



PRESIDENT'S REPORT: STATE OF NASBA

KEN L. BISHOP
NASBA PRESIDENT & CEO

NASBA

STRONG AND RELEVANT

And We Continue to meet the challenges
and opportunities
for Boards of Accountancy

665,000

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JEANNIE BURKETT**

2015-16 NASBA CHAIR





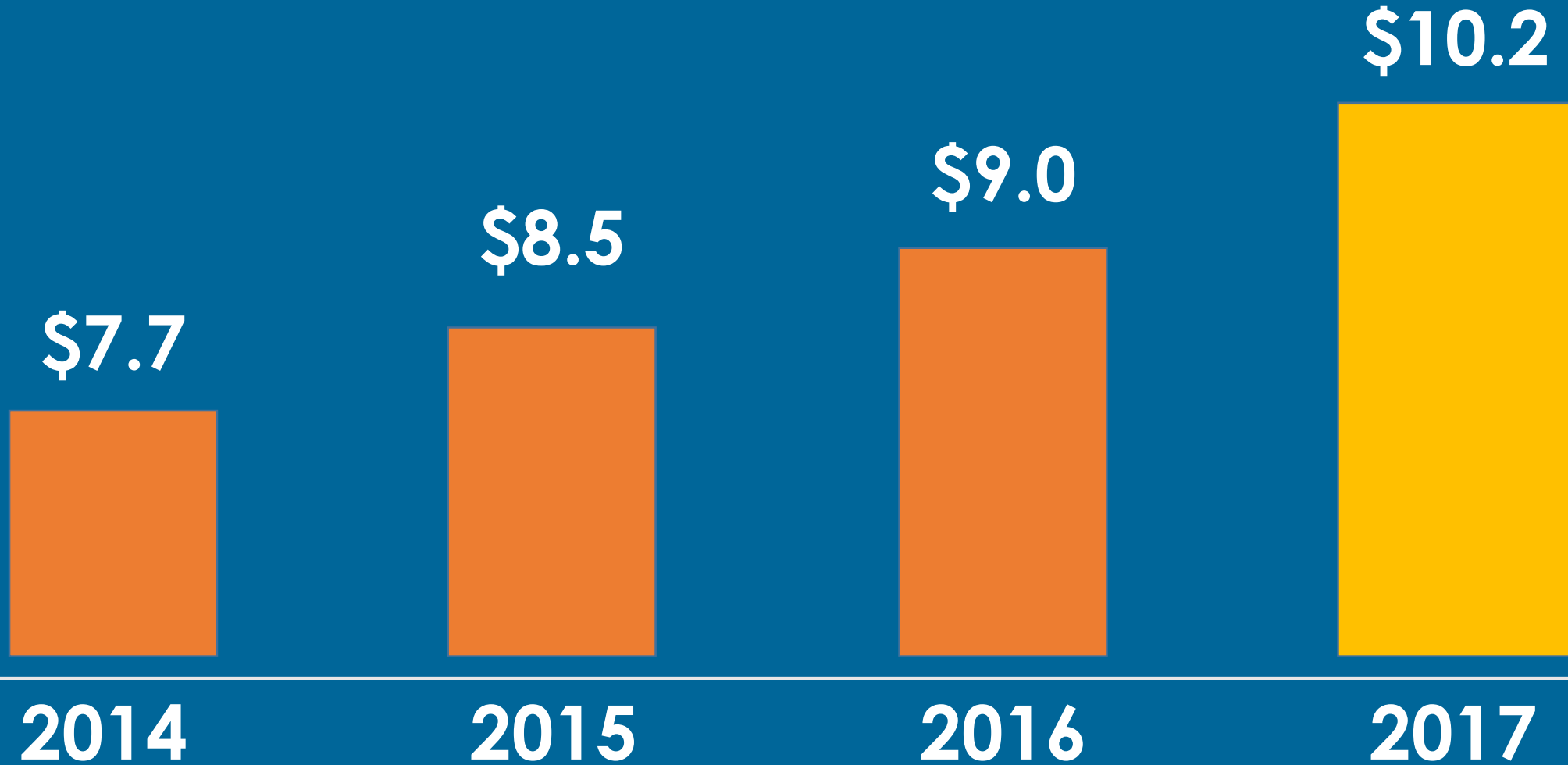
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In Millions

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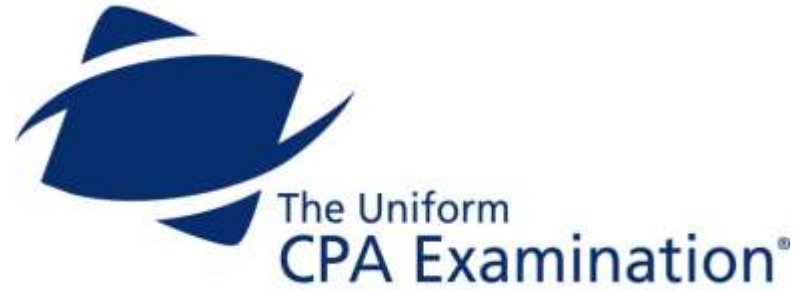


NASBA

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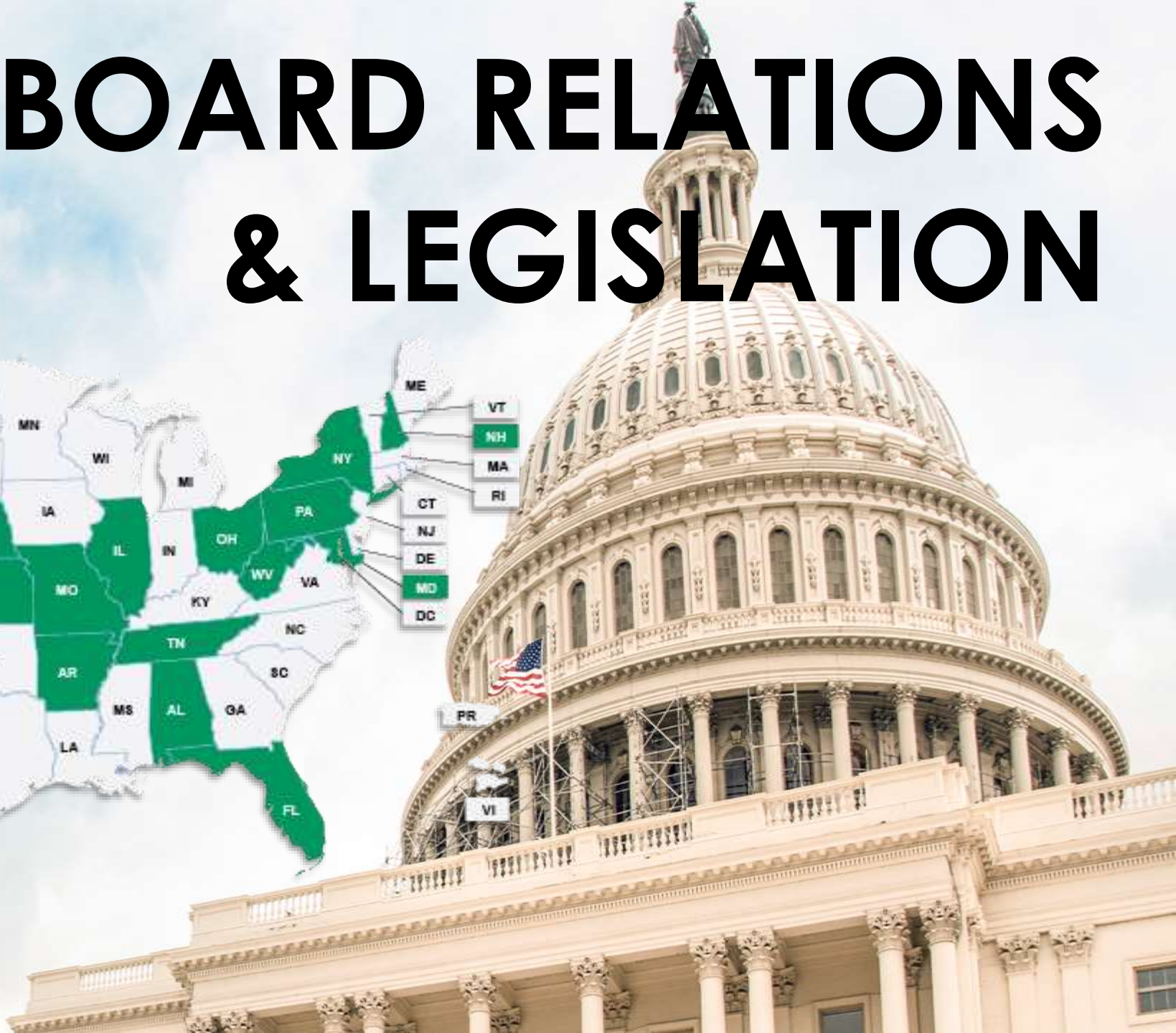
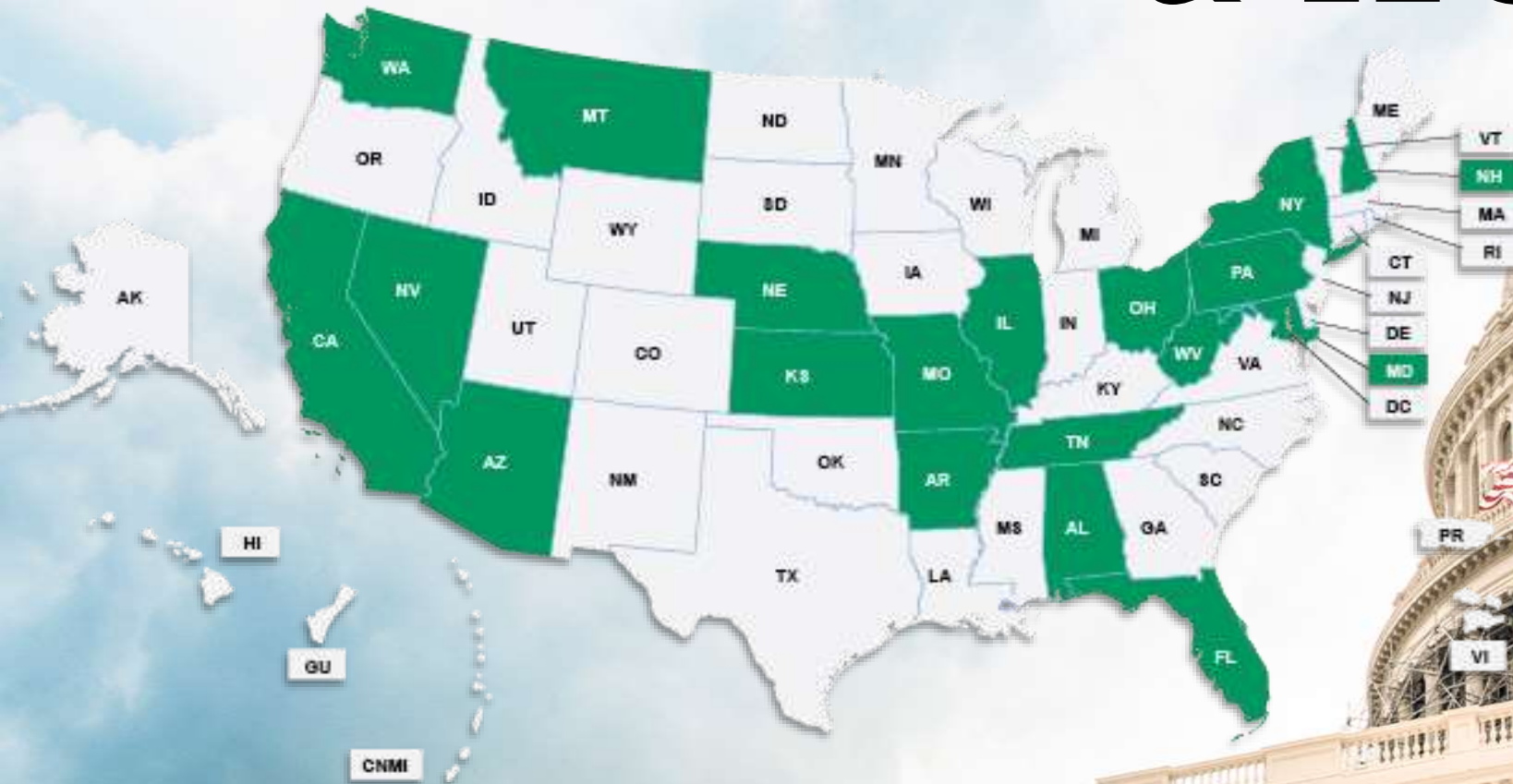




IT



STATE BOARD RELATIONS & LEGISLATION



evolve

Missed Opportunities

Yesterday I received a telephone call from a member of our Board of Directors, Tyrone Dickerson, who serves as chair of what I consider to be one of NASBA's most important committees, the Diversity Committee. I have had calls from other committee chairs with similar expressed messages about the accomplishments of their groups. As is often the case, I was surprised, especially since the Diversity Committee has achieved significant results in the past two years. I am so proud of how NASBA has reached out to minorities and women to encourage them to serve on Boards of Accountancy, and to have those new Board members seek leadership positions in NASBA. The outcome of the Committee's efforts is apparent with the current makeup of our board of directors, committees and task forces. We have come a long way since my *President's Memo*, entitled "Photos on the Wall," was published four years ago.



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The above paragraph may seem to conflict with the title of this Memo, but I wanted to demonstrate the contrast with another recent issue. Earlier this month I received a letter from the co-chairs of a working group of the Public Accounting Oversight Board's Investor Advisory Group (IAG), Professor Parveen Gupta and Lynn E. Turner. They requested that NASBA report on the progress of the recommendations to NASBA contained in the October 6, 2008 *Final Report of the Advisory Committee on the Auditing Profession (ACAP)*, from the U.S. Department of the Treasury.

As 2008 was several years before my watch, I had to do some digging to reconstruct our activities. I was somewhat dismayed when I read some of the very credible recommendations in the report and realized that several had never been achieved – or even seriously considered. My initial reaction was that NASBA and other organizations named in the report may have dropped the ball, and missed an opportunity to augment the regulatory structure of the U.S. that could have possibly precluded some of the challenges for the profession that have occurred over the last decade.

NASBA's committees, task forces and work groups, like the members of the 2008 ACAP work group, are made up of highly qualified individuals, with specific knowledge and skill sets, who do valuable work as volunteers. After receiving the IAG Working Group's letter, I had the opportunity to speak with Gaylen Hansen, a NASBA Past Chair who was a member of ACAP's Subcommittee on Firm Structure and Finances. Mr. Hansen, who is one of the country's premier technical experts and an extremely articulate leader in the profession, expressed his disappointment that some of the critical recommendations of the ACAP report had not been accomplished. I share his concern.

In response, I have called on some of our top folks to review the 2008 ACAP report. We will be developing in the coming weeks a summary of the achievements accomplished, but, more importantly, we will review and identify recommendations that should be resurrected and considered for implementation.

The message of this Memo is not specifically about the ACAP report, but about how incredibly important it is to respect and give serious consideration to the work done by our volunteers. The type of individuals who rise to become State Board members, committee chairs and members of bodies like the ACAP bring tremendous knowledge, skills and abilities to activities in the public interest. The value of having such men and women devote time and energy to their volunteer efforts is incalculable.

The outcomes and recommendations of these volunteer-centric groups need to be treated as precious gifts. If we don't, we will have dropped balls and missed opportunities!

Semper ad meliora (Always toward better things).

— Ken L. Bishop
President & CEO

Can Regulation Keep Pace?

When I began my career in accounting regulation in 1999, laws, rules and basic assumptions were much different than what they are today. It was less than 20 years ago, but the world was a much different place. While computers were occupying many desks, they had less computing power than some of today's watches. Professionals were transitioning from papers to cell phones, stimulated in part by the release of the Blackberry with the launch of text messaging. The first iPhone would not come on the market for another eight years!

While concepts like CPA interstate mobility, a national Accountancy Licensee Database and a computerized Uniform CPA Examination were under discussion for many years, in some circles for decades, change and transition were often tough to sell. In 1999, a common complaint was the allegation that a CPA from one state distributed his business card when visiting another state. Few would have believed that, within a decade, a majority of states would have adopted mobility. The success of mobility served as the catalyst for the development and implementation of the Accountancy Licensee Database (ALD), which now contains information on 98 percent of the U.S. CPA population and is an important tool for State Boards. Its spinoff system, CPAverify, provides consumers with the unprecedented ability to ascertain the license status of CPAs throughout the country.

The accounting profession continues to evolve and new challenges face, or will face, State Boards and NASBA. For example, the Boards need to keep pace with the rapidly changing education models in the U.S. and abroad. Most of the U.S. accountancy laws and rules were written with the expectation that students would attend classes in traditional brick-and-mortar colleges and universities and, so long as those schools were accredited by bona fide accrediting bodies, the State Boards could rely on the quality of their education. When current state laws and rules were developed, online courses, credit for life experience, and the application of varied competency models were not even considered. We now have ascertained that the accrediting bodies the Boards are relying on seemingly have not kept pace with new, and sometimes questionable, delivery and output models. NASBA, in partnership with the AICPA, has been working closely with educators and accrediting bodies to understand the evolution of education and to consider appropriate changes. We have been very pleased with the reception and willingness of educators and accreditors to work with us. At the 2016 Annual Meeting we will be providing State Boards an update on this activity.

In the last few months, State Boards have received information from NASBA and AICPA about changes in the AICPA peer review program, specifically with proposed reorganization of the administering entities. The changes being considered may make the current peer review oversight procedures of State Boards unworkable. As a result of these recent exposure drafts and surveys, many State Boards have reached out to NASBA to express their concerns and to ask what NASBA can, and will, do to help them perform this vital oversight function. At the Annual Meeting and at this year's Executive Director and Legal Counsel Conferences we will hold discussions with you to ascertain your expectations.

The final, and possibly the most important, change in the profession we have to consider is the increasing use and relevance of data analytics, particularly in auditing. Data analytics is already being used by many large entities and by the firms auditing them. Auditors now must use a hybrid methodology, applying data analytics while maintaining work papers and processes to be in compliance with current standards. Because of the costs and dynamics of this redundant process, it is easily predicted that the profession will be changing standards and eliminating processes in the near future.

NASBA and AICPA have already begun a dialog about the importance of data analytics and the need to make sure that future CPAs are educated and tested to keep pace. We have discussed how State Boards can be ready with the tools necessary to conduct an investigation into a process that may not include any of the traditional instruments tested to ascertain compliance and quality. Similarly, current peer review procedures will have to change to monitor processes in real time by using computers instead of humans. At NASBA, we are having serious discussions about the development of tools and software that support State Boards in their responsibility for monitoring the continuing competence of the people and firms that they license.

Can regulation keep pace? We believe it can and will – and NASBA will be there to support you!

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ADVISORY COMMITTEE ON
THE AUDITING PROFESSION

FINAL REPORT

PRESIDENT'S MEMO

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CHANGES IN THE PROFESSION

Spotlight



Drones Emerge As a New Issue for CPA Firms

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Federal and State Election Results Could Impact CPA Profession

November 8 is Election Day. Americans are due at the polls to cast votes for their elected local, state and federal officials and to determine the outcome of ballot initiatives and referendums in many states.

CHANGE HAPPENS!

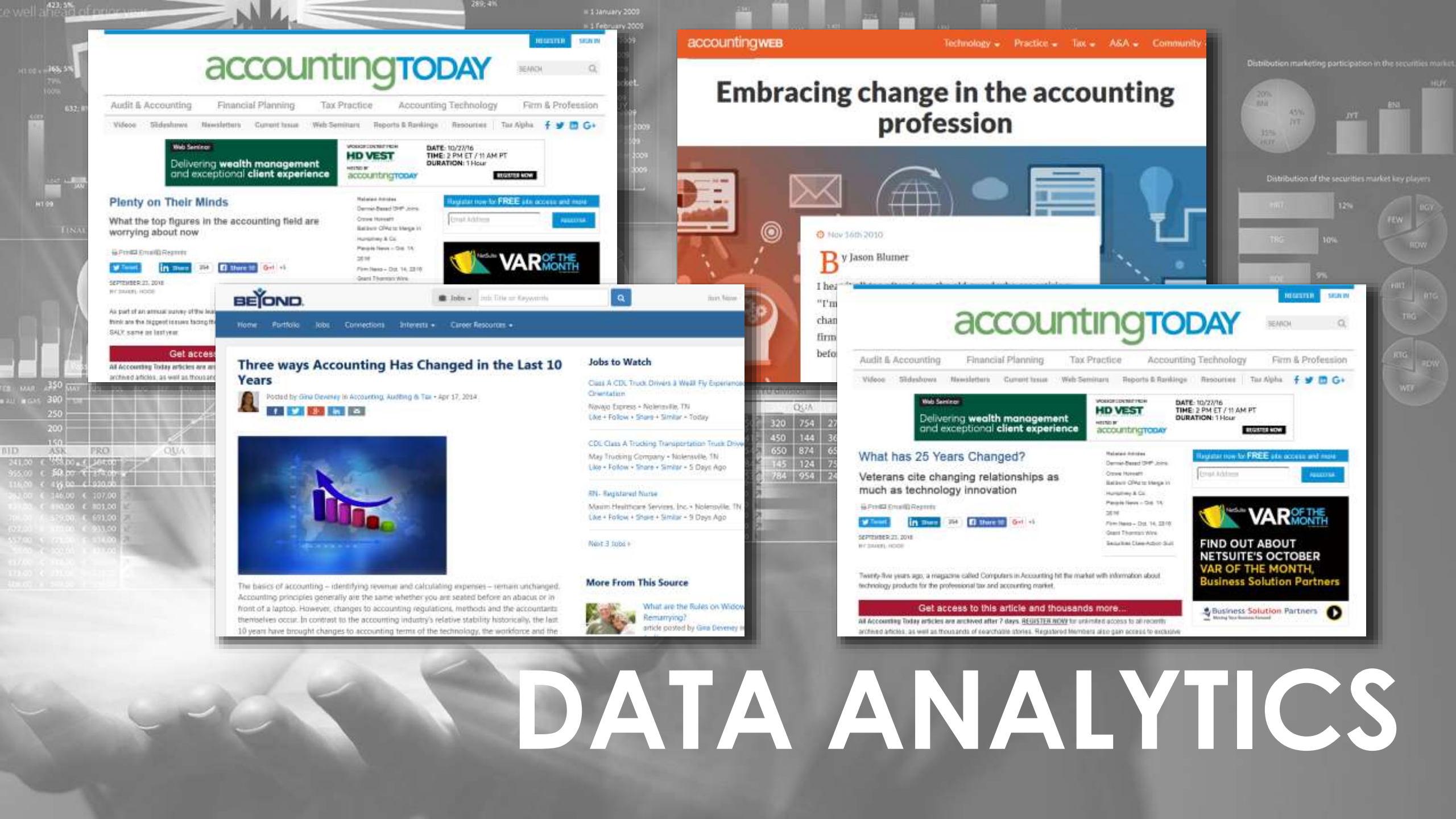




BID	ASK	PRO	QQA	DATE	BID	ASK	PRO	QQA
241.00	€ 353.00	€ 304.00	319	JAN	€ 941.00	€ 348.00	€ 820.00	820
951.00	€ 50.00	€ 775.00	225	FEB	€ 885.00	€ 820.00	€ 784.00	784
116.00	€ 415.00	€ 835.00	363	MAR	€ 911.00	€ 604.00	€ 934.00	934
262.00	€ 145.00	€ 107.00	437	APR	€ 228.00	€ 202.00	€ 555.00	555
830.00	€ 890.00	€ 801.00	134	MAY	€ 468.00	€ 585.00	€ 386.00	386
708.00	€ 575.00	€ 651.00	333	JUN	€ 609.00	€ 363.00	€ 974.00	974
232.00	€ 805.00	€ 932.00	611	JUL	€ 617.00	€ 240.00	€ 575.00	575
557.00	€ 715.00	€ 434.00	801	AUG	€ 939.00	€ 858.00	€ 645.00	645
507.00	€ 300.00	€ 435.00	101	SEP	€ 654.00	€ 248.00	€ 543.00	941
817.00	€ 384.00	€ 730.00	333	OCT	€ 911.00	€ 952.00	€ 800.00	802
813.00	€ 811.00	€ 221.00	819	NOV	€ 825.00	€ 715.00	€ 715.00	715
228.00	€ 388.00	€ 536.00	726	DEC	€ 748.00	€ 342.00	€ 557.00	557

DATE	BID	ASK	PRO	QQA	DATE	BID	ASK	PRO	QQA
JAN	€ 241.00	€ 353.00	€ 304.00	319	JAN	€ 598.00	€ 391.00	€ 830.00	820
FEB	€ 951.00	€ 50.00	€ 775.00	225	FEB	€ 891.00	€ 958.00	€ 784.00	784
MAR	€ 116.00	€ 415.00	€ 835.00	363	MAR	€ 174.00	€ 748.00	€ 627.00	€ 934.00
APR	€ 262.00	€ 145.00	€ 107.00	437	APR	€ 274.00	€ 589.00	€ 335.00	€ 555.00
MAY	€ 830.00	€ 890.00	€ 801.00	134	MAY	€ 759.00	€ 949.00	€ 885.00	€ 386.00
JUN	€ 708.00	€ 575.00	€ 651.00	333	JUN	€ 345.00	€ 843.00	€ 256.00	€ 974.00
JUL	€ 622.00	€ 870.00	€ 939.00	611	JUL	€ 836.00	€ 628.00	€ 575.00	575
AUG	€ 557.00	€ 775.00	€ 434.00	801	AUG	€ 349.00	€ 341.00	€ 645.00	645
SEP	€ 50.00	€ 300.00	€ 435.00	107	SEP	€ 221.00	€ 441.00	€ 941.00	941
OCT	€ 817.00	€ 518.00	€ 269.00	930	OCT	€ 886.00	€ 943.00	€ 802.00	802
NOV	€ 817.00	€ 311.00	€ 223.00	374	NOV	€ 661.00	€ 949.00	€ 715.00	715
DEC	€ 808.00	€ 595.00	€ 319.00	104	DEC	€ 297.00	€ 440.00	€ 557.00	557

DATA ANALYTICS



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HD VEST: DATE: 10/23/16 TIME: 2 PM ET / 11 AM PT DURATION: 1 Hour

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SEPTEMBER 23, 2016 BY DANIEL HODGE

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Embracing change in the accounting profession

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By Jason Blumer

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Three ways Accounting Has Changed in the Last 10 Years

Posted by Gina Deveney in Accounting, Auditing & Tax • Apr 17, 2014

The basics of accounting – identifying revenue and calculating expenses – remain unchanged. Accounting principles generally are the same whether you are seated before an abacus or in front of a laptop. However, changes to accounting regulations, methods and the accountants themselves occur. In contrast to the accounting industry's relative stability historically, the last 10 years have brought changes to accounting terms of the technology, the workforce and the

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- Navajo Express - Nolensville, TN
- CDC Class A Trucking Transportation Truck Driver
- May Trucking Company - Nolensville, TN
- RN - Registered Nurse
- Maxim Healthcare Services, Inc. - Nolensville, TN

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What has 25 Years Changed?

Veterans cite changing relationships as much as technology innovation

SEPTEMBER 23, 2016 BY DANIEL HODGE

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CYBER ATTACKS



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ACCOUNTING FOR RISK

Why Accountants Need to Worry about Being Hacked

According to USA Today, at a recent cyber security event the FBI issued a warning emphasizing just how frequently hackers have been able to steal financial records. In fact, in the last 12 months, 500 million financial records have been stolen in data breaches and other hacks.



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TAX TECHNOLOGY PRACTICE MANAGEMENT FINANCIAL REPORTING AUDITING MANAGEMENT

STOP LOSING TIME AND MONEY USING SPREADSHEETS

Do you need an individual health plan for you or your small firm?

A breach of client data: Risks to CPA firms

BY AMY WALDRON, CPA, AND DAVID HALLSTROM

August 1, 2013

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We are all aware that more high-profile cyber attacks are expected, so it is no surprise that the SEC's Office of Compliance Inspections and Examinations (OCIE) have stated that cybersecurity will continue to be a priority for 2016.



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NASBA

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