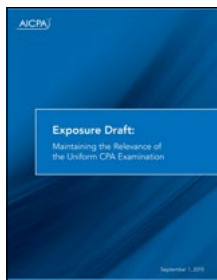


Exam Exposure Draft Released



The AICPA Board of Examiners has released for comment “Maintaining the Relevance of the Uniform CPA Examination,” an exposure draft based on the Board’s CPA practice analysis to ensure the Examination retains its validity, legal defensibility and relevance to the profession. It contains an explanation of the research and the proposed changes for the next version of the Uniform CPA

Examination, to be launched in 2017. These include:

- The Examination will be designed to enhance the testing of higher-order cognitive skills.
- The four existing sections of the Examination (Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG)) will be retained.
- A “blueprint” for each section will illustrate the knowledge and skills that will be tested and will link to tasks that are representative of the work of a newly licensed CPA. These will replace the “Content Specification Outline” and the “Skill Specification Outline.”
- The Examination will have more task-based simulations (TBS) and, for the first time, simulations will be added to BEC.
- Testing time for each section will be four hours, increasing by an hour the current testing time for both BEC and REG. Total testing time will go from 14 to 16 hours.

The exposure draft explains: “For the purpose of identifying the domain of tasks, knowledge and skills necessary to protect the public interest, a ‘newly licensed CPA’ is defined as one who has fulfilled the applicable jurisdiction’s education and experience requirements and has the knowledge and skills typically possessed by a person with two years of experience.”

The Board of Examiners is seeking comments related both to the implementation of the next version of the Uniform CPA Examination as well as those to be considered for future implementation. Comments are being requested on: agreement with testing higher-order skills, completeness of the detailed blueprints, alignment of the knowledge and skills being tested with what is required of a newly licensed CPA, and sufficient guidance for candidates.

NASBA Executive Vice President and Chief Operating Officer Colleen K. Conrad stated: “NASBA will be talking with Boards in the weeks ahead to gain an understanding of any suggestions or concerns, and to help formulate NASBA’s response to the exposure draft.” Ms. Conrad advised Boards to contact her or NASBA Vice

President – Strategic Planning and Program Management Ed Barnicott if they would like a NASBA representative to attend a Board meeting to discuss the exposure draft in more detail and answer questions. Ms. Conrad will be moderating a NASBA Annual Meeting panel focused on the exposure draft. Panelists will include: Board of Examiners Chair Frederick Niswander, AICPA Vice President- Examinations Michael A. Decker, and NASBA CBT Administration Committee Chair Richard N. Reisig. NASBA is developing a response to the exposure draft which will be provided to the State Boards before the Annual Meeting.

The Board of Examiners has requested comments be submitted in the form of a letter via e-mail to ExposureDraft@aicpa.org by November 30, 2015. ♦

Bishop Keynotes PhD Project Meeting



(Left to Right) Walter Davenport, Ken Bishop, Anywhere Sikochi, Bernie Milano and Carlos Johnson.

On August 9, NASBA President and CEO Ken L. Bishop delivered the keynote address at the PhD Project for Accounting Doctoral Students Association Conference held in Chicago. He stated: “The PhD Project has a proven record with its success in increasing the number of minority PhDs. Having persons of color teaching, mentoring and supporting future accounting and business leaders is of paramount importance in improving diversity in the profession.”

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108th Annual Embracing the Future

Kicking off NASBA's 108th Annual Meeting, to be held October 25- 28, 2015, in the Laguna Cliffs Marriott Resort in Dana Point, California, will be James H. Johnson, Jr., the William R. Kenan Jr. Distinguished Professor of Strategy and Entrepreneurship and Director of the Urban Investment Strategies Center at the University of North Carolina. Dr. Johnson is a lead researcher in the causes and consequences of inequality in American society, as well as entrepreneurial approaches to address these issues. Joining NASBA leaders to address the conference will be leaders from the American Accounting Association, the AACSB, Western Governors University, and the American Institute of CPAs. Panelists will discuss: key elements of the exposure draft for the next version of the Uniform CPA Examination; how schools and accreditors are recognizing changes in education; State Boards' enforcement efforts and their response to the Department of Labor's findings; what State Boards can do now to get the most out of the



James Johnson



Donna Brazile

peer review program; ways to bring diversity into the profession; and updates on NASBA's activities.

Donna Brazile, televised journalist on CNN and ABC, will present an overview of the national political landscape, which both attendees and guests will be invited to hear. The *New York Times* has said that Ms. Brazile's "political opinions are as fiery as Tabasco" and *O* magazine has listed her as a "remarkable visionary." In addition, a social activity program for guests is planned. Regional breakfast meetings and receptions will give attendees opportunities to exchange information on how Boards are handling common issues.

NASBA Chair Walter C. Davenport stated: "We are going to be focusing on topics of concern to all State Boards and we would like all Boards to be represented at the Annual Meeting to share their views." Scholarships are available for voting delegates of Boards that need assistance. Contact Thomas Kenny (tkenny@nasba.org) for scholarship details. ♦



CPT Holding Ethics Town Halls

A series of public ethics discussions are being hosted by the NASBA Center for the Public Trust on university campuses in the Mountain and Southwest Regions. Collaborating with Dr. Kelly Richmond Pope, Chief Content Officer of Helios Digital Learning, and the Daniels Fund, the CPT is going to be presenting footage from an in-process documentary entitled "All the Queen's Horses," which tells the story of Rita Crundwell, former controller of Dixon, IL, who embezzled \$53-million from the city over 20 years. The "Ethics Town Halls" will give attendees an opportunity to ask questions and receive more information about the documentary in development. These events are open to students, faculty and business and community leaders.

The Ethics Town Hall meetings are scheduled for:

September 2 – University of Utah, Salt Lake City

September 17 – University of Wyoming, Laramie

September 24 – Colorado Mesa University, Grand Junction

September 29 – New Mexico State University, Las Cruces

October 6 - University of Colorado, Denver

October 8 – University of New Mexico, Albuquerque

October 22- University of Northern Colorado, Greeley

November 5- University of Colorado, Colorado Springs

November 18 – Colorado State University, Fort Collins

November 19 – University of Colorado Law School, Boulder

CPT President Alfonzo Alexander explained that the Ethics Town Hall program is designed to educate the public about white-collar crime and the importance of ethical decision-making to society. ♦

CPE Standards Comments Due Oct. 1

All comments on the proposed revisions to the Statement on Standards for Continuing Profession Education Programs should be sent to Jessica Luttrull (jluttrull@nasba.org) by Thursday, October 1, 2015. The exposure draft can be found on the NASBA website at <http://nasba.org/files/2015/05/AICPA-NASBA-CPE-Standards-Exposure-Draft-April-2015v2.pdf>.

Key features of the new standards are the addition of two new CPE delivery methods, nano-learning and blended learning, and the requirement that CPE providers maintain license information and status of CPA, tax attorney and/or enrolled agents that are used in the development of accounting, auditing and tax programs.

The proposed revisions were developed by the Standards Working Group and the AICPA/NASBA CPE Standards Committee. Maria L. Caldwell, Esq., NASBA chief legal officer and director of compliance services stated: "The currently available delivery methods have remained, but the new nano-learning and blended learning delivery methods reflect the need for learning that is more personalized and on demand." ♦

Saunders Nominated for Middle Atlantic



Stephanie Saunders

The NASBA Nominating Committee met on August 21, 2015 and selected Stephanie S. Saunders, CPA, Chairman of the Virginia Board of Accountancy, to be their nominee for Middle Atlantic Regional Director (2015-2016). Ms. Saunders has served on the Board for three years and is a shareholder with Saunders & Saunders, PC, in Virginia Beach, VA. The election of NASBA's directors and officers will take place during the NASBA Annual Business Meeting on October 27, 2015 in Dana Point, California. ♦

PRESIDENT'S MEMO

I Am Concerned!

Most of you know of my work background, which essentially has two parts: a career in law-enforcement followed by a career in regulation. While different, both parts share a common purpose in that each has been dedicated to public protection. Now that I am in my last decade of service, I am seeing changes and challenges to both law-enforcement and the regulation of the accounting profession that are difficult to tackle. Frankly, I am concerned.

I certainly will always have an interest in law-enforcement, but now my focus is clearly on accounting and the Boards of Accountancy's role in the protection of the public. In my last *President's Memo* I raised some eyebrows and irritated a few colleagues by discussing the importance of the U.S. CPA and the possible dilution of the credibility of the CPA profession. It wasn't my intent to annoy anyone, but it was certainly my intent to bring the discussion out into the bright light of day — and maybe to send a wakeup call to those who are either unaware of or apathetic to changes on the horizon.

Let me disclose that after nearly 20 years of regulating, studying and coming to know the attributes of the profession, I have determined that the U.S. CPA credential, both for individuals and firms, is the highest bar for quality, credibility and ethics. Whether the services provided are audit, taxes, public accounting, consulting or in business and industry, for all these, the education, examination, experience and continuing professional development, which are verified and regulated by Boards of Accountancy, make the CPA the premium benchmark.

So, what is the reason for my concern? We are at a point in time when a significant percentage of the population of U.S. CPAs are baby boomers who are retiring at an increasing rate. Although the enrollment of students in accounting education in our colleges and universities is at record numbers, we are seeing a decreasing percentage of accounting graduates sitting for the Uniform CPA Examination, resulting in the number of new CPAs being relatively flat. In effect, the number of new CPAs entering the profession neither fills the void created by the retiring CPAs nor the increased need for new talent in the robust accounting profession.

NASBA has devoted significant resources to both collect and analyze data to better understand the behavior of accounting graduates. We have developed strategies for addressing diversity in the profession so that we are prepared for the continuing demographic changes of the country. As I mentioned last month, the NASBA strategic plan mandates that we make growing the CPA licensing pipeline a high priority.

The potential of decreasing numbers of CPAs can have an impact on corporate/government requirements, professional association membership and, yes, even Boards of Accountancy. There is no doubt that we will all have to think outside the box. My concern is that some of the suggestions, reactions and remedies that I have been made aware of raise possible threats to public protection. There are proposals for altering everything including the amount and type of education, the toughness of the Examination and the scope of practice privileges. Even whether potentially confusing credentials can be used by non-CPAs and whether those non-CPAs should be allowed to join organizations that have been traditionally limited to CPAs are being proposed and discussed. Change is inevitable. I get that. But, I am concerned about choosing the best options.

I have always been, and will always be, a proponent of change. I championed CPA mobility, global reciprocity, diversity and other changes that were challenging for many at the time. To mitigate the concerns on those issues we worked with Boards of Accountancy, AICPA and state CPA societies to develop strategies, enforcement capabilities and compensating controls to make sure the public is protected. We have to exercise that same level of caution, review and due diligence as we consider proposed changes.

I think we can meet the challenges of the future, but, for now, I am concerned about how we get there.

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

NASBA at AAA Annual Meeting

NASBA leaders and staff members participated in the American Accounting Association's annual meeting in Chicago, August 8-12. Beginning the AAA's centennial year, the meeting's theme was "Building Bridges to our Future." During the meeting, NASBA presented "Preparing Your Students for Ethical Dilemmas – Using the Ethical Certification Program in Your Classes" and "Evaluating Your School's Performance on the Uniform CPA Examination." Attending the meeting were NASBA Chair Walter Davenport, Past Chair Carlos Johnson, President Ken Bishop and International Evaluation Services Director James Suh, as well as other staff members. The Annual Meeting included hundreds of scholarly presentations and the AAA estimated about 3,500 academics and professionals in attendance.

Mr. Suh spoke to CPA Examination review course providers about trends revealed in the NASBA studies of CPA candidate statistics.

AAA President Bruce Behn will be one of the participants in the NASBA Annual Meeting panel on changes in accounting education, to be held on October 27 and moderated by Mr. Suh. The program will cover how courses are planned, presented, evaluated and accredited. AACSB (Association to Advance Collegiate Schools of Business) Executive Vice President and Chief Accreditation Officer Robert Reid and Western Governors University National Director for Business Eric Goodman will also be participating in that panel. ♦

NASBA Helps OK Interpret Decision

The meaning of the Supreme Court's decision in *N.C. State Board of Dental Examiners v. Federal Trade Commission* (see sbr 3/15) is being interpreted by state officials throughout the country. The Oklahoma Board of Accountancy requested information from NASBA on how Governor Mary C. Fallin's recently issued executive order relates to that decision.

President Ken Bishop wrote to Governor Fallin: "Under the terms of the FTC's Order against the N.C. Dental Board and the Supreme Court's decision upholding the FTC's Order, states and their licensee-controlled state boards should concentrate their antitrust risk management efforts on specific actions. Their focus should be limited to certain board enforcement actions which are not taken pursuant to clearly-articulated state policy. Further, they should focus on board enforcement actions presenting a possible injury to competition, as opposed to just an injury to an individual competitor or potential competitor."

He explained: "Supervision is not needed for routine operations such as licensure decisions, license renewals, or licensee enforcement. Rather, supervision should focus on board conduct that could be deemed anticompetitive under federal antitrust laws."

NASBA Legal Counsel Noel L. Allen will be discussing the impact of the NC Dental Board case as well as other recent major legal decisions at the NASBA Annual Meeting. ♦