

Nominating Committee Announces Slate

On June 13, 2014 the NASBA Nominating Committee met in St. Louis, MO, and selected the following individuals as their nominees for Directors-at-Large and Regional Directors, as reported by Nominating Committee Chair, Gaylen R. Hansen (CO).

Directors-at-Large (three-year terms):

- A. Carlos Barrera (Associate - TX)
- Richard N. Reisig (Associate - MT)
- Laurie J. Tish (Associate - WA)

Regional Directors (one-year terms):

- Middle Atlantic – Robert J. Cochran (Delegate – VA)
- Great Lakes – Wayne Michael Fritz (Delegate – OH)
- Southwest – J. Coalter Baker (Delegate – TX)
- Southeast – Maria E. Caldwell (Delegate - FL)
- Mountain – Benjamin C. Steele (Delegate – NV)
- Central – *To be determined*
- Pacific – Ed G. Jolicoeur (Delegate –WA)
- Northeast – John F. Dailey (Delegate – NJ)

As previously announced, Donald H. Burkett (Delegate - SC), is the Nominating Committee’s choice for Vice Chair 2014-2015, to accede to Chair 2015-2016 if elected Vice Chair by the member Boards

at the November 4, 2014 Annual Business Meeting. Elections for the other NASBA officers will also take place at the Annual Business Meeting, to be held in Washington, D.C. Nominations may also be made by any five member Boards if filed with NASBA Chair Carlos E. Johnson at least 10 days before the Annual Business Meeting. 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.

At the 2014 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 2014-2016 Nominating Committee are:

- Middle Atlantic* – Barton Baldwin (Delegate-NC) member, Stephanie Saunders (Delegate-VA) alternate;
- Southeast – Steven H. Richards (Delegate - AL) member, Donald R. Roland (Associate - GA) alternate;
- Pacific – Ruben A. Davila (Associate - CA) member, Thomas T. Ueno (Associate - HI) alternate;
- Central – Jeffrey Leiserowitz (Associate - KS) member, Faye D. Miller (Delegate -ND) alternate. ♦

* As recommended on June 26 for NASBA Board’s vote at July meeting.

Regions Hear From 2 New KY Colonels

NASBA Chair Carlos E. Johnson and NASBA President Ken L. Bishop were named honorary “Kentucky Colonels” as part of the Kentucky Board’s welcome to the NASBA Eastern Regional Meeting’s participants on June 5. The Kentucky Board’s Executive Director Dick Carroll bestowed the honors following Board Chair Phillip M. Layne’s introductory remarks. The state’s hospitality concluded with the State Society hosting a bourbon (i.e., “Kentucky Water”) tasting on the final night of the Eastern Meeting, June 6. Robert J. Helm, Chair of the Missouri Board, welcomed Western Regional Meeting participants to St. Louis on June 12, by naming some famous Missourians: Harry Truman, Mark Twain, Daniel Boone, Ken Bishop and Colleen Conrad. The Western Regional Meeting concluded with attending a baseball game on June 13, when the Cardinals edged out the Nationals with a final score of one to zero.

Representatives from 36 Boards attended the Eastern Regional, with 182 participants and 23 guests, and representatives from 33 Boards were at the Western Regional, with 184 participants with 42 guests.

“Branding and raising awareness of the State Boards of Accountancy is very important and we need to continue to move forward having conversations with all the major players in the accounting and financial world,” NASBA Chair Johnson told the meetings. “We need to make sure our public and constituents know who the State Boards are.” Many people, including accounting educators, are not aware of what the State Boards do, but Chair Johnson reported NASBA had reached out at the American Accounting

Association’s Annual Meeting with a large exhibition booth and announcement of NASBA’s education research grant winners.

[Continued on Page 2](#)

Contents

Nominating Committee Announces Slate	1
Regionals Hear from 2 New KY Colonels	1
CPE Standards Under Study	2
High Priority Bills Become Law.....	2
President’s Memo	3
Research Grant Recipients Report.	4
NASBA Encouraging Boards’ Diversity.	4
ARSC Standards Not Yet Issued.	5
Allen Highlights 4 Cases.....	5
AICPA Focuses on Quality Enhancement.	5
3 Months Into Practice Analysis.....	6
Regional Breakouts Fruitful.....	6
Forum for Standard Setters Formed.	7
Standards Study Update.	7
Pathways Commission Moves Ahead.....	7
Firm Mobility Upholds State Laws.	8

Published by the National Association of State Boards of Accountancy

Editor-in-Chief: Louise Dratler Haberman

Editor: Ken L. Bishop

Production Editor: Anthony E. Cox

Editorial Assistant: A. Ann Bell

Tel/615.880.4200 Fax/615.880.4290

www.nasba.org

Regions Hear From KY Colonels (From Page 1)

President Bishop noted that NASBA is also making an initial contribution to a minority Ph.D. program, to help further diversity in the profession.

"There is confusion about the differences between State Boards and State Societies," President Bishop agreed. "It is important to know who the regulator is and a good strong newsletter is a way for the Board to communicate. To assist, the NASBA communications department will develop a newsletter for a State Board with no fee attached," President Bishop said.

Chair Johnson and President Bishop both stated that uniformity is an important issue for NASBA. "Mobility has shed a light on disparity around the country," President Bishop observed. He noted that when Board members begin serving on a Board, they frequently inherit laws that were passed many years ago. He encouraged the Board members to consider working on uniformity to help both the public and the profession. Chair Johnson pointed out there is significant discrepancy among the Boards' 150 hour requirements, and NASBA will be working on getting the Boards' rules more standardized in required education.

Another area that needs to be reconsidered is the recognition of international professionals, President Bishop suggested. The NASBA/AICPA International Qualifications Appraisal Board is running out of non-US professional designations with which to forge mutual recognition agreements based on their being substantially equivalent to the US CPA and their country being willing to extend audit rights to US CPAs. "Should we consider a unilateral position?" Mr. Bishop asked. He reported NASBA and AICPA are doing due diligence on what such a



From left to right: KY Board Chair Phillip Layne, "Colonel" Ken Bishop, "Colonel" Carlos Johnson and KY Executive Director Dick Carroll.

change in policy might involve.

Conversations are going on with the Canadian profession to see how reciprocity with their new consolidated professional body could work, Chair Johnson stated. A leadership summit meeting with NASBA, AICPA, CPA Canada and the Instituto Mexicano de Contadores Públicos is scheduled for late July, he reported. President Bishop pointed out discussions about reciprocity have been going on with the Canadians for about five years. NASBA is proposing a slow and diligent approach to reciprocity, perhaps involving a pilot project with one US State and one Canadian province.

Candidate data from all jurisdictions comes through NASBA's Gateway System, Chair Johnson pointed out, and NASBA has spent significant resources on IT, with an emphasis on data security. "We want to build a rock solid system as we redo the Gateway," President Bishop stated. ♦

CPE Standards Under Study

The CPE Standards Working Group and the Continuing Professional Education Model Rule Task Force are both currently considering innovations in the delivery methods of CPE, blended delivery methods and nano-learning, NASBA Director of Compliance Services Maria Caldwell and National CPE Sponsor Registry Associate Director Jessica Luttrull reported to the Regional Meetings. Every two years the Statement on Standards for Providers of Continuing Professional Education (CPE) are reviewed and revisions are circulated in the form of an exposure draft. During the 2014 review cycle, a CPE Model Rule Task force was also established to provide a process to incorporate the changes made to the Standards into the CPE rules adopted by Accountancy Boards. The model rule drafted by this task force will ultimately be recommended to the AICPA/NASBA Uniform Accountancy Act Committee. Ms. Caldwell said the goal of both of these subcommittees is to ensure that the type of learning that Accountancy Boards require for CPE falls squarely within best learning methods. "The challenge with crafting a new model rule is that one effect of regulation is to set a floor for acceptable compliance, but you do not want it to be an anchor that holds down top performers," she stated, after sharing some examples of innovative program models designed by Deloitte, the Khan Academy and Ernst & Young.

The Khan Academy has teamed up with the AICPA to work on nano learning, Ms. Caldwell reported. This is instruction given in short video clips that build on one another.

The large accounting firms spend hundreds of millions of dollars per year for their employees' continuing education programs. Even if they do not count for CPE under current Accountancy Board rules, Deloitte is preparing just-in-time learning modules. According to a recent survey, a professional used to need 70 percent stored

knowledge and then to look up the additional 30 percent to successfully complete an assignment, now that has reversed so that the professional needs 30 percent stored knowledge and the ability to look up 70 percent. These just-in-time modules can be referred to by the CPAs at the point they need the knowledge most. E&Y is using blended learning that includes classroom training combined with pre-work, homework and group work case study, for a comprehensive learning program that does not get CPE credit for all parts. ♦

High Priority Bills Become Law

Of the 223 pieces of "high-priority" legislation potentially impacting the regulation of the accounting profession, which were monitored by NASBA Director of Legislative and Governmental Affairs Director John W. Johnson during the 2014 legislative session, 76 of those bills have already been signed into law. As 26 legislatures work within the framework of a two-year legislative cycle, some of the other bills may be carried over to the next session.

To view the enacted legislation, click on the Member Center tab at the top of NASBA's home page, www.nasba.org, and look for Legislative Tracking. Once on the Legislative Tracking page, click on the link to view "high-priority legislation signed into law." Then, either scroll down to find a particular jurisdiction, or click on any blue jurisdiction on the map (blue indicating the high priority legislation has been signed into law) to go directly to that jurisdiction's listing. Questions or comments about any legislation should be directed to Mr. Johnson at jjohnson@nasba.org. ♦

PRESIDENT'S MEMO

I'm Pumped

The month of July is an important one at NASBA: The Regional Meetings are over; we are approaching the end of our fiscal year; and it is a time for reviewing, measuring and evaluating. It is also a time for planning, budgeting and challenging ourselves for the new fiscal year, which begins on August 1. As we are knee-deep in those processes, I'm pumped!

I am surrounded by smart folks, both volunteers and staff, some of whom review and recommend edits to pieces such as the *President's Memo*, so I am somewhat reluctant to use slang such as "I'm pumped." However, upon a Google search of "pumped," I discovered 17,000,000 results and a myriad of uses. To be clear, I am not using the literal definition of "to force something by means of a pump," but the new informal meaning in the *Oxford English Dictionary*: "Being filled with enthusiasm and excitement."

Many of you had the opportunity to attend one of the NASBA Regional Meetings in either Louisville, Kentucky, or St. Louis, Missouri, in June. Attendance was great and almost all states and territories were represented, as were many state societies, CPA firms and accounting-related organizations. The agenda provided attendees the opportunity to hear about many of the important developments happening in the profession and related to the regulation of the profession. The enthusiastic and engaged participation of the attendees in all of the plenary and breakout sessions was inspiring. Having the members of our Center for the Public Trust (CPT) Student Chapters attending and participating in the Western Regional Meeting gave the rest of us the opportunity to visit with future leaders in business and accounting. A review of attendees' meeting evaluations confirmed what I already knew: The Meetings were a huge success...and I'm pumped!

As we prepare our financial statements and reports for the July Board of Directors' meeting, it is clear that we are going to have another very successful year. Our business units' products and services have contributed significantly to our ability to provide resources to Boards of Accountancy. This year we have provided unprecedented assistance to State Boards through legislative support that resulted in positive results across the country. Our State Board relations efforts have provided increased awareness of the support NASBA provides to states and have resulted in increased State Board participation in NASBA. The attendance at the Regional Meetings demonstrated that success. Finally, our new efforts in CPE audit tools, legal support, and branding and communications continue to enhance the relevance and effectiveness of Boards of Accountancy. I'm pumped!

With our budgeting and planning for the next (fiscal) year well underway, we know we are going to be busy. We are working with the AICPA in developing the Uniform CPA Examination of the future and the consideration of new and improved peer review processes. Internally, we are updating and replacing our IT infrastructure, as well as making changes in our workspace to create a more collaborative, efficient and productive environment for the future. Most importantly, NASBA volunteers and staff have listened intently to the feedback we received at the Regional Meetings, from the responses to the Regional Directors' Focus Questions, and through Board visits, and we look forward to working to increase our assistance to the Boards of Accountancy.

Our "Mission Driven, Member Focused" mantra is heartfelt by all of us at NASBA. As we pass yet another milestone, I am so pleased with what we've accomplished and the direction in which we are going....in fact, I'm pumped!

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

Research Grant Recipients Report

Educators who had received NASBA Education Research Grants in 2013 shared with the Regional Meetings some of the insights their work has produced. During panel sessions moderated by Chief Relationship Officer Alfonzo Alexander in the East and Education Committee Member Dr. John E. Peterson (SD) in the West, the academicians explained how the specialization of faculty, not-for-profit educational institutions and gender all impact candidates' success on the Uniform CPA Examination.

Dr. Dennis Bline of Bryant University reported that he and his fellow researchers (Stephen Perreault and Xiachuan Zheng) had looked at information gathered from over 700,000 first-time Uniform CPA Examination candidates (from 2005-2013). He thanked NASBA Director of Continuous Improvements and Analytics James Suh for providing the data. The professors found the greater level of specialization of the school's faculty, the higher their candidates scored on the Examination. The window in which the Examination is taken also has an impact, as those taking the Examination in the first quarter of the year have the lowest passing rate, while those in the second or third quarter do better, and then the pass rate trails off again by the fourth quarter.

Dr. H. Fred Mittelstaedt of Notre Dame, and his colleague Michael H. Morris, compared the performance of Uniform CPA Examination candidates from not-for-profit schools to those from for-profit schools and discovered those from not-for-profit schools scored on average 8 points higher. They noted the for-profit candidates were more likely to be older and female. The researchers focused only on those who had



From left to right: Professors Dennis Bline, Fred Mittelstaedt and Brad Trinkle.

graduated no more than two years prior to taking the Examination.

Dr. Brad S. Trinkle of Mississippi State University (and his team including James Scheiner, Amelia A. Baldwin and George Krull) looked at the Uniform CPA Examination Candidates' age and gender. They found male candidates were 11 percent more likely to pass an individual section and 7 percent more likely to pass the entire Examination. More research is necessary to determine if this is because of the Examination itself, education or something else, Dr. Trinkle said. As candidates got older, their chances of passing the Examination dropped, at about 1.4 percent per year. The researchers also discovered the more times a candidate sits for a particular section of the Examination, the less likely he or she is to pass that section and the Examination as a whole.

Mr. Alexander announced that when the studies are completed, the researchers will have reports posted on the NASBA Web site. ♦

NASBA Encouraging Boards' Diversity

Does your Board or Society have a diversity and inclusion initiative? Does it have a program to identify minority rising leaders and to mentor them? These were the questions posed by NASBA Diversity Group Chair Tyrone Dickerson (VA) and Group Member Leonard Sanchez (NM) at the Regional Meetings. They reported the group is implementing two of the recommendations developed by last year's committee:

1. Develop engagement programs that bring NASBA's staff, Executive Committee, current Board of Directors' members and the Nominating Committee's members together with volunteers; providing opportunities to become familiar with potential volunteer leaders.
2. Help expand the diversity of NASBA's volunteer base by developing and distributing resources that encourage Boards of Accountancy to emphasize the importance of diversity to those who nominate, recruit and/or appoint the members of the Board.

Many of those present at the breakout sessions agreed with NASBA Chief Relationship Officer Alfonzo Alexander when he observed: "A big void of minority talent in the accounting profession is because of lack of exposure. That limits people from even considering the profession." Regina D. Hunter (MA) remarked: "I did not know what a CPA was until I had an accounting teacher in high school who was an African-American." She told the breakout session: "It is up to each of us in this room to engage students



Tyrone Dickerson



Leonard Sanchez

in conversation. We have to encourage dialog with the younger generation." Reflecting on her own efforts, Ms. Hunter said, "For a long time I was involved with child care, my job, husband, etc., and did not have time to give back: Now I do."

Mr. Dickerson recalled: "I was told if I became a CPA, I would never have to worry about a job: The industry is recession proof. The first day at college I changed my major from physical education to accounting."

As the Governor appoints the members of the State Board in most states, to achieve diversity on the Boards means groups have to become politically active to attract the Governor's attention, NASBA Vice Chair Walter Davenport (NC) pointed out. It will be difficult to move diversity along if the Governor does not have a pool of people from which to select, he noted.

Mr. Dickerson said he is coordinating NASBA's diversity activities with the AICPA's. ♦

ARSC Standards Not Yet Issued

The AICPA Accounting and Review Services Committee (ARSC) is expected to vote in August to release their new combined Statements on Standards for Accounting and Review Services (SSARS 21) – Preparation of Financial Statements: Compilation Engagements and Association with Financial Statements, reported NASBA Director-at-Large Janice Gray (OK), a member of ARSC, at the Regional Meetings. ARSC had met on May 20-22, but did not vote to issue the standards at that time. Ms. Gray had asked the NASBA Regional Directors to issue a Focus Question to the State Boards on their support of the proposed standards, and while about a third of the Boards replied that they had reviewed the ARSC proposals, only a few said they had some concerns. The ARSC had modified their original proposals based on comments received from the State Boards at the 2013 Regional Meetings, as well as through other communications. It was decided that a practitioner has to relay his independence in a compilation engagement and a simple disclosure legend stating no CPA has provided assurance must be placed on the financial statements in a preparation engagement.

Chas J. McElroy, chair of ARSC Clarity Task Force, told the NASBA audience that a chart providing examples will be added to the standards to define when preparation standards apply and when they do not. "I think this is an improvement in practice," Mr. McElroy observed. The ARSC had sent out an exposure draft on association



Chas McElroy



Janice Gray

with financial statements, but after they looked at the comments received, they decided to pull it back because they did not feel they had it right, he reported.

"There is no assurance in compilation or preparation, but we need to make sure those numbers are right and used appropriately," Mr. McElroy said. Ms. Gray commented, "I think the market will continue to drive the compilation service. Prep will be good for clients who just need assistance with certain things. But I think when a client takes something to the bank that says there is no CPA assurance, the bank is going to ask: Where is the compilation report we used to get?" She reported ARSC had considered eliminating the term "compilation," but it is embedded in states' laws and professional literature. ♦

Allen Highlights 4 Cases

NASBA Legal Counsel Noel Allen alerted the Regional Meetings to four recent cases of significance to the Boards of Accountancy:

- *Greenberg v. Western CPE* – The Defendant was a continuing professional education provider who reproduced in ethics course materials a summary of the State Board's disciplinary action against Greenberg which he claimed was false and defamatory. Western CPE was granted summary judgment because the reproduced summary of disciplinary actions was initially published by the California Board and protected by the privilege for reports of official public proceedings. Mr. Allen commented that this case "shows the need for accuracy in a very mobile world" as there is an abundance of information in the public domain.
- *In re Garcia, 58 Cal 4th 440 (2014)* – The court decided the fact that Sergio Garcia was an undocumented immigrant present in the United States without authorization did not, in and of itself, constitute unfitness to deny him admission to the California State Bar. Mr. Allen said this is a case to watch as Jose Manuel Godinez-Samperio brought a similar case in Florida and Cesar Vargas brought one in New York. The Florida legislature passed a law in May that authorizes practice by undocumented aliens. Whether this change will apply to all professions needs to be watched and it could impact mobility as well, he pointed out.
- *Lawson v. FMR LLC* – Accountants employed by private companies that contract with publicly-traded companies are protected by the whistleblower provisions of the Sarbanes-Oxley Act. Although SOX usually does not apply to CPAs, Mr. Allen observed, "in this case the U.S. Supreme Court alluded to SOX and found Congress did not intend to leave these professionals vulnerable to discharge or other retaliatory action for complying with the

law." The justices noted that this case could have implications for accounting firms. Mr. Allen predicted a rise in complaints in this area will be coming to the State Accountancy Boards: "Individuals whistleblowing pursuant to federal statute may breach confidentiality."

- *Barletta v. Rilling and City of Norwalk* – The state statute which prohibited anyone convicted of any felony from being licensed as a precious metals dealer was ruled unconstitutional by the U.S. District Court for the District of Connecticut. In this case the blanket denial was the problem, Mr. Allen explained. ♦

AICPA Focuses on Quality Enhancement

An AICPA task force is developing a practice-monitoring concept for the future, AICPA Vice President Susan S. Coffey and AICPA Peer Review Board member G. Alan Long, who is also a member of the Kentucky State Board of Accountancy, reported to the Regional Meetings. The envisioned components of the quality enhancement program are still being worked out, but the Boards were told to expect to see a concept paper to be released in the next few months.

Ms. Coffey told the Regional Meetings, that while the peer review program has served the profession well for three decades, in early 2012 the AICPA strategic planning process identified the need for practice monitoring in the future that would "use the latest technology to enable a continuous process for evaluating accounting and auditing engagements." They are considering what practice monitoring should look like in 2020 and it "has to be made useful to regulators, practitioners and the marketplace." ♦

3 Months Into Practice Analysis

After six months of preparation, the Board of Examiners is three months into the Practice Analysis for the next version of the Uniform CPA Examination. BOE Chair Frederick Niswander told the Regional Meetings: “The basic questions are: What do we test – and how do we test it? What is the look and feel of the Exam?” Ultimately the analysis will provide data to define the scope of the Uniform CPA Examination.

The AICPA is working with the BOE’s content committees and with 16 focus groups, including some drawn from the Boards of Accountancy. Currently the AICPA is about half way through meeting with the focus groups and then a survey will go to 3,000 individuals. There will be two formal comment periods on released documents: First, in the third quarter of 2014, there will be an invitation to comment on the content and then, in the middle of 2015, there will be a large exposure draft, Dr. Niswander stated.

“The Practice Analysis is so crucial, and NASBA will alert the Boards when the exposure drafts come out: This is when the Exam changes,” NASBA Executive Vice President and Chief Operating Officer Colleen K. Conrad told the Regional Meetings. Based on what is found in the Practice Analysis, the number of sections on the examination could change, the section make-up might change and other major alterations might be made.

Looking at recent domestic Examination candidate figures, Ms. Conrad observed that although more men are taking the Examination than women, the number remains close to even. Candidates are passing the Examination faster, with less overlapping years. Also those taking the Examination closest to their graduation date generally pass at a higher rate.

CPA candidate testing centers outside the United States were first launched three years ago and now exist in Japan, Brazil, Bahrain,

Kuwait, Lebanon and the United Arab Emirates, with new locations under consideration, Ms. Conrad said. “Right now any U.S. citizen can take the Examination abroad, be they expats working overseas or in the military, for example. Citizens of the country where the Uniform CPA Examination is allowed to be taken as well as permanent residents of those jurisdictions can take the Examination outside the U.S.” Ms. Conrad said NASBA and AICPA are considering enabling those with student visas or long-term work visas to be allowed to take the Examination outside the U.S. The location of the CPA Examination testing centers are mutually agreed upon by NASBA, AICPA and Prometric. Sites are chosen based on projected volume of candidates, locations where Prometric already has test centers, and security considerations, such as cultural differences about the ethics of sharing questions.

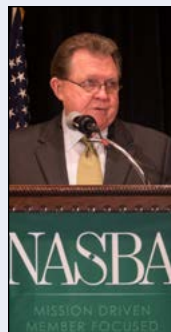
While domestically the number of candidates 2012-2013 was fairly static, the number of international candidates from China grew almost 36 percent in one year, Saudi Arabia about 29 per cent and Jordan about 26 percent. Ms. Conrad said the international candidates had been surveyed as to why they take the Uniform CPA Examination and while many in industry said they use it to improve their profile and obtain pay increases, others reported they are dealing with the U.S. and having the CPA means having a valuable skill set.

While initial trends show that at least 50 percent of the international candidates will pursue and receive licensure, Ms. Conrad asked the Boards to consider what they want to do with the scores of those international candidates who do not get licensed within three years of passing all parts of the Examination, as required in their application to take the Examination abroad. ♦

Regional Breakouts Fruitful

The traditionally popular Regional Breakout Sessions continued to receive high marks from participants at the 2014 Regional Meetings. Evaluations of the Regional Meetings this year again contained comments on the excellent networking opportunities provided throughout the Meetings, and especially during the Regional Breakouts. Among the topics discussed at the Regional Breakout Sessions were: the potential impacts of firm mobility; using the NASBA CPE tracking service; following through on firms found not to have obtained the peer review needed to provide employee benefit plan audits; the shrinking of the pool of peer reviewers; mobility related to international professionals; streamlining state government operations; work that can be performed by “inactive” CPAs; on-line accelerated education; and the ARSC preparation standards proposal.

Moderators for the Regional Meetings, Regional Breakout Sessions and the New Board Member Orientation Sessions were: Southwest Regional Director A. Carlos Barrera (TX); Southeast Regional Director Jimmy E. Burkes (MS); Northeast Regional Director John F. Dailey, Jr. (NJ); Middle Atlantic Regional Director Tyrone E. Dickerson (VA); Great Lakes Regional Director W. Michael Fritz (OH); Director-at-Large Raymond N. Johnson (OR); Mountain Regional Director Richard N. Reisig (MT); and Central Regional Director Douglas W. Skiles (NE). ♦



Jimmy Burkes moderates.



From left to right: Mike Fritz, Tyrone Dickerson and Jack Dailey moderated Eastern Regional Meeting.



From left to right: Doug Skiles, Carlos Barrera, Richard Reisig and Raymond Johnson moderated Western Regional Meeting.

Forum for Standard Setters Formed

The Corporate Reporting Dialogue (CRD) was launched on June 17 at the annual conference of the International Corporate Governance Network (ICGN). Its goal is to bring together organizations that have significant international influence on the corporate reporting landscape. According to Huguette Labelle, who has been chosen to chair the CRD: "The CRD is a collaboration that will promote greater cohesion and efficiency, rebalancing reporting in favor of the reader, helping to re-establish the connection between business and its principal stakeholders." The new group's initial deliverable is expected to be a "Corporate Reporting Landscape" which will highlight the

connectivity of various reporting frameworks and standards and their relevance to integrated reporting.

Included in the Corporate Reporting Dialogue are the: Carbon Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), Financial Accounting Standards Board (FASB), Global Reporting Initiative (GRI), International Accounting Standards Board (IASB), International Integrated Reporting Council (IIRC), International Public Sector Accounting Standards Board (IPSASB), International Organization for Standardization (IOS) and the Sustainability Accounting Standards Board (SASB). ♦

Standards Study Update

The Accountancy Boards' future role in overseeing the standards they are responsible for enforcing was discussed by NASBA Standards Study Group Chair Gaylen Hansen during breakout sessions at the Eastern and Western Regional Meetings. He explained that, as the Boards have the mandate to decide which standards their licensees can use when providing services, and Boards have requested NASBA's assistance and guidance in making those decisions, the Standards Study Group is recommending to the NASBA Board of Directors that NASBA monitor standard setters and the standard setting process.



Gaylen Hansen

The NASBA Standards Study Group includes: Chair Gaylen Hansen (CO), Donald H. Burkett (SC), Walter C. Davenport (NC), Raymond N.

Johnson (OR), Harry O. Parsons (NV) and Laurie J. Tish (WA), with staff support from Ken Bishop, Colleen Conrad, Louise Dratler Haberman and Noel Allen. The Group is constructing a matrix that lists authoritative and non-authoritative standard setters (such as the FASB, GAO, PCAOB, IFAC and AICPA) on one axis and then the components of best practices in standard setting on the other axis. Among the best practice components are: how the standard-setting entity was created; how it is funded; the way it selects its board members; the expertise of its board members; the elements of its due process; and its post-standard setting review.

Feedback from the Regional Meetings is being weighed by the SSG as they develop their recommendations to the NASBA Board of Directors. ♦

Pathways Commission Moves Ahead

The second phase of the Pathways Commission's work is moving ahead, Melanie G. Thompson (TX), NASBA's representative on the Commission's task force, reported to the Regional Meetings. She called the Boards' attention to the work being done by the Commission to recognize high school Advanced Placement courses in accounting, as a means of attracting high-potential, diverse entrants into the accounting profession. A survey of university accounting chairs found that they would accept Advanced Placement course credit if the student scores 3-5 on the AP examination. Ms. Thompson asked the State Boards if they would be ready to accept the results of the AP examination in place of the introductory accounting course, so that one less course would be required for licensure?

Ms. Thompson is a member of the Commission's Accounting Common Body of Knowledge Task Force, which is charged with broadly defining the body of knowledge that is the foundation of accounting's curricula of the future. They have identified and described three types of competencies: foundation, accounting and broad management. She underscored that ethics is one of the broad management competencies that has been identified. Ms. Thompson observed: "Professional judgment is becoming the mantra in education. It is extraordinarily difficult for students." Many students go into the accounting profession because they like specificity, and the profession is helping the educators learn how to develop professional judgment in students, she observed. ♦

Attentive Listeners at Regional Meetings



Eastern Regional Meeting had 182 participants from 36 jurisdictions.



Western Regional Meeting had 184 participants from 33 jurisdictions.

Firm Mobility Upholds State Laws

Firm mobility does not relieve a firm of having to comply with the laws of the state in which they are practicing, NASBA Uniform Accountancy Act Chair Kenneth R. Odom (AL) told the Regional Meetings. He reported the NASBA/AICPA UAA Committee had struggled with coming up with the new provisions in the Seventh Edition of the UAA, released in May, that provide for firm mobility, but, "In the end, we think we came up with a good document that will work with those states which already have firm mobility, will help firms who are practicing in multiple states and will give more teeth to states to regulate."

The Seventh Edition contains four major changes to the UAA: (1) The revised definition of "attest," which Mr. Odom called "the backbone of the UAA"; (2) Provisions for firm mobility; (3) Requiring non-CPA owners of firms to be "of good moral character"; and (4) Deleting the definition of "home office." NASBA released these changes in two exposure drafts over the last year. All the changes, including firm mobility, are now in the Seventh Edition. Mr. Odom told the Boards at the Regional Meetings, "If you do not want to adopt mobility, NASBA will provide the approved exposure draft language that only covers the new definition of attest." He noted that there are 17 states where firm mobility already exists because of early adoption or out-of-state firms are not required to be licensed.

Some states had expressed concern about how they could



Kenneth R. Odom



Noel L. Allen

protect their citizens if they adopt firm mobility, NASBA legal counsel Noel Allen told the Meetings. "The old approach was just that – the firm had to register and if they failed to do so the prosecution had to be through injunctive relief. The 'home office' definition was not consistently adopted by states and there was difficulty in enforcing it," Mr. Allen said. "The new approach lets the Board protect its own state as it can impose discipline on that firm (through civil penalties, sanctions or revocation of practice privileges, which is as serious as revocation of the license itself) and it obligates the other states to bring enforcement against those who have done harm in your state."

The NASBA/AICPA UAA Committee has a task force currently working on what services an "inactive CPA" can perform, Mr. Odom reported. Other issues up for consideration are the return of client records, CPA whistleblowers, updating the Model Rules and proper handling of a deceased CPA's client records. ♦