

NASBA Board of Directors 2013-14



NASBA's BOARD OF DIRECTORS 2013-14 – Top row (left to right): John F. Dailey, Jr. (NJ) Northeast Regional Director; Mark H. Crocker (TN) Executive Directors' Liaison; Jimmy E. Burkes (MS) Southeast Regional Director; Harry O. Parsons (NV) Director-at-Large; Kenneth R. Odom (AL) Secretary; Donald F. Burkett (SC) Director-at-Large; Donald Aubrey (WA) Pacific Regional Director; Douglas W. Skiles (NE) Central Regional Director. **Center row (left to right):** E. Kent Smoll (KS) Director-at-Large; Richard N. Reisig (MT) Mountain Regional Director; Raymond N. Johnson (OR) Director-at-Large; Telford A. Lodden (IA) Director-at-Large; Richard Isserman (NY) Director-at-Large; A. Carlos Barrera (TX) Southwest Regional Director; Tyrone E. Dickerson (VA) Middle Atlantic Regional Director; W. Michael Fritz (OH) Great Lakes Regional Director. **Bottom row (left to right):** Laurie J. Tish (WA) Director-at-Large; Noel L. Allen, Legal Counsel; Colleen K. Conrad, Executive Vice President & COO; Ken L. Bishop, President & CEO; Carlos E. Johnson (OK) Chair; Walter C. Davenport (NC) Vice Chair; Gaylen R. Hansen (CO) Past Chair; Janice L. Gray (OK) Director-at-Large.

BOD Okays New "Attest" Definition

A revised definition of "attest" for the Uniform Accountancy Act and related changes were approved by the Board of Directors of the National Association of State Boards of Accountancy at their meeting on January 16, 2014. Before the changes are entered into the UAA, they will need to be approved by the Board of Directors of the American Institute of CPAs. The new definition of "attest" broadens it to include all services performed in accordance with the Statements on Standards for Attestation Engagements ("SSAEs"). This is accomplished by adding those services as a separate subsection in the definition, apart from the examinations of prospective financial information already covered in the definition. This minimizes changes required in other UAA provisions that govern individual and firm mobility. With this new definition, major amendments will not be needed as future

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FASB Reorganizes Its Agenda

The Financial Accounting Standards Board voted on January 29 to reorganize its agenda to focus more closely on the issues identified as most important by a survey completed last year by more than 100 members of the Financial Accounting Standards Board's advisory groups and other stakeholders. FASB Chairman Russ Golden stated: "As our work on joint projects with the International Accounting Standards Board comes to completion over the next year, the Board will focus on improving U.S. GAAP for our stakeholders here and abroad."

Consulting with the other FASB members, Chairman Golden decided the FASB would perform research on: accounting issues in employee benefit plan financial statements; accounting for

financial instruments – hedging; accounting for financial instruments – liquidity and interest rate disclosures; conceptual framework; financial statement presentation; liabilities and equity – short-term improvements; pensions – cash balance plans; and simplification initiative.

The FASB voted to add to its technical agenda development of guidance for disclosure requirements related to government assistance. They also voted to delete the following projects from their agenda: emissions trading; earnings per share; income taxes (short-term convergence project); not-for-profit financial reporting (other financial communications); investment property entities; and investment companies (real estate property investments). ♦

FAF Ups Contribution to IFRSF

The Financial Accounting Foundation will make a non-recurring contribution of up to \$3,000,000 this year from its reserve fund to the International Financial Reporting Standards Foundation, in order to help complete some of the accounting standards convergence projects of the International Accounting Standards Board and the Financial Accounting Standards Board. These projects cover accounting for revenue recognition, leasing, financial instruments (both classification and measurement and impairment) and insurance. The FAF trustees had contributed \$500,000 to the IFRS foundation in 2011 and have provided technical staff's time over the years.

The FAF trustees decided to make the contribution after discussion with the Securities and Exchange Commission. FAF Chairman Jeffrey J. Diermeier commented: "Completing these joint projects clearly is in the best interests of FASB stakeholders, including all of those around the world who invest in U.S. capital markets."

In response to the SEC's Final Staff Report Work Plan on IFRS, issued in 2012, the IFRS Foundation trustees stated: "We note that, while 20-25 percent of the total seats in the Foundation's different bodies are currently held by the U.S., the U.S. contributions amount to less than 10 percent of the total country contributions to the Foundation's budget. Ultimately the lack of public funding in the U.S. can only be resolved by the U.S. authorities themselves, directly or indirectly." ♦

NASBA BOD Picks CPT Board Members

On January 17, 2014 at the NASBA Board Meeting, the Annual Meeting of the Center for the Public Trust was held, as NASBA is the sole corporate member of the CPT. At that time the NASBA Board of Directors affirmed the appointment of Donald H. Burkett (SC)



Donald Burkett

as NASBA's representative to the CPT's Board of Directors, and also appointed four new members to the CPT Board: Lawrence W. Hamilton (FL), Vicky Petete (OK), Joseph P. Petito (DC) and Louis Upkins, Jr. (TN). In addition, the NASBA Board elected Mr. Burkett to serve as secretary of the CPT Board. ♦

Call for NASBA Vice Chair Nominations

It's not too late for State Boards to submit their nominations for NASBA Vice Chair 2014-2015. The candidate who is elected to serve as NASBA's Vice Chair 2014-2015 at the 2014 Annual Meeting will accede to Chair 2015-2016. State Boards are asked to send their recommendations with bios or resumes to Gaylen R. Hansen, CPA, Nominating Committee Chair, NASBA, 150 Fourth Avenue North – Suite 700, Nashville, TN 37219-2417 or e-mail aholt@nasba.org or fax (615) 880-4291. ♦

BOD Okays New "Attest" Definition

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developments occur in assurance standards or in marketplace demands for assurance services.

NASBA UAA Committee Chair Kenneth R. Odom (AL) reported that only a few comments had been received on the "attest" exposure draft and, taking those comments into consideration, the final language which the Board approved was the same as what had been contained in the exposure draft. Comment letters on the UAA Committee's firm mobility proposal were coming in through the end of January. No Board action will be taken on that proposal until after the UAA Committee submits its final recommended language, which will not be until the Board's April meeting.

"If the firm mobility proposal is brought back to the NASBA Board, the purpose will be to have language available for those states who want to embrace firm mobility," NASBA Chair Carlos E. Johnson (OK) stated. "We are making this language available to get uniformity among the states. There will be no arm twisting from the leadership of NASBA or of the AICPA for states to adopt firm mobility," he told the NASBA Board in January.

President Ken L. Bishop stated that NASBA staff would be available to assist individual State Boards in determining the impact of firm mobility on their jurisdiction. However, he did not want it to appear that NASBA was either persuading the state to either accept or reject the concept.

After some discussion, it was decided that the January 31 deadline for the firm mobility exposure draft's comments did not need to be extended. ♦

PRESIDENT'S MEMO

Thinking Globally and Acting Locally

In the September 2004 volume of the *Journal of Environment and Development*, an article by Thomas Hale and Denise Mauzerall entitled "Thinking Globally and Acting Locally" discussed the issues associated with trying to address international sustainability problems through global actions. While environmentalists, in theory, champion the concept of thinking globally and acting locally, in reality international bodies continually revert to trying to use global strategies to attack local challenges.

One could argue that those dealing with global challenges (and opportunities) associated with the accounting profession have taken a similar path, and have achieved limited success. As with the sustainability discussion, accounting regulation, standards and models of public protection are really "local." In the United States, "local" can be defined as the State Boards of Accountancy regulatory system and federal regulatory systems such as the Securities and Exchange Commission (SEC) or the Internal Revenue Service (IRS), and authoritative standard setters such as the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), both under the Financial Accounting Foundation (FAF). The attempt to fold or transition the United States (U.S.) accounting standards into a global model or scheme is fundamentally challenging (and possibly flawed), but in theory and practice, it is important that we continue to think globally.

On January 28, 2014, FAF issued a press release announcing the contribution of up to \$3 million dollars to the International Financial Reporting Standards Foundation (IFRSF) "to support the completion of international convergence programs." I have, and continue to be, supportive of the efforts of FAF and FASB to utilize a disciplined and measured approach towards alignment of Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) when it is practically possible. However, the contribution of \$3 million dollars to IFRSF, and the IFRS convergence effort, concerns me. The FAF press release indicates that the contribution decision was made "in consultation with" the SEC. Does this mean that the SEC is moving toward full convergence? Have the FAF and FASB moved away from their support for maintaining U.S. GAAP? Is there consideration of some shortcut step such as optional use of IFRS in the U.S.? I hope not!

As the FASB gets its authority for standard setting through the SEC, did the SEC push FAF to make this contribution? Was this an indirect way for the SEC to give support to the IASB because of political pressure from the G-20? When the IFRSF responded to the SEC's 2012 staff report on the IFRS work plan, the IFRSF pointed out the U.S. was not contributing what they expected. Based on GDP, the IFRSF had hoped to collect £4 million (\$5.46 million) from U.S. sources in 2012, but had only received £1.3 million (\$1.77 million). Maybe this is just a way for the SEC to buy some time as it stands behind the FASB as the ultimate standard setter for the U.S. One can only speculate.

Recently, I was in a discussion with some thought leaders on the topic of rules related to mandated reporting or whistleblowing. The consistent theme of that discussion was that, because of the very disparate laws, regulatory systems and even cultures in other countries, a uniform global remedy may not be practical. A similar argument can be made regarding the alignments or convergence between GAAP and IFRS. In my opinion, U.S. GAAP is the world's gold standard in accounting standards. The level of integrity and independence of FASB and their methodology using cautious diligence and transparency in standard setting is unparalleled in the world.

I am somewhat reluctant to question or criticize our friends at FAF. However, I was surprised that a decision to contribute a material portion of their funding to IFRSF was made without at least some level of advance public transparency and disclosure. It would seem that the FAF trustees would have anticipated the questions, concerns and challenges of the decision by many stakeholders. Of course they also may have anticipated the positive responses from those who swallowed IFRS "hook line and sinker" from the very beginning. I am hopeful that FAF will more clearly articulate what their \$3 million contribution signifies and, as importantly, what it does not signify.

As Hale and Mauzerall implied in their article, it is important that we "think globally." I have written and spoken about my belief that, ultimately, significant convergence of U.S. and global standards will occur. It is my hope that when (and if) it occurs, the converged standards will be issued by an independent body that recognizes the significant relevance and importance of the U.S. markets and economy. Until that occurs, we should be: "Thinking globally and acting locally!"

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 and CEO

Boards Depend on Accreditation Groups

State Boards were recently asked by NASBA's Regional Directors if they were considering how changing forms of the delivery of education are impacting the education of CPA candidates. The most common response from the Boards was that they are depending on the schools of higher education, their accrediting bodies and education evaluation services to determine the adequacy of the candidates' education. "That made the Regional Directors question if NASBA is taking steps to insure the Boards can rely on these bodies," noted Douglas Skiles (NE), Chair of the Committee on Relations with Member Boards and Central Regional Director. "With courses for all professions being delivered to perhaps millions of people over the internet, via MOOCs (massive online open courses), and other new types of programs that distance the individual from the institution, how can Boards be sure that the 150 hours being required are providing the meaningful education that is envisioned in their standards for this profession?"

NASBA Chair Carlos Johnson reported to the Regional Directors that NASBA is actively participating in the work of the educational community. NASBA is working with the American Accounting Association's (AAA) Pathways Commission (Melanie Thompson (TX)) and held numerous meetings with educators at the AAA's Annual Meeting in August. Dr. Johnson will be attending a meeting of the AAA Accounting Program Leadership Group in February and will be at the international

conference of the Association of Accredited Colleges and Schools of Business (AACSB) later this year.

James Suh, NASBA Director of Continuous Improvement and Analytics, who will be attending the AACSB conference with Dr. Johnson, summarized the work of his division for the January Board of Directors meeting. He reported that in its first months of operation, NASBA's International Evaluation Services (NIES) had completed approximately 6,000 evaluations of candidates' transcripts from over 100 countries for 42 Boards of Accountancy. He estimated that was about 40 percent of the volume of this type of evaluation being performed for the Boards. Montana and Oregon were the Boards that most recently approved the use of NIES for their candidates and Mr. Suh believes other Boards of Accountancy will be doing the same within the next few months.

The division would like to leverage its expertise to offer similar international transcript evaluation services to other professional boards, as well as accounting firms and colleges. His group is also involved in performing analysis of candidate performance. Customized analysis is being done for individual schools, Mr. Suh reported. For example, one school used the information to track their graduates' performance, another on performance by gender and a third for measuring the effectiveness of CPA Examination prep programs. ♦

State Board Report

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