards encounter in processing the referrals. Task Force members Dwight Hadley, speaking at the Eastern Regional, and Laurie Tish, speaking at the Western Regional, joined NASBA Director of Governmental, International and Professional Relations Linda Biek, in reporting what they heard from the Internal Revenue Service, Office of Management and Budget, Governmental Accountability Office, President's Council on Integrity and Efficiency, Federal Audit Executive Council, Department of Labor, Health and Human Services, and Housing



Linda Biek at the Regional Meetings outlined the Task Force's plans.

and Urban Development.

The Task Force learned that referrals were frequently made to the American Institute of CPAs, not the state boards. Mr. Hadley said that when the Task Force pointed out to the government officials that referrals to the AICPA could, at most, result in the revocation of an individual's AICPA membership, the officials responded the AICPA referrals produced an answer. "If we are going to stand up to the federal

agencies, then we have to say the state boards are receiving the referrals and performing the due process to follow through with them," he stated.

"The agencies are not happy with us, but they are eager to work with us," Ms. Tish observed. "We hear you [state boards] and we think there is a lot going on here, but a lot could be improved with communication."

To deal with the agencies' and state boards' concerns, the Task Force sent two communications to state boards with drafts of a proposed process. The Task Force considered the comments received from numerous boards and is inaugurating a referral process that will call for quarterly communication between each state board and NASBA, and between NASBA and the federal agencies. Ms. Biek explained that to avoid confidentiality issues, an inventory process is going to be used that will ask the boards to report the number of cases in process at the beginning of the quarter, the number received during the quarter, the number closed with final disposition letters sent to the referring agencies during the quarter, and the number in process at the end of the quarter. In addition, state boards are requested to inform a designated

NASBA contact person if they are: (a) encountering any difficulties in obtaining the information needed to process a referral; (b) having any concerns that need to be communicated to a government agency; or (c) requesting that NASBA discuss the matter with the agency. The NASBA contact person will communicate with each agency quarterly to determine if referrals have been made to the states and if the states have followed through on them. Quarterly a summary of the numerical information received from all state boards will be provided to the government agencies.

To address some of the comments the Task Force received about investigative delays, "We want to put an enforcement assistance program in place," Ms. Biek added. "Maybe this involves assisting in securing adequate state appropriations for hiring an investigator, or training personnel responsible for managing compliance, or providing personnel for technical assistance. This project is in its infancy, so we need your feedback," she told the Regional Meetings and encouraged the board members and executive directors to speak with her and the other Task Force members. ♦

Regional Breakouts Boost ALD

The promise and problems of NASBA's Accountancy Licensee Database (ALD) were discussed at the Regional Breakout Sessions, led by Regional Directors Donald H. Burkett, Sally Flowers, Clairen Herting, Carlos E. Johnson, Harry O. Parsons, Michael W. Skinner, E. Kent Smoll, and Michael Weinschel. All the states in the Southwest Region are participating in ALD, but other Regions are still gathering information on how they can mesh their information systems with NASBA's. NASBA Vice President Ken Bishop told the boards that, "The nexus with ALD and mobility is critical," as he announced that 28 states have passed mobility legislation. He said, "You have to make your IT Infrastructure work with NASBA's. We need to make that electronic handshake – and we will make it the best system out there." Nebraska Executive Director Dan Sweetwood leading NASBA's ALD Task Force is "moving the ball" on this project, Mr. Bishop stated.

Other issues mentioned during the Regions' breakout sessions included:

- ❑ State boards under umbrella organizations are having trouble selecting their own investigators.
- ❑ Most of the boards in the Northeast now permit Uniform CPA Examination candidates to take the examination having completed 120 semester hours of education, with licensure after 150 hours are completed.
- ❑ PCAOB firm inspection reports are not being viewed as a substitute for peer reviews.
- ❑ Governors' offices are taking accountancy boards' reserves.
- ❑ NASBA's May 19, 2008 Conference on the State of the Examination was praised by the boards.
- ❑ Many boards are eager for all to adopt Section 23. ♦

120/150 Panel Raises Questions

Panelists at the 2008 Eastern and the Western Regional Meetings debated the merits of requiring 120 semester credit hours to take the Uniform CPA Examination, or requiring 150 hours to take it. The panels, moderated by NASBA Chief Relations Officer Alfonso Alexander, did not question the value of the 150-hour education requirement for licensure, rather when the examination could be taken. As of June 2008, there were 19 state boards that allowed candidates to sit for the examination at 120 hours while requiring 150 hours for licensure.

At the Eastern Regional, the panelists were Rick Elam (MS), Rick Isserman (NY), Leslie Mostow (MD) and Patricia Smith (MA). Dr. Elam stated, “I believe that 120 hours to sit is a major retreat for the profession....Once you see people passing with 120, it is a short step going back to the 120.” Mr. Isserman quipped that the panel included “Rick Right” and “Rick Wrong” and left it to the audience to determine which Rick was which. He argued that the education, examination and experience requirements should all be considered as separate requirements for licensure. He asked, “If the point of the 150 education requirement was to allow for a broader education, then why not allow someone to take the test when they complete the technical portion of their education at 120 hours?” Mr. Mostow identified himself as “a regulator,



Leonard Sanchez and Kathy Smith at the Western 120/150 Panel.

CT Board Presents Ethics CPE

Connecticut CPAs were given the opportunity to attend a free ethics symposium presented by the Connecticut State Board of Accountancy on June 27, 2008 in Southington, CT. The program was funded through a settlement agreement the Connecticut Board negotiated with a licensed firm. All of the state’s licensees were invited to attend the meeting, which included a luncheon, at no charge. The funding firm’s CPAs were required to be in attendance.

The program was administered by the NASBA Center for the Public Trust to meet the Connecticut Board’s specifications. Speakers included: Raymond Clay, Gary Brown and Larry Bridgesmith. The symposium reviewed actual ethics cases and provided guidance on how to resolve ethical conflicts and dilemmas. Participation in the course completely satisfied the state’s ethics continuing professional education requirement. ♦



120/150 Panel at Eastern Regional Meeting including Ricks “Right” and “Wrong”.

educator and employer.” He reported, “My shining stars as an employer are usually those individuals who completed a 150-hour program.” Ms. Smith said the Massachusetts Board moved to permit 120 hours to take the examination as of January 1, 2006. The 150 hours must be completed within three years of passing the examination for licensure. Ms. Smith also noted that Massachusetts has established a “non-reporting license” category, which permits individuals who do not have 1,000 hours of audit experience to call themselves CPAs but not to perform audits.

At the Western Regional, the panelists were Michael Daggett (AZ), Carlos Johnson (OK), Leonard Sanchez (NM) and Kathleen Smith (NE). Just as Dr. Elam raised the issue of a short step back to 120, Ms. Smith said, “If the candidates pass at 120, they will be hired and the substance of the additional 30 will be just what they need to make it to 150. Once they are full-time employees, the last thing they will want to do is to enlighten themselves on becoming better CPAs.” Mr. Daggett argued that, “If the individual is allowed to pick when the 30 hours are taken, he can fit those hours into the practice direction in which he wants to move.” Dr. Johnson asked the boards who were accepting 120 in order to increase their candidate numbers, “How can you say it is in the public interest if you justify moving to 120 because ‘it is a revenue interest to us’ and allow that to define what you require?” With New Mexico recently embracing the 120 examination requirement, Mr. Sanchez said, “Our state has a lot of minority, low-income people....They are more likely to take the examination while they are getting their education.”

NASBA’s June 2008 preliminary paper on “Education and Licensure Requirements for Certified Public Accountants: A Discussion Regarding Degreed Candidates Sitting for the Uniform CPA Examination with a Minimum of 120 Credit Hours and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours,” can be found on the NASBA Web site www.nasba.org. In the paper’s foreword, NASBA President David A. Costello writes: “For many reasons, NASBA has supported the 150-hour requirement for licensure. Our support of that requirement is not in question. However, we must seek to know, based on available evidentiary documentation, if testing for the CPA exam at less than 150 hours harms the public, or, more positively, is beneficial to the public.” ♦

New Ideas Raised at Breakouts

The Regional Meetings' breakout sessions gave participants an opportunity to offer their feedback on some of the proposals NASBA committees are considering. Meeting participants provided the committees with suggestions on how to move forward with some proposals – or how to redirect their efforts to other projects.

Sally Flowers, chair of the NASBA Communications Committee, described the role of the “communications officer” that each board should appoint. To let the public know the state board is working for them, the Committee offered several suggestions: select strategic sites for holding board of accountancy meetings; hold a public board meeting at a local college; place public service ads on local cable stations; send welcome letters to legislators; use interns; expand the board's Web site; and engage a public relations firm to enhance outreach initiatives. Ms. Flowers said a communications Web page is being developed to link to the NASBA Web site. Breakout participants were asked to share some of the activities their boards have used to reach the public.

A joint session, presented by the NASBA Ethics Committee and Continuing Professional Education Committee, looked at the UAA Model Rules covering mandatory ethics education and continuing professional education, as well as ethics education recommendations from other sources. This session at the Eastern Regional was moderated by Michael Weinschel, Ted Long and NASBA Compliance Services Director Yordanos Dumez, and at the Western Regional by Harry Parsons, Richard Zacharia and Ms. Dumez. A wide array of ethics requirements have been set by the state boards. Session participants recommended: Guidelines for the content of ethics CPE should be developed. NASBA should develop board approved courses for ethics CPE. Have NASBA review CPE ethics courses for the boards. Have NASBA develop effective ethics CPE webinars. Post ethical standards on all states boards' Web sites. Recognize differences with international ethics standards. Urge states to implement common ethics CPE/education requirements to support mobility. Ms. Dumez said she would take the suggestions back to the NASBA staff.

Should there be designated continuing professional education courses for non-US professionals in lieu of the International



Yordanos Dumez, Ted Long and Michael Weinschel at the Eastern Regional Meeting's Ethics Breakout Session.

Qualifications Examination? Is language competency an inappropriate barrier to professional reciprocity? At the breakout sessions on non-US professionals and non-US standards, International Qualifications Appraisal Board members William Treacy and Charles Calhoun presented these questions along with other controversial ideas that the International Qualifications Appraisal Board is weighing. Participants also heard from International Regulators Committee representatives Michael D. Weatherwax, Robert L. Gray and Linda Biek on the movement to International Financial Reporting Standards and what that could mean to state boards as more companies apply them.

Noel Allen, NASBA legal counsel, discussed with the boards several cases reported in the past year. One, which was subsequently decided by the Supreme Court of Missouri on June 24, was *State Board of Accountancy v. Integrated Financial Solutions, L.L.C.*, No. SC89037 (Mo. June 24, 2008), rev'g, No. WD68035, 2007 Mo. Ct. App. LEXIS 1477 (Mo. Ct. App. Oct. 30, 2007). He explained, “An accounting firm applied to the Missouri State Board of Accountancy for a firm permit. The Board denied the application on the grounds that a CPA who held a 49 percent ownership interest in the firm had entered a guilty plea to one count of felony wire fraud in federal court several years earlier. However, the Missouri Administrative Hearings Commission granted the firm a permit to practice as a newly incorporated firm, and the Circuit Court affirmed.” In late June, the Missouri Supreme Court found the Board had the discretion to deny. Several of the Regional Meetings' participants discussed how their boards would have responded in similar situations. ♦

Oversight Conference Planned

The first conference bringing together state accountancy boards' Peer Review Oversight Committee members is scheduled for September 22, 2008 in Nashville. Compliance Assurance Committee Chair Mark Harris told the Regional Meetings that the conference will focus on the important role of these committees and how they can coordinate their peer review program oversight models. The meeting will provide a forum to discuss current and future Peer Review Standards and administration, he explained.

Components of the AICPA's Peer Review Oversight Model will be evaluated and its Facilitated State Board Access program (once termed the AICPA's “opt-out initiative”) will be reviewed, as well as other topics related to transparency and confidentiality of materials. Questions to be addressed include: Should regulators establish the recommended remedial steps to impose on firms? Should Oversight Committee members offer comments on remedial steps upon reviewed firms?

State Boards should contact laxisa@nasba.org for conference details. ♦

PCAOB Considers Reliance on Non-US Inspections

The elements that would be necessary for the Public Company Accounting Oversight Board to place full reliance on non-US firm inspections were the focus of a roundtable discussion held by the PCAOB with representatives of investors, registered accounting firms and foreign regulators on June 19. While non-US regulators pointed out the need for mutual sharing of information, US investor groups voiced doubts about firm reviews that would not include PCAOB inspectors.

Consistent with Rule 4012 of the Sarbanes-Oxley Act (SOX), since 2005 the PCAOB has conducted joint inspections with auditor regulators in five countries and PCAOB-only inspections in about 15 jurisdictions that do not currently have an auditor regulator conducting regular inspections. Rule 4012 allows the PCAOB to place varying degrees of reliance on non-US oversight entities depending on the independence and rigor of their oversight system.

Junichi Maruyama, deputy commissioner for international affairs of the Japan Financial Services Agency, pointed out that the PCAOB is considering “full reliance” but not “mutual reliance.” Japanese regulators have been told that because of the confidentiality provisions in SOX, the PCAOB cannot share audit reports with the Japanese. PCAOB officials have told the Japanese regulators to ask the firms for the reports, and the firms are then reluctant to submit those reports. Mr. Maruyama voiced support for the concept of the home country conducting the firm inspection, but called for two-way information exchange between the PCAOB and non-US regulators.

Steven Maijoor, director of the Netherlands Authority for Financial Markets, agreed that international regulators were barred from exchanging information with the PCAOB because of the SOX confidentiality provisions. He said he would like to be able to

have regulators get on the phone to discuss information. “We should use our creativity to share information,” he advised.

Barbara Roper, director of investor protection for the Consumer Federation of America, noted that the confidentiality provisions in SOX had not been put there by investor advocates. She said the investor groups “support doing joint inspections,” which would keep the PCAOB inspectors as part of the process. Ms. Roper observed that the PCAOB had completed 50-60 joint inspections and on the basis of those seemed to be ready to abandon the system. “Other bodies will not develop expertise in US laws,” she stated.

Lynn Turner, former SEC chief accountant, observed that what is critical for investors is that they receive inspection reports in a timely manner.

Backing the move to full reliance on non-US inspections was Paul George, director of the United Kingdom’s Public Oversight Board. He reported his organization had done five joint inspections with the PCAOB and had reached no differing conclusions.

Also in favor of reliance was Wienand Schruoff, chair of the Global Regulatory Group of KPMG International. “We recommend global regulatory convergence – and we would welcome the PCAOB’s taking this initiative forward,” he stated. This would raise the quality of oversight globally, he maintained, to create an “effective, independent, vigorous oversight system.”

However, Damon Silvers, associate general counsel of the AFL-CIO pointed out, “The fundamental principle here is the issue of independence of the overseer.” He underscored the SOX provisions that separate the PCAOB’s members from the accounting profession and the method of funding for the PCAOB.

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Costello Speaks in Bermuda and Calhoun in Nepal

Members of the Institute of Chartered Accountants of Bermuda (ICAB) were told by NASBA President David A. Costello that implementing International Financial Reporting Standards will be challenging for the United States as well as other countries. “It is one thing to apply IFRS to publicly-held companies – and another to apply them to significant privately-held organizations,” he stated at a meeting in Hamilton on June 25, 2008. Chartered Accountants in Bermuda are covered under the mutual recognition agreement developed by the NASBA/AICPA International Qualifications Board with the Canadian Institute of Chartered Accountants. “We consider CAs in Bermuda and certified public accountants in the US on a par with each other, and I really believe that, in a few short years, these credentials will be recognized all over the world,” he told the ICAB.

Charles H. Calhoun represented NASBA at a joint conference of the Confederation of Asian and Pacific Accountants (CAPA) and the Institute of Chartered Accountants of Nepal in Kathmandu, Nepal, in May. The conference was entitled,

“Integrating the Nepalese Profession with the Outside World.” Dr. Calhoun spoke to over 200 professionals on “International Accounting Education Standards in Support of IFRS.” Prior to the conference he addressed a joint meeting of the Boards of CAPA and the South Asian Federation of Accountants (SAFA) regarding the operations of the International Federation of Accountants’ (IFAC) International Accounting Education Standards Board and the licensing process in the United States, including the state boards’ role in that process.

Dr. Calhoun reported, “Many of the accounting professionals from the several Southeast Asian IFAC member bodies were very interested in US licensing and NASBA’s role in the US’s International Qualifications Appraisal Board (IQAB). I was pulled aside by representatives of the Institute of Chartered Accountants of India, a body with whom IQAB had preliminary discussions. Since returning to the US, I have also been contacted by representatives from Bangladesh. NASBA is becoming known to professional accounting bodies worldwide.” ♦

President's Memo

120 vs. 150 / Head vs. Heart

"I'm the greatest batter in the world," said the proud boy as he tossed the ball into the air and swung his bat. He missed.

Undaunted, he threw the ball up again and said, "I'm the greatest batter ever!" Then he missed again. He carefully looked at his ball and then his bat.

Once more he tossed the ball up into the air and cried, "I'm the greatest batter who ever lived!" He swung hard -- and missed yet again.

"Wow!" he exclaimed happily. "And I'm an even better pitcher!"



Costello

You, who are members of accountancy boards, have a tough and challenging role. You seek to make decisions objectively, fairly, independently and in the best interest of the public. These decisions are normally difficult, require keen judgment and are not "slam-dunk" matters.

One current issue which we've been following, and to which we devoted significant time at our recently completed Regional Meetings, is the 120 semester hours of education to sit for the CPA examination and 150 semester hours to license. The Uniform Accountancy Act (UAA) sets forth the requirement of 150 semester hours of education to sit for the examination. The 150-hour license requirement exists in 48 of our jurisdictions, but an increasing number of states (28) permit candidates to sit for the CPA examination with less than 150 semester hours of education while still requiring 150 hours for licensure as a CPA. This approach (120 to sit, 150 to license) has no impact on substantial equivalency or mobility provisions under the UAA.

What is the correct answer to the 120/150 debate?

I faintly recall from my days in English class the various periods of literature dating from the 1500s: the Renaissance, the Romantic, the Baroque, the Enlightenment, the Neoclassical, the Victorian, the Modern and the Post-Modern. What I vividly took away from my perusal through the periods was the realization that there seems to have been a constant struggle between the factual (head) and the emotional (heart) in literature, art and perhaps the culture of the periods. The provable vs. the aspirational. I think it's the same type of struggle that even present-day accountancy regulators face in decision making.

The approach to resolving the 120 versus the 150 semester hours to sit for the CPA examination is the same approach that accountancy regulators are required to use in all their decisions: objectivity, fairness, independence and solid evidentiary documentation. Some have supported 150 to sit based on their desire to attract to the profession the "best and brightest." While we all understand that noble goal, we as regulators realize that the language in state law points to "minimal competence" to sit for the exam and emphasizes "entry level requirements." Others supporting 150 to sit believe that states permitting less than 150 to sit are on a slippery slope which may lead to repeal of the 150 hours to license, a requirement now found in 48 states. Again, while this is a reasonable point to consider, it must be assessed and evaluated against objective criteria relating to harm or benefit to the public interest.

At our recent Regional Meetings we heard other pros and cons on the 120 to sit/150 to license issue. The caution we must continue to exercise is the same pause that we take each time a decision is called for that affects the public interest: Am I being objective, fair, independent and am I basing my decision on solid evidence? No matter how strongly we may feel (the heart) about any matter, our feelings should be supported by the evidence available.

We have posted on the NASBA Website our work in progress on the 120/150 issue, *Education and Licensure Requirements for Certified Public Accountants: A Discussion Regarding Degreed Candidates Sitting for the Uniform CPA Examination with a Minimum of 120 Credit Hours (120-Hour Candidate) and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours (150-Hour Candidate)*. We have sought to present this paper devoid of the "heart" factors and to give you the facts and provable information that we could obtain. We invite your comments. I would only urge that you sift your comments through the "head/heart" filter so that they, and our commentary, will stand the tests of being objective, fair, independent and documented -- and thereby serve the public interest.

When a batter misses a ball, it's not always because of the pitching.

Ad astra,

Per aspera



— David A. Costello, CPA

President and CEO

FASB Holds IFRS Forum

In concluding the June 16 Financial Accounting Standards Board's "Forum on High-Quality Global Accounting Standards: Issues and Implications for U.S. Financial Reporting," FASB Chair Bob Herz commented that, "There seems to be broad support for moving to IFRS [International Financial Reporting Standards]." He also observed there exists "support for setting some dates certain with target dates," as expressed by invited representatives from users of financial statements, small and large companies both public and private, auditors, regulators, educators and other facets of the U.S. economy likely to be affected by a move from GAAP (Generally Accepted Accounting Principles) to IFRS. Among the invited participants were: AICPA President Barry Melancon, Securities and Exchange Commission Chief Accountant Conrad Hewitt, Financial Executives International Chief Executive Officer Michael Cangemi, and NASBA Director of Government Relationships Linda Biek.

Gail Hansen, representing the State of Wisconsin Investment Board, pointed out companies "need to be methodical in what they do. Their business is to make money." She questioned whether companies will understand what the IFRS requirements

are and stressed the need to give companies enough information on what is changed and why standards have changed.

Steven Rafferty of the Center for Audit Quality, assigned to representing the views of smaller firms, maintained that small companies are not going to volunteer to switch to IFRS and will put such a switch off as long as possible. Michael Cangemi, FEI CEO, said, "Industry is going to question what is in it for us?....The first reaction from smaller constituents will be, 'Don't do it all.'"

FASB member Leslie Seidman noted that she had heard several to-do's during the forum and questioned if there is a minimum lead time for dealing with systemic issues in IFRS that need to be addressed. She wondered if there is a date for key deliverables that would allow for early adoption of IFRS for those eager to switch.

NASBA's Linda Biek expressed confidence that five years would be a reasonable timeline for allowing boards to start putting IFRS into their rules should that be the path decided upon. She pointed out that AICPA had said questions about IFRS would begin to appear on the Uniform CPA Examination by 2011. ♦

PCAOB Considers Non-US Inspections

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Looking at non-US oversight bodies, he stated: "If they draw salaries from the same pots of money – how do you satisfy yourselves of their independence? If you could resolve that problem, everything else would fall into place neatly." He said US investors expect their government to "stand up for this principle without compromise."

The June 26, 2008 forum has been archived on the PCAOB's Web site, www.pcaobus.org. ♦

101st Annual Meeting in Boston

It is not too early to mark your calendar for NASBA's 101st Annual Meeting, to be held October 26 -29, 2008 at the Westin Copley Place in Boston, MA. The meeting will be the culmination of NASBA's centennial year and promises to be a very special event.

The final morning of the Annual Meeting will blend into the opening day of the "Forum of International Accountancy Regulators," October 29-30 at the Westin. NASBA has organized this program to encourage accountancy regulators to work together on common issues. ♦