

## NASBA Selects 2022-23 Vice Chair Nominee

On Tuesday, May 10, Stephanie M. Saunders, CPA (VA) was selected as the NASBA’s Nominating Committee candidate for vice chair, 2022-2023. If elected vice chair by the member Boards of Accountancy, Saunders will automatically accede to NASBA chair, 2023-2024.

Saunders is a member of the NASBA Board of Directors where she serves as director-at-large, secretary and chair of NASBA’s Uniform Accountancy Act Committee. She is a former NASBA Middle Atlantic regional director, former chair of NASBA’s Relations with Member Boards and Education Committees, and is a former member of NASBA’s Communications and Nominating Committees. She served as a NASBA representative on the AICPA Professional Ethics Executive Committee, an appointment she held for four years (ending in May 2022).

In addition to her work with NASBA, Saunders is an associate member of the Virginia Board of Accountancy and formerly served as Board chair and as a member of the Virginia Board’s Ethics Committee. A member and former Board member and chair of the Virginia Society of CPAs, she served as chair and vice chair of the Virginia Society’s Educational Foundation and as the Virginia Society’s ethics discussion leader for eight years.

Additionally, Saunders is a past president of the Tidewater Chapter of the Virginia Society of CPAs, and past president of the American Society of Women Accountants – Norfolk Chapter.

Saunders’ career as a CPA has spanned over 40 years. Her professional career began with PwC where she was a tax manager. Today, she is a shareholder of Saunders & Saunders, PC, which provides tax planning and compliance for individuals and small businesses. Saunders earned a BS in business administration with a concentration in accounting from Old Dominion University. She has raised three daughters with her spouse, Tim, who is also a CPA.

“I look forward to the success of CPA Evolution with the launch of the new CPA Exam in January 2024.” Saunders said, “While I realize there will be initial challenges, I promise in my capacity as vice chair to insure there is full transparency and communication to Boards of Accountancy and CPA candidates for a smooth transition. Future CPAs will be more prepared under CPA Evolution to meet the needs of the marketplace. Additionally, I will continue promoting a diverse profession through initiatives already started with the Center of the Public Trust and Diversity Committee. This also includes helping state boards, the NASBA Board, and NASBA committees to embrace diversity, equity and inclusion. Last, but certainly not least, NASBA must aid the state boards to have the rules and regulations in place to insure audit quality. This requires more discussion and analysis of data to determine the best ways to accomplish this challenge. More experience may be required not only to insure audit quality but also to negotiate mutual recognition agreements. Thank you to the members of the Nominating Committee for the opportunity to serve.”

Elections of the NASBA vice chair, certain directors-at-large and regional directors will take place at the 115th Annual Business Meeting on November 1, 2022, in San Diego, CA. Nominations for any elected Board position, including the office of vice chair, may also be made at least 10 days prior to the Annual Business Meeting. Nominations from the floor will not be recognized.

All qualified, current state board members interested in seeking a NASBA Board position are encouraged to submit a letter of interest and biographical information to: NASBA Nominating Committee Chair A. Carlos Barrera, 150 Fourth Avenue, North, Suite 700, Nashville, TN 37219. ♦



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# ED-Legal Resumes In-Person!

After nearly three years of hosting virtual meetings, NASBA resumed its in-person conferences by hosting the 40th Annual Conference for Executive Directors and Board Staff and the 27th Annual Conference for Board of Accountancy Legal Counsel, April 25-27, in Clearwater Beach, FL.

Held concurrently, the conferences serve as an opportunity for state board staff, state society executives and state board legal counsel to gather and discuss emerging topics impacting Boards of Accountancy and the regulation of the accounting profession.

A total of 114 representatives from 37 jurisdictions attended the Executive Directors Conference with an additional 45 attending virtually. The Legal Counsel Conference attracted 35 representatives from 17 jurisdictions and 19 virtual attendees. Keeping the health and safety of staff and stakeholders top of mind, in-person attendance was limited to individuals who have received their COVID-19 vaccination.

New to this year's Executive Directors Conference agenda was

the opportunity for attendees to participate in a session introducing NASBA Products and Services. Additional topics of discussion included Social Media Impact and the Use of the CPA Title, History of 150 Hours and CPA Pipeline and Examination updates.

Legal Counsel Conference goers participated in dialogue on Immediate Temporary Suspensions, Antitrust Law and Professional Regulation, Rethinking Enforcement and Firm Names. Administrative Law Judge, Lynne A. Quimby-Pennock and Assistant Attorney General Rachelle Munson, both of Florida, also shared legal insights during their View from the Bench of an Administrative Law Judge session.

Attendees from both conferences also received an update on the state of NASBA as shared by NASBA Chair W. Michael Fritz and NASBA President and CEO Ken Bishop.

Conference organizers and attendees were pleased with the execution and outcome of both conferences and hope to continue the in-person format moving forward. ♦



Kent Absec, Chair, NASBA Executive Directors Committee, leads the conference.



Meeting attendees are excited for the 40th Annual Conference for Executive Directors and Board Staff and the 27th Annual Conference for Board of Accountancy Legal Counsel.



Jeannine Birmingham of the Alabama Society of CPAs welcomes attendees.



Colleen Conrad updates attendees on the CPA Examination and the changes ahead.



The concurrent conferences were the first in-person gatherings to be held for NASBA's membership since a three-year hiatus due to the COVID-19 pandemic. NASBA is pleased to bring back this format and hopes to continue for future meetings and conferences.



To kick-off the meeting, attendees participate in an ice-breaker of getting to know each other after the long pause due to the COVID-19 pandemic.



Ken Bishop reports to the attendees on trending issues and topics.



Rachelle Munson presents during the Conference for BOA Legal Counsel.



# PRESIDENT'S MEMO

## Re-Thinking the Future

If there has been a common theme to most of the conversations I have had across the country this year, it is a recognition that while change is inevitable, there has been a significant amplification (or at least an enhanced recognition) of change over the past couple of years. NASBA, like any other association or business, is impacted by unanticipated changes brought on, in large part, because of the Coronavirus pandemic.

While the pandemic has certainly been the catalyst for changing the way we work and live, other causes including inflation, changes in staff expectations, and other stimuli are having a pronounced impact on what I describe as human behavior.

We have spoken and written volumes regarding the "pipeline" issue. Some elements of the decreasing numbers of CPA candidates are well outside our ability to control or remedy. As an example, according to the U.S. Census Bureau, the number of U.S. births has been declining every year since 2008 (except 2014). In the two decades from 1999 and 2019, the number of daily births declined an average of nearly 0.40 percent a year. The pace of decline nearly doubled between 2010 and 2019, when the number of daily births dropped on average 0.96 percent a year. However, the decrease has dramatically increased since the pandemic with nearly a 7.6 percent decrease in U.S. births in 2020 as compared to 2019, an example of human behavior impact.

I am not trying to bore you with statistics, but it is important to understand the decreasing number of CPA candidates correlates to the decreasing number of college students, which continues to fall because of declining birthrates for over a decade.

A more recent phenomena (also likely impacted by COVID-19) is even more challenging. According to the National Student Clearinghouse Research Center, high schoolers applying to colleges, year over year, fell by 3.6 percent in fall 2020 and by 3.1 percent in fall 2021. Total undergraduate enrollment declined 6.6 percent from fall 2019 to fall 2021, representing a loss of just over a million students. While the shrinking demographic is part of the loss, the behavior, and the numbers of high school graduates deciding to join the work force versus attending colleges continues to grow.

It is critical that as we develop strategies for increasing the number of candidates seeking to become CPAs, we must truly grasp all elements of the obstacles we face and create strategies that make sense. NASBA and State Boards of Accountancy have the primary responsibility to attract and maintain an adequate number of practicing CPA licensees to serve the needs of the public we protect. The demographic data illustrates the challenges we face, but also is indicative of our need to focus on the opportunities we can leverage.

As an example, each year there are thousands of graduates of accounting programs across the country who never sit for the CPA Examination. Another cohort of graduates initially sit for the CPA Examination but do not complete the process of passing four parts. There are lots of reasons why both occur that we need to better understand.

NASBA is currently working to mine candidate data to ascertain the numbers and identities of candidates who began but did not finish the CPA Examination process, so that we can develop strategies to encourage candidates to complete and/or reenter the

Examination pipeline. In our discussions with Boards of Accountancy, State CPA Societies and the AICPA, we all agree that we need to do more to promote and encourage high school students to consider a CPA career. This activity is much more natural to AICPA and State CPA Societies, but we all need to be in harmony with this effort.

We are aware that colleges and universities, particularly professors, play a key role in promoting the profession. Some professors have encouraged students to sit for the CPA Examination and have nurtured the prospect and value of becoming a CPA, while others have taken the position of being neutral as to the ultimate decisions of their students. They too need to think differently about their approach.

As is the case with almost every issue, bucks get passed and blame is placed on others, in this case, on the regulatory processes. I often hear that the primary cause of the decrease in CPA Examination candidates is the 150-hour requirement, or that the application process is too difficult or restrictive and that the cost of the CPA Examination is too high, and the pass rate is too low. While every step of the process is open to review and change, surveys indicate that the Examination and licensure requirements are not the cause of decreasing numbers of candidates.

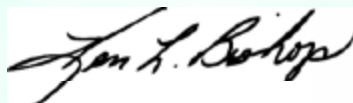
That being said, we should be looking for new opportunities to make the process more attractive. One idea, which is gaining momentum, is the increased allowance of a high-quality internship for college credit that gives students cost savings, experience, and career opportunities. While most states allow limited internship college credit, there is little uniformity across the states. Some states, such as New Jersey, have begun exploring this opportunity, and the AICPA has recently announced the consideration of a national program. We explored the idea with state board executive directors at their recent annual conference and discussions on the enhancement of internships was well received.

As I have laid out, there are controllable and non-controllable factors we must consider. We also cannot ignore the 'elephant in the room,' which is the fact that starting salaries for CPAs have not kept up with other professions and academic degrees. Also, work life balance for new CPAs remains an issue.

Bottom line is that we all have to participate in determining solutions. Demographics have changed, expectations have changed, and there is increased competition for the best and brightest talent. We must re-think the future!

Be safe and healthy, my friends.

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



— Ken L. Bishop, President & CEO



## LEGISLATIVE UPDATE:

### Don't Assume – Constantly Educate and Reinforce!

The desirability of uniformity among accountancy jurisdictions is recognized in the Uniform Accountancy Act (UAA), which has created and refined systems to provide for: mobility, peer review, continuing professional education requirements, non-CPA ownership, CPE Reciprocity and the ease for reciprocal licensure in almost all 50 states, territories, and the District of Columbia—all while protecting the health, safety, and welfare of the public.

This system is built upon a statutory foundation providing for the examination and licensure of members of the profession, the regulation of their professional conduct, and predicated upon jurisdictions adopting substantially equivalent requirements as set forth in the UAA in each of the 55 jurisdictions.

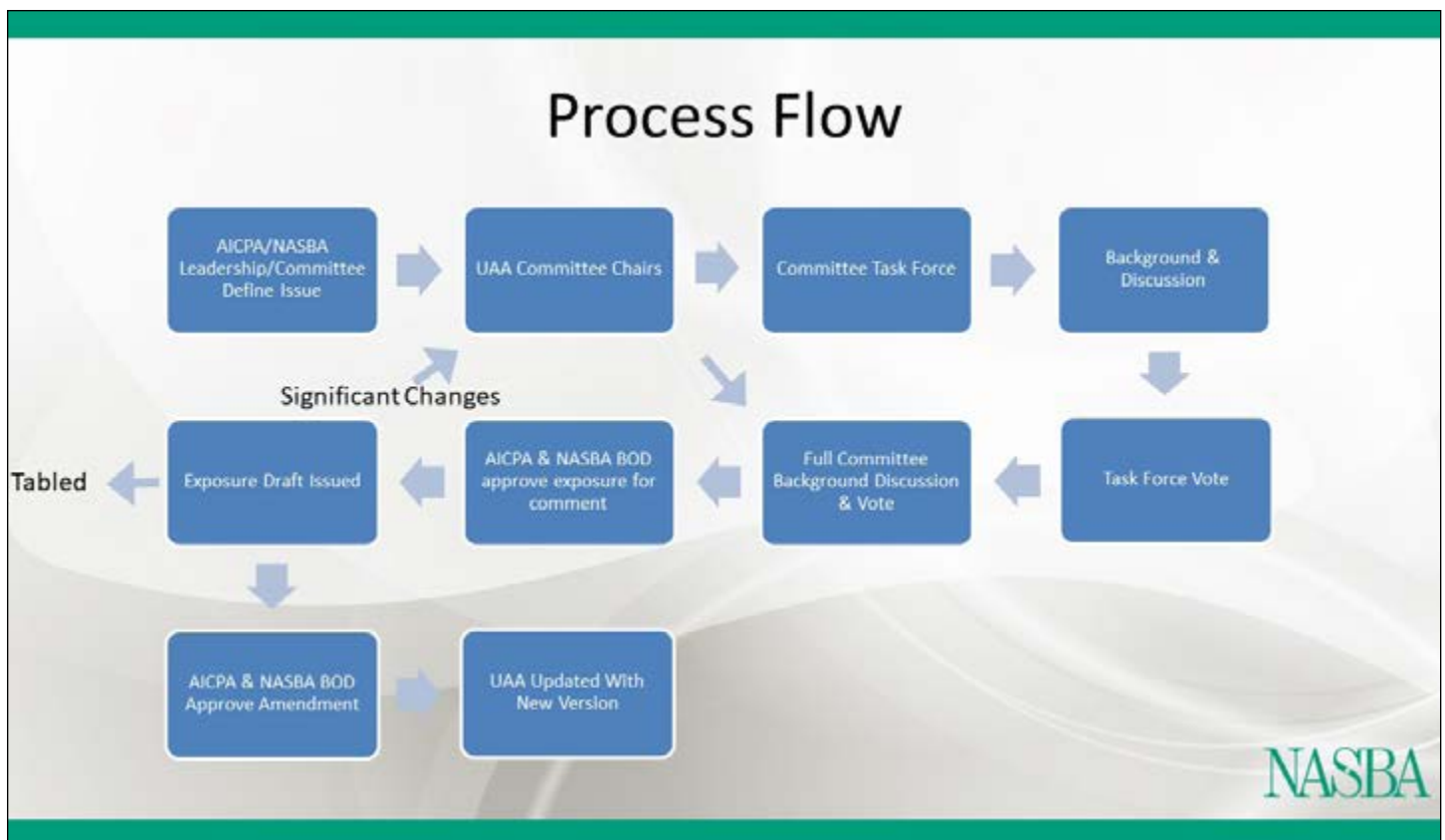
The main objective of the UAA is to advance the goal of uniformity, protect the public interest, and promote high professional standards—something that the accounting profession has been successful in achieving over the last two decades, and something for which all stakeholders have cause to feel pride. The UAA effectively blends both public protection and the ability for professionals to practice and move freely among jurisdictions.

Unfortunately, that vital blend is at risk in this climate of deregulation, where some policymakers are focused on the “least

restrictive means” to protect the health, safety, and welfare of the public. In a race to the bottom, much of what the accounting profession has achieved could be lost if just one ill-advised and one-size-fits-all policy takes root in one jurisdiction.

Therefore, it is worth every accountancy board’s time to first: Never assume policymakers in your jurisdiction know about the well-engineered UAA as well as how it is updated. In particular, how most jurisdictions have adopted many of the provisions within the UAA—substantial equivalency, non-CPA ownership, mobility, CPE reciprocity, to name a few—and therefore, provide a rather “borderless” map by which professionals can move and practice. And second: In educating policymakers, boards can illustrate the intended, and possibly unintended, consequences of what could happen to uniformity if these blanket pieces of legislation take root. The protection and freedom of the UAA advance could be undone, putting their constituents at risk—both the constituents who practice accountancy and those constituents who rely on them. Don't Assume – constantly educate and reinforce!

Please contact John Johnson, Director of Legislative and Governmental Affairs, at [legislative@nasba.org](mailto:legislative@nasba.org) if you have questions or need additional information. ♦



**Regional Meetings: In the next edition, look for a recap of the Eastern and Western Regional Meetings.**



## NASBA/AICPA IQAB Signs MRA with CPA Ireland

NASBA/American Institute of CPAs (AICPA), U.S. International Qualifications Appraisal Board (IQAB) and CPA Ireland signed a mutual recognition agreement (MRA) on May 31, 2022, that went into effect on June 2, 2022. The MRA will provide an abbreviated qualification pathway for eligible accounting professionals in the U.S. and Ireland to practice in the partner countries.

What does this mean for CPAs? Now, qualified U.S. CPAs will be eligible to obtain the CPA Ireland credential, a pathway to obtaining audit rights in Ireland, if the holders meet eligibility requirements detailed in the appendices of the MRA. Similarly, CPA Ireland credential holders will be eligible to obtain the U.S. CPA credential if the holders meet the requirements outlined in the MRA's appendices.

"I am pleased that after many years of discussions concerning a mutual recognition agreement with CPA Ireland, and in spite of challenges resulting from the COVID-19 pandemic, our teams effectively managed the process to solidify a meaningful agreement," said Ken Bishop, President and CEO, NASBA.

Speaking on behalf of CPA Ireland, President Aine Collins stated, "This agreement provides an exciting new opportunity to Irish CPAs, helping them to travel further and avail of new opportunities in the U.S. and is also a very strong endorsement of the CPA Ireland qualification."

Leaders representing NASBA, AICPA and CPA Ireland met in New York to finalize the MRA. CPA Ireland credential holders will be able to apply for recognition in summer 2022. ♦



Back Row: Eamonn Siggins, Chief Executive, CPA Ireland and W. Michael Fritz, Chair, NASBA. Front Row: Barry Melancon, President & CEO, AICPA; Aine Collins, President, CPA Ireland and Ken Bishop, President and CEO, NASBA.

## The Link Between COVID Relief Funds and Required Audits

According to a recent article featured on the Pennsylvania Institute of CPAs (PICPA)'s website, organizations that received more than \$750,000 in COVID relief funds could be required to have a single audit or a program audit. Subsequently, this will result in roughly 30,000 new single audits across the U.S.

If you are a practitioner and your client(s) received relief funding, you may want to explore compliance requirements or guidelines for frequently used programs by visiting online resources such as [SAM.gov under Assistance Listings](#), [Restaurant Revitalization Fund](#) or [the Shuttered Venue Operators Grant Program](#). Additionally, the AICPA Governmental Audit Quality Center (GAQC) maintains a nonauthoritative [list of programs](#) and the related audit requirements for review. However, if your client received payment from the Paycheck Protection Program and/or the Economic Injury Disaster Loan Emergency Advance, the funds are not subject to a single audit requirement.

Due to the high-risk nature of single audits, the GAQC continues to work with federal agencies to explain single audit requirements related to pandemic relief. If you are considering performing one, you should obtain the relevant competencies before providing this service for your client(s). ♦

## Rubin Appointed to New PCAOB Advisory Group

In May 2022, NASBA Past Chair Diane Rubin, CPA, was appointed to the newly formed Public Accounting Oversight Board (PCAOB) Standards and Emerging Issues Advisory Group (SEIAG). According to a recent PCAOB announcement, the SEIAG was established to advise on existing standards, proposed standards, potential new standards, and



Diane Rubin

emerging issues that are of significance to the PCAOB to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. Following a nomination process launched in January 2022, the Board selected 12-members to serve through December 31, 2023. The SEIAG structure allows for a NASBA observer, currently Colleen K. Conrad, CPA, along with observers representing the Securities Exchange Commission (SEC), AICPA Auditing Standards Board and the International Ethics Standards Board for Accountants (IESBA). The advisory group held its first public meeting on Wednesday, June 15. ♦

## New Definition of Public Interest Entities by IESBA

Forget what you thought you knew about public entities and how they are defined. The International Ethics Standards Board for Accountants (IESBA) has redefined what it means to be a public entity. According to a recent article on IESBA's website, the organization has expanded the definition of a PIE, or Public Interest Entity, along with revised provisions in the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code).

The recent revisions, which IESBA created in close partnership with the International Auditing and Assurance Standards Board (IAASB), stipulate new categories of entities as PIEs. Audit of these new entities will be subject to additional requirements to accommodate stakeholders' enhanced expectations concerning auditor independence when an entity is classified as a PIE. According to IESBA, the revised provisions now include a new category "publicly traded entity"

to replace the category "listed entity." The revised provisions also recognize the essential role local bodies responsible for the adoption of the Code play in delineating the specific entities that should be scoped in as PIEs in their jurisdictions, encouraging them to properly refine the PIE categories in the expanded definition and adding any other categories relevant to their environments.

"The concept of a PIE is central to the application of the IIS and determines how far an auditor must go in meeting the fundamental requirement to be independent," said IESBA Chair Gabriela Figueiredo Dias. "The revised definition and related provisions represent the third pillar in our package of measures to significantly strengthen auditor independence in the public interest, following the release of our revised Non-Assurance Services and Fees standards last year." The new definition and subsequent provisions will take effect on December 15, 2024. ♦



## NASBA Awards Call for Nominations Open Through June 30

NASBA Awards Committee Chair Laurie Tish (WA) and Awards Committee members invite member boards to submit nominations for NASBA's 2022 Awards by the June 30, 2022 (11:59 pm CDT) deadline. Online nominations are currently being accepted for the following award categories:



Laurie Tish

- **William H. Van Rensselaer Award** – Since 1988, recipients of this award are individuals who have earned recognition through their contributions in the development of a new program or improvement of a current program for Boards of Accountancy, or who influenced passage of rules or statutes.
- **NASBA Distinguished Service Award** – Since 1999, recipients of this award are individuals who have demonstrated unwavering commitment and dedication to enhancing the mission of the National Association of State Boards of Accountancy.
- **Lorraine P. Sachs Standard of Excellence Award** – Since 2008, recipients of this award are state board executive staff leaders who have shown excellence in regulating and made a positive impact on the accounting profession.

To learn more about the award criteria and past winners, visit: <https://nasba.org/mc/awards/>. To nominate a deserving individual, [CLICK HERE](#).

Please direct questions regarding the awards process to [info@nasba.org](mailto:info@nasba.org). ♦

### Committee Interest Receives Record Response

Following an extensive outreach campaign led by NASBA Vice Chair Richard Reisig, state board members, executive directors and NASBA associates responded to the committee interest response period in record numbers, exceeding the record response received in 2021. The overwhelming response is welcomed by Reisig and NASBA leaders as they work to appoint members to serve on the association's 25+ committees and task forces for the 2022-23 year. Didn't meet the deadline? Fret not. NASBA members and associates interested in being considered for a committee appointment are urged to visit [NASBANation](#) as soon as possible to submit their Committee Interest Form. ♦



Richard Reisig