

## PCAOB Bill Reintroduced

A bill that would make the Public Company Accounting Oversight Board's (PCAOB) disciplinary proceedings more open to the public was reintroduced by U.S. Senators Jack Reed (D-RI) and Chuck Grassley (R-IA) on April 26 as the "PCAOB Enforcement Transparency Act of 2013." The bill would make the PCAOB's hearings, and all related notices, orders and motions, open and available to the public unless otherwise ordered by the Board. The 2002 Sarbanes-Oxley Act, which created the PCAOB, required its disciplinary proceedings to be kept confidential through charging, hearings, initial decision and appeal. Until the Securities and Exchange Commission decides to let the PCAOB's sanctions be enacted, the entire PCAOB proceeding remains nonpublic unless all parties consent to making it public (see *sbr* 9/10).

"Currently, PCAOB proceedings are secret while SEC proceedings are not," Senator Grassley said. "The secrecy provides incentives to bad actors to extend the proceedings as long as possible so they can continue to do business without notice to businesses about potential

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## Past Chair Vautt to Head GASB

NASBA Past Chair David A. Vautt (IA) has been named to serve as the next chairman of the Governmental Accounting Standards Board (GASB) effective July 1, 2013. Called Iowa's "Taxpayer Watchdog" by Iowa Governor Terry Branstad, Mr. Vautt has resigned his position as Iowa's state auditor, a post he held since January 2003. In taking on his new position, Mr. Vautt has also resigned as vice chair of the CPA Examination Review Board, and Ronald E. Nielsen (IA) has been appointed by the NASBA Board to step into that role.



David A Vautt

Governor Branstad said: "David Vautt has been a dedicated public servant for the taxpayers of Iowa, and we will miss his incredible work as steward of our tax dollars. David embodied the principles of good budgeting, including not spending more than we take in, and avoiding the use of one-time money for ongoing expenses." As state auditor, Mr. Vautt supervised the annual audit of more than 200 Iowa cities, counties, school districts and other governmental bodies.

While NASBA Chair, 2003-2004, Mr. Vautt oversaw the launch of the computer-based Uniform CPA Examination, met with the Public Company Accounting Oversight Board, and shepherded the planning of the Accountancy Licensee Database. Having served as chair of the Iowa Accountancy Examining Board (1995-2002), Mr. Vautt also served NASBA over the years as chair of the Public Perception Committee, Examination Committee, Regulatory Structures and Issues Committee, Nominating Committee and Past Chair Advisory Council. He is a former partner of KPMG, having worked in their Des Moines office, and is a past president of the National State Auditors Association.

The GASB is the independent standard setter for state and local governments. It includes seven members. Mr. Vautt stated: "I look forward to quickly engaging with the other GASB members and the wide range of GASB stakeholders, especially the Governmental Accounting Standards Advisory Council, to get a sense of the issues that they believe are the most pressing as we move ahead." ♦

## Board to Provide Guidance on OCBOA

At their meeting on April 19, after discussing public protection implications surrounding the lack of authoritative standards for "other comprehensive bases of accounting" (OCBOA) reporting, the NASBA Board of Directors resolved to reach out to the State Boards to share such concerns. The Board further resolved to develop, through appropriate channels, Model Rules which would provide structure for the Boards' oversight of non-authoritative OCBOA for reporting purposes.

The Board also approved the appointment of Ronald E. Nielsen (IA) as vice chair of the CPA Examination Review Board and Douglas E. Warren (TN) as a new member of the ERB.

Chair Gaylen Hansen (CO) led the Board members in discussion of several issues that have been raised recently, including: the Canadian CPA , the

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## ASAF Holds First Meeting

Standard setters from all parts of the world came together for the first meeting of the Accounting Standards Advisory Forum (ASAF) on April 8-9, 2013 in London. The aim of the group is to provide a technical advisory body to the International Accounting Standards Board (IASB) for its development of “a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles.” Over the last 10 years the IASB had entered into memoranda of understanding (MoUs) with national accounting standard setters in Brazil, China, Japan and the United States. At the ASAF’s inaugural meeting these bilateral MoUs were replaced by a single joint agreement that was signed by all ASAF members (including the U.S. Financial Accounting Standards Board).

The agreement states that the IFRS Foundation “recognizes that National Standard Setters (NSS) and regional bodies have expertise in standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the IASB in setting global financial and reporting standards. The ASAF will provide the opportunity for greater valuable discourse,

complement the existing IASB’s outreach activities and enhance the quality of the final standard.”

In addition, it states: “The parties of this MOU respect each other’s role and the establishment of ASAF does not in any way undermine their respective formal mandates: The IFRS Foundation recognizes the independent roles that NSS and regional bodies have within their own national and regional context, and the members of ASAF recognize that the IASB operates within the framework of the Foundation’s constitution which sets the principle of the IASB’s independence in developing IFRS.”

Among the commitments made by the Foundation are: “Respecting the independence of ASAF members and recognizing that ASAF’s members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the ASAF members within their respective jurisdictions.”

The initial ASAF membership includes representatives from 12 standard-setting bodies located in Africa, Asia-Oceania, Europe and the Americas. ♦

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## Board to Develop Rules (Continued from page 1)

qualifications for the CGMA, international standard setting and the Private Company Council. All of these topics will be discussed with representatives of the member Boards during NASBA’s Regional Meetings in June.

NASBA Uniform Accountancy Act Committee Chair Kenneth R. Odom (AL) updated the Board of Directors on the work of the task forces focused on developing language to revise the definition of “attest” in the UAA and to map out uniform language on firm mobility, which several states already have in place. These concepts will also be discussed with attendees at the Regional Meetings during both plenary and breakout sessions.

President Ken L. Bishop described how every operational unit in NASBA is being held responsible for fulfilling the strategic plan. When NASBA considers taking on a project, it is measured on a scale to determine how it either supports the State Boards or produces revenues that can be used to support them, he explained. He pointed to the Communications groups’ efforts in providing free services to the Boards that want assistance with producing newsletters, annual reports, brochures and videos.

NASBA will be holding a State Board Peer Review Oversight Committee (PROC) Summit on July 10, 2013 in Nashville. ♦

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## EU Committee Backs Rotation

Obligatory auditor rotation after 14 years, with a possible extension to 25 years if certain safeguards are met, is one of the recommendations approved by the European Parliament’s Committee on Legal Affairs on April 25. The Committee also voted in favor of prohibiting audit firms from offering non-audit services that could jeopardize independence, and approved a list specifying those services. They recommended auditors of public interest entities (such as banks, insurance companies and listed companies) provide investors with a detailed explanation of what the auditor did and an overall assurance of the accuracy of the company’s accounts. The Committee backed the prohibition of “Big Four only” clauses in contracts and requiring public interest entities to call for tenders when selecting a new auditor. However, the Committee on Legal Affairs did not recommend banning audit firms from providing all non-audit services nor did they recommend mandating joint audits that would have paired the largest firms with smaller ones for the biggest public interest entities’ audits. They also did not support proposed auditor rotation after only six years.

The changes still require the support of the full European Parliament and the 27 EU member states to become law. ♦

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problems with a particular auditor.” The Senators maintain that the PCAOB’s closed proceedings run counter to those of not only the SEC, but also the DoL, FDIC, U.S. Commodity Futures Trading Commission and FINRA.

The change was originally introduced in 2010. In a January 23, 2012 letter to the Chairmen of the House Committee on Financial Services, NASBA Chair Mark P. Harris and President Ken L. Bishop wrote: “We strongly support and urge the passage of

the proposed legislation giving the PCAOB the authority to make post-investigative disciplinary proceedings public from the point of the PCAOB’s order to charge a respondent and start enforcement procedures, consistent with the authority of the SEC. Like the PCAOB and the SEC, the primary responsibility of State Boards is to protect the public while maintaining due process in their careful investigation and discipline of certified public accountants and firms.” ♦

## All in the Family



Ken L. Bishop

Country music artist George Jones died in Nashville on April 26 at the age of 81. Now for most of the country, his passing probably did not get the full front page coverage that we saw here in Middle Tennessee. In the “Music City” George was royalty. He and his former wife Tammy Wynette were once called “the king and queen of country music” and, in fact, his and their hits in the 70’s played a big role in developing the huge following that country music has today. George lived in the same town where I live, Franklin, TN, and I had the opportunity to meet him. Despite his troubled past and bouts with alcoholism, I found him to be a very pleasant fellow.

But what does this have to do with NASBA? In one of the numerous obituaries about George, the author wrote that the “country music family” was mourning his loss. It caused me to think of “the NASBA family,” something we often talk about. Before I joined the staff of NASBA, I was a volunteer like most of you, and I truly felt I was a family member. NASBA meetings and conferences often have as much the feel of a reunion as the serious working sessions where so many important issues are addressed. We welcome new members into the fold just as one would bring newlyweds into a family – with some guidance, friendship and high expectations.

When events, tragedies or circumstances put our family’s members in harm’s way, the response of the family is almost always immediate. When the recent bombings occurred in Boston, we quickly reached out to find out if the members and staff of the Massachusetts Board were safe. The NASBA family is much larger than just our member Boards and their staff. Our friends and associates in state societies, other organizations and associations, as well as our candidates, are under the family umbrella. When the bombing occurred, we quickly ascertained the wellbeing of AICPA Chair Rich Caturano and his family, who live in Boston, and the staff members of the Prometric sites in the Boston area. *Note: Prometric sites in Boston were shut down during the search for the perpetrators of this horrific event and NASBA staff worked closely with Prometric to communicate with and reschedule disrupted candidates.*

Other recent events created a similar reaction: When hurricane Sandy slammed into the east coast causing catastrophic damage and service disruptions, the NASBA family immediately stepped up, offering everything from direct State Board support to material supplies, while providing prayers and moral support for all those affected.

The family feel of NASBA goes much further than reaction to major events. As President, almost daily I see emails and other communications about illnesses, injuries and, sadly, deaths affecting our family somewhere in the country. In every case, there was an immediate outpouring of support, condolences and offers of assistance from all across the country from folks whose sole nexus is the relationship developed through NASBA. Similarly when there has been good news: births, weddings, graduations and other successes, the outpouring of congratulations and the sharing in that joy was tremendous. We rejoiced in the appointment of NASBA Past Chair Dave Vaudt to GASB Chairman, the 100th anniversary of the North Carolina State Board and the success of Michael and Carol Weinschel’s (CT) charity that sent 30,000 packages to military personnel. How great is all that!

I should point out that it is not always about NASBA and NASBA folks reaching out to help others. When Nashville was hit with the devastating flood in 2010, almost immediately the Prometric CEO Michael Brannick offered whatever services he or his company could provide. Ultimately some of our phone and service lines were transferred to Prometric’s operations so that our candidates could be serviced. Actions such as that only strengthen the bonds of the NASBA family.

The NASBA Regional Meetings are coming up soon. To Board members who have not attended a Regional Meeting, you are missing out on a great opportunity to hear and debate the most recent developments in the regulation of the accounting profession. This is a chance to meet with your peers and discuss common concerns in an informal setting. At the suggestion of the Regional Directors, this year’s Regional Meetings will include added breakout sessions to permit even more exchanges of ideas. I had the opportunity to meet with a Board of Accountancy in the northeast recently and we talked about the importance of attendance at NASBA meetings and conferences. I can easily recite a long list of objective arguments for attendance. What I didn’t say is that it is an opportunity to really become a member of “the NASBA family.”

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



George Jones



— Ken L. Bishop  
President and CEO

## USTR Director Addresses IQAB

The U.S. Trade Representative's office is moving ahead with several initiatives that will be covering trade in accounting services around the world, according to a report given by Director of Trade Negotiations Thomas Fine to the NASBA/AICPA International Qualifications Appraisal Board (IQAB) on April 5 in Durham, NC. An international services agreement is being developed that will initially cover 21 nations. This agreement will be focused solely on services, to avoid some of the complications other international agreements encountered because they also covered industrial tariffs and agriculture.

The USTR is also working on the Transatlantic Trade and Investment Partnership (TTIP) that is aimed at creating a free trade agreement with the European Union. The call for public comments on this agreement was in the April 1, 2013 Federal Register. Mr. Fine told IQAB the EU is eager to set up mutual recognition agreements. Free trade agreements have been concluded with Columbia, Panama and Korea, Mr. Fine noted, and the Trans-Pacific Partnership has been launched, which includes the U.S., Canada and Mexico besides the Asian countries.

Mr. Fine praised the detailed, careful work being done by NASBA/AICPA IQAB to create mutual recognition agreements. He said the accounting profession has set "the gold standard" for professions' efforts in this area.

Updates presented by IQAB task forces did not anticipate any new MRAs within the next six months. IQAB Chair Telford A. Lodden (IA) appointed a task force to consider the MRA with the New Zealand Institute of Chartered Accountants, which comes up for renewal in 2014. The NZ Institute is working on establishing a joint program with the Institute of Chartered Accountants Australia and the new task force will study the details of that arrangement. ♦

### AACSB Adopts New Standards

Refreshed standards embracing the concepts of "innovation, impact and engagement" were unanimously adopted by the Association to Advance Collegiate Schools of Business (AACSB) International at their meeting on April 8. The new accreditation standards were developed over a two-year period, reducing the previous 21 standards to 15. Jan Williams, Dean of the University of Tennessee at Knoxville's College of Business and Administration, explained that while reducing the number of standards may make it seem easier for a business school to be accredited, the opposite is true: The new standards are focusing on the most important things. He said, "In my opinion, the standards are higher than they were previously." ♦

## State Board Report

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