

## NASBA IT Chief Addresses Board

NASBA has made significant investment in protecting its environment against the worldwide growing security threats, NASBA Chief Information Officer Cheryl Farrar reported to the July 18 meeting of the NASBA Board of Directors. “We have made substantial process improvements, acquired additional software tools to monitor our IT environment, went so far as to use tools that hackers employ to make sure our systems are safeguarded against hackers gaining access to our technology assets, established expanded security governance, designed new mobile device controls, set new standards for developing systems, and reviewed all of NASBA’s applications from a security perspective,” Ms. Farrar stated. She explained that IT security professionals detect 160,000 new viruses daily and there are periodic attempts to hack the NASBA servers and applications. “This means we have to protect our perimeter,” Ms. Farrar advised.



Cheryl Farrar

Besides increasing security, Ms. Farrar reported the NASBA IT

department this year has: established a governance model to ensure that NASBA’s business units decide what IT works on and includes that in the fiscal policy; rolled out the interface for CPAES, CPA Central and the internal Hub’s launch; made improvements to the Accountancy Licensee Database; launched the CPE Audit Tool sites; and made operating system upgrades to the Gateway system.

Among the projects set for the coming year, Ms. Farrar said the IT department will: begin the Gateway rewrite; improve data management and reporting; enhance the software development life cycle; complete an infrastructure platform migration; consider developing mobile capabilities for candidates working with cell phones and tablets; and make service desk improvements.

Executive Vice President and COO Colleen Conrad praised Ms. Farrar for having done a great job of pulling together a “terrific” IT team, including Chief Information Security Officer Roy Hall and NASBA’s Infrastructure Services Director Jeff Oliver. President Ken L. Bishop expressed his pride in the team as well. ♦

## BOD Approves For-Profit Entity

At their July meeting, the NASBA Board of Directors passed a resolution presented by President Ken L. Bishop that would enable NASBA to form a for-profit entity to provide all foreign education evaluation services and other education measurement services not within the scope of the current NASBA Articles of Incorporation as a not-for-profit corporation. On August 1, NASBA launched Aequo International to provide “efficient, knowledgeable service that sets the benchmark in the field of international evaluations.” The new company will evaluate international education for admissions, employment, professional examination and licensure. The NASBA International Evaluation Service (NIES) will remain within NASBA and continue to serve the accounting profession, with the new entity serving those in other fields. NIES now is an approved provider of evaluation services for 48 State Boards of Accountancy.



“The value proposition for this new venture is compelling,” Executive Vice President Colleen Conrad told the July Board meeting. “We are coming to evaluation with the point of view of the regulator.”

James Suh, NASBA Director of International Evaluation Services, who will serve as President of this new entity, explained that “Aequo” is derived from the Latin verb “aequus,” which means “to level, to equal.” He joked that just as “Google” has become a part of English vocabulary, so the new term, “Aequo,” is intended to mean “to provide amazing evaluation services.” The company is promising: 5-10 business day turnaround on evaluation requests; extended call center hours; simple

low-cost pricing; and up-to-the-minute evaluation expertise. The service is expected to appeal to students, professionals and employers seeking evaluations of international education and job experience.

More information about the new venture can be found on [www.aequointernational.com](http://www.aequointernational.com). ♦

## Contents

NASBA IT Chief Addresses Board .....	1
BOD Approves For-Profit Entity.....	1
NASBA at Whistleblowing Roundtable. ....	2
MRA Partners Meet in Mexico City. ....	2
2014 Annual Meeting in D.C.. ....	2
President’s Memo .....	3
House Committee Considers Licensing. ....	4
CPT Calls for Award Nominations. ....	4
CPE Summit Sept. 17-19. ....	4

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## NASBA at Whistleblowing Roundtable

NASBA was one of the select key organizations at the July 10 International Ethics Standards Board for Accountants' (IESBA) roundtable on Non-Compliance with Laws and Regulations (NOCLAR). This was one of a series of three global roundtables to provide the IESBA with feedback on the accountants' responsibilities regarding the disclosure to an appropriate authority of suspected non-compliance with laws and regulation by a client or employer. Executive Vice President Colleen Conrad, who participated in the roundtable along with NASBA Past Chair Gaylen Hansen (CO), told the July NASBA Board of Directors' meeting: "There is still a lot of controversy" over confidentiality of client records vs. the accountant's finding of fraud that he or she feels should be reported to a government body.



Gaylen Hansen

Back in June 2013, the IESBA tentatively agreed: "The Code [of Conduct] should explicitly permit for PAs [professional accountants] to override the duty of confidentiality under the Code and disclose a SIA [suspected illegal act] to an appropriate authority in the appropriate circumstances when it is judged to be in the public interest." Then in September 2013 the IESBA Task Force "agreed that the real issue is not about whether disclosure to an appropriate authority would be justified if doing so would be in the public interest, but about compelling the PA to do so." The Task Force recommended that the approach taken should be "making it clear that if the PA then [after appropriate evaluation of the severity of the matter] decides to

voluntarily report in such a situation, this would not be a breach of the duty of confidentiality under the Code."

The IESBA's work plan calls for a revised exposure draft in January 2015 and approval of their final standard on "Responding to Non-Compliance with Laws and Regulations" in January 2016. The AICPA/NASBA Uniform Accountancy Act Committee has been studying the progress of the IESBA's work in this area.

Over 65,000 people have provided confidential information to the Securities and Exchange Commission in response to their program offering a bounty of up to 30 percent of penalties for any monetary sanctions the SEC gets over \$1,000,000. The *Wall Street Journal* reported the largest group of professionals among those whistleblowers were engineers. When asked for an explanation by the WSJ reporter, the executive director of the American Society of Engineering Education said: "It's fundamental to our code of ethics" which states engineers "must be dedicated to the protection of public health, safety and welfare." However, the first person to receive payment under the IRS's whistleblower program was an accountant.

At NASBA's June Regional Meetings, NASBA Legal Counsel Noel L. Allen selected as one of the recent cases for the Boards to watch *Lawson v. FMR LLC*, a 2014 case in which the U.S. Supreme Court held that the whistleblower protections found in the Sarbanes-Oxley Act were applicable to private firms that act as contractors and subcontractors. "In so holding, the justices noted that this case could have implications for accounting firms," Mr. Allen underscored. ♦

## MRA Partners Meet in Mexico City

A summit of leaders from the Instituto Mexicano de Contadores Públicos, American Institute of Certified Public Accountants, CPA Canada and NASBA met in Mexico City on July 21-23, 2014 to discuss the progress of the mutual recognition agreement signed by them all in April 2008. Since that time few Mexican Contadores Públicos Certificados (CPCs) have taken the IQEX and even fewer U.S. CPAs have taken the MEXQEX, the first step toward obtaining mutual recognition.

It was agreed that more publicizing of the agreement will be done by all parties. As part of this effort, the AICPA has contacted the Association of Latino Professionals in Finance and Accounting (ALPFA), the U.S.'s largest Latino professional organization, and they have agreed to help increase awareness of the MRA.

All parties have signed a memorandum of understanding extending the Mexican/Canadian/U.S. agreement until December 31, 2016, to allow time for the evaluation of CPA Canada's new education program. The program will be in support of the unification of the Canadian accounting profession under the Chartered Professional Accountant (CPA).

The MRA forged with IQAB and the IMCP was originally signed by the Canadian Institute of Chartered Accountants (CICA), but that has now evolved into CPA Canada bringing CICA together with CMA Canada and CGA-Canada. CPA Canada President and CEO Kevin Dancy assured the Mexican summit attendees that the CPA Canada education program will be ready for review in advance of the 2016 deadline.

NASBA President Ken L. Bishop briefly described the mobility program being considered for pilot testing between the state of Washington and the Canadian province of British Columbia.

Mr. Dancy reported some countries are moving away from

mutual recognition agreements to mutual membership agreements. While this may work well in other countries which require membership in a professional association for licensure as a public accountant, it was pointed out that no such requirement exists in the United States. ♦

## 2014 Annual Meeting in D.C.

NASBA's 2014 Annual Meeting, in Washington, D.C., November 2-5, will be bringing outstanding leaders in accounting and business to address the State Boards. Besides providing excellent opportunities for networking with State Board members from around the country, the Annual Meeting will include presentations from NASBA leaders as well as:

- Tommye Barrie – American Institute of CPAs Incoming Chair
- Christine Ann Botosan – American Accounting Association President
- James R. Doty - Public Company Accounting Oversight Board Chairman
- Frank Keating – American Bankers Association President
- Dan Montgomery – International Auditing and Assurance Standards Board Deputy Chair
- Paul H. Stebbins – World Fuel Services Corporation – Chairman and CEO
- David A. Vaudt - Governmental Accounting Standards Board Chairman.

The program will also feature nationally televised commentator Cokie Roberts bringing all the latest news from D.C. There will be a welcome reception, gala dinner and spouse tour.

For meeting details check [www.nasba.org](http://www.nasba.org).

Just remember to get your mail-in ballot so that you don't miss your chance to vote on Election Day. Come join State Boards in the nation's capital for a memorable meeting. ♦



# PRESIDENT'S MEMO

## Change: Doing the Right Things & Doing Things Right

On a couple of occasions over the past few years, I have quoted my late grandfather's "words of wisdom" that have stuck with me through the years. As a blacksmith, craftsman and wood worker, he was truly an artisan with many raw materials that ultimately became valuable tools or beautiful pieces. When I was a young boy, I would visit his shop and he would take the time to show me how to do things. Occasionally, I was tempted to take a shortcut, or want to rush, and his message to me was always the same: "If you're going to do it, do it right." I often think of that advice and, to the chagrin of others, I occasionally repeat it to my staff.

The irony of the subtitle of this memo, "Doing the Right Things and Doing Things Right," is that each element is independent of the other. You can do "wrong things" right, and you can do "right things" wrong. To take my grandfather's sage advice one step further: we should strive to do "right things" and "do them right"!

In the past year or so at NASBA conferences and meetings, and through our writings and postings, we have been exposing and discussing ideas and proposals. Many of the issues we are considering, such as firm mobility, changing the definition of "attest," developing a unilateral approach to international practice privileges, recognizing and using global credentials, or striving for continued and enhanced uniformity in states' statutes and rules, will take some of us out of our comfort zone. Most, if not all, of the changes being considered have merit and are likely to happen at some point in the future, but only when we are confident that we are doing the right things and doing things right.

The past few weeks have been busy, important and interesting. Of particular note was a meeting of North American accounting leadership held in Mexico City. The thoughtful conversations and discussions in Mexico made it clear that many of the issues we are addressing are not confined to the United States, but are truly global in nature. While our countries' laws, rules and regulatory structures may have significant differences, their core goals of sound public policy are similar. More importantly, a close listening to the reports from our neighbors from the north and south made it clear that significant changes are happening and that more change is inevitable.

NASBA's Chair, Carlos Johnson, and I share an appreciation for the book *Who Moved My Cheese*, written by Dr. Spencer Johnson in 1989. I would summarize the lessons of the book in four key elements: (1) Change is going to happen; (2) We should anticipate and look for change; (3) We have a responsibility to monitor and measure change; (4) Ultimately we should embrace change that makes sense. We see constant improvements in instant and global communications, the new generation of practitioners and users of accounting professional services, and the critical nexus between business and technology. All are indicative that change is indeed ongoing and is going to impact the accounting profession and how it is regulated. If change is inevitable, NASBA and Boards of Accountancy must step up to insure we are doing the right things and doing things right.

When you are a leader of any organization or association, whether staff or volunteer, you will ultimately be judged not on what you maintained, but on what you changed (and hopefully improved). Of course we maintain standards, but how we do that effectively is going to change. In the short run, sticking to the status quo is generally the safer approach to anything. If you accept the notion that "change is going to happen," you realize that, if you maintain what is comfortable for too long, it may ultimately mean a lost opportunity or stagnation. John F. Kennedy said, "Change is the law of life, and those who look only to the past or present are certain to miss the future."

The leadership of NASBA is open to change and embraces it. "Doing things right" takes on a particularly important meaning in the sphere of public protection and sound public policy. Through transparency, open and meaningful dialog with our stakeholders, and ample due diligence, we can make changes in the right way by "doing things right and doing right things."

*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

## House Committee Considers Licensing

Andrew Gavel, the Federal Trade Commission's Director of the Office of Policy Planning, was the only witness to testify at the July 16, 2014 Committee on Small Business' hearing on "Barriers to Entrepreneurship: Examining the Anti-Trust Implications of Occupational Licensing." Committee Chair Sam Graves (R-MO) announced the purpose of the hearing was "to examine the role that the FTC plays in combating the rise of occupational licensure through enforcement of antitrust laws."

Mr. Gavel testified: "Since the late 1970s, the Commission and its staff have submitted hundreds of comments and amicus curiae briefs to state and self-regulatory entities on competition policy and antitrust law issues relating to such professionals as real estate brokers, electricians, accountants, dentists and dental hygienists, nurses, eye doctors and opticians, and veterinarians. These advocacy efforts have focused on various restrictions on price competition, contracts or commercial practices, entry by competitors or potential competitors, and truthful and non-misleading advertising." Among the cases his testimony cited involving accountants were the 1996 FTC Staff Comment to the Honorable Jean Silver Concerning Washington Administrative Code 4-25-710 to Require Additional Academic Credits for Certified Public Accountants, and the 1989 FTC Comment to the Hon. Jim Hill Concerning Oregon H.B. 2785 to Propose Certain Restrictions on Competition Among Accountants.

"Even when particular regulatory restrictions address well-founded consumer protection or other concerns, the inquiry should not end there," Mr. Gavel told the House Committee. "If the restrictions

are also likely to harm competition, policy makers should consider whether the regulations could be more narrowly tailored to minimize the burden on competition while still achieving other goals." ♦

## CPT Calls for Award Nominations

Do you have friends, family or business colleagues who lead with integrity and maintain high ethical standards? The NASBA Center for the Public Trust (CPT) offers you an opportunity to honor these individuals by nominating them for our Being a Difference Award.

Each year, we honor four ethical business leaders who are Being a Difference in their careers and positively impacting the lives of others.

To have your nominee(s) considered for the next round of awards, please visit [TheCPT.org/BeingADifferenceNomination](http://TheCPT.org/BeingADifferenceNomination) and submit your entry by Friday, September 19, 2014. ♦

## CPE Summit Sept. 17-19

Looking to the Future is the theme of the NASBA National Registry Summit, to be held September 17-19 in Nashville. Besides workshops on learning objectives and how the CPE Sponsor Registry works, there will be an overview of the working draft of the revised Statement on Standards for Continuing Professional Education.

Details about the National Registry Summit can be found on [www.nasba.org](http://www.nasba.org). ♦

