

STATE BOARD REPORT

A Digest of Current Developments Affecting State Accountancy Regulation

Fall 2020



Top Row (left to right): A. Carlos Barrera (TX) Chair; W. Michael Fritz (OH) Vice Chair; Laurie J. Tish (WA) Past Chair; Stephanie M. Saunders (VA) Secretary & Director-at-Large. **Middle Row (left to right):** Richard N. Reisig (MT) Treasurer & Director-at-Large; Catherine R. Allen (NY) Director-at-Large; J. Coalter Baker (TX) Director-at-Large; Jimmy E. Burkes (MS) Director-at-Large; John F. Dailey, Jr. (NJ) Director-at-Large; Tyrone E. Dickerson (VA) Director-at-Large; Sharon A. Jensen (MN) Director-at-Large; Nicola Neilon (NV) Director-at-Large; Stephen F. Langowski (NY) Northeast Regional Director. **Bottom Row (left to right)** J. Andy Boomer, Jr. (TN) Southeast Regional Director; Lynn V. Hutchinson (LA) Southwest Regional Director; Jason D. Peery (ID) Mountain Regional Director; Kenya Y. Watts (OH) Great Lakes Regional Director; Alison L. Houck (DE) Middle Atlantic Regional Director; Faye D. Miller (ND) Central Regional Director; Katrina Salazar (CA) Pacific Regional Director; Kent Absec (ID) Executive Directors' Liaison; Ken L. Bishop President & CEO.

464 at 1st Virtual Annual Meeting

NASBA's 2020 Annual Meeting, November 2-4, had record attendance thanks to its virtual format: There were 464 registrants, and representatives of 54 of the 55 Boards of Accountancy, in attendance. Asked if NASBA would continue to hold virtual Annual Meetings at no cost to registrants, even when travel restrictions are gone, President and CEO Ken L. Bishop firmly responded, "On my watch – absolutely." Acknowledging the loss of the side conversations and networking that are such valuable features of in-person meetings, President Bishop said the goal is to get back to holding those meetings, but virtual participation would also be made available. "We will encourage every State Board member in the United States to be part of those meetings – if not in person, then virtually."

NASBA's eight Regions simultaneously held breakout sessions via Zoom on November 3. Then during the Annual Business Meeting, the slate of candidates for NASBA officers recommended by the Nominating Committee was elected (see *Summer 2020 sbr*). Bylaws changes updating the use of teleconferencing for meetings and extending the potential candidate resources for the Nominating Committee were also approved.

Following the Business Meeting, the 2020-2021 NASBA Board of Directors held their initial meeting and elected Richard N. Reisig (MT) Treasurer and re-elected Stephanie M. Saunders (VA) Secretary.

The Annual Meeting was recorded and will be posted on <https://nasba.org>. ♦

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Education Rules Amended

Eager to get the Uniform Accountancy Act's new Model Rules 5-1 and 5-2 out to the member Boards as quickly as possible, the NASBA Board of Directors held a special meeting on October 13 and unanimously approved the rules as proposed by the NASBA Uniform Accountancy Act Committee. The rules had been developed by the CPA Evolution staff, then reviewed by the NASBA Education Committee and numerous other groups prior to being sent to the UAA Committee. It remains up to each Board to consider what the Model Rules recommend and then to adopt them for use in their jurisdictions.

Uniform Accountancy Act Chair J. Coalter Baker (TX) reported approximately 40 comment letters had been received by the NASBA UAA Committee, resulting in a few minor final edits to the exposure draft released in May. The goal is to have all State Boards implement the new education rules, which would prepare candidates for the 2024 Uniform CPA Examination, created for the CPA Evolution initiative, and lead to uniformity in requirements across the jurisdictions.

Significant changes to the Model Rules include:

- Requiring the Board to review transcripts from all schools, regardless of the level of the school's accrediting body.
- Including within the 24 semester credit hours of accounting credit "data analytics, data interrogation techniques, and/or digital acumen in an accounting context, whether taken in the business school or in another college or university program, such as the engineering, computer science, or math programs."
- Pre-approval of internships and appropriately supervised short-term work for which the student earns credit.
- Maximum of 9 semester credit hours for internships plus independent study.

NASBA Vice President – State Board Relations Dan Dustin and Executive Vice President and COO Colleen Conrad have been meeting with Boards and educators to review the new rules along with information about the CPE Evolution and supporting educational resources being made available to academics. At NASBA's Annual Meeting, Mr. Dustin encouraged the Boards to call upon him or Ms. Conrad to address their meetings or meetings of educators in their states for further discussion of these topics. ♦

CPA Evolution and Educators

The part education will play in the CPA Evolution initiative was addressed by several speakers at NASBA's Annual Meeting on November 2. "We are cognizant of providing resources for smaller colleges to move down this path," NASBA Chair Laurie Tish told Boards as she outlined the steps being taken to bring information to educators in cooperation with the AICPA and the major CPA firms. Bill Reeb, AICPA Past Chair, noted that the bigger schools have already moved ahead and are providing the kinds of content required for the Evolution, and the major focus now is providing resources for smaller schools.

An academic resource hub that provides free faculty access to over 90 resources which are researchable by topic has already been established by the AICPA. Faculty and practitioners are working with NASBA and the AICPA on task forces to determine what should be included in the core and disciplines tested on the Uniform CPA Examination. Their work is expected to yield a high-level model curriculum that will be available for faculty in June 2021.

American Accounting Association (AAA) Chief Executive Officer Yvonne L. Hinson reported that faculty members want guidance as to what they need to include in their curriculum versus what the firms will be training new hires to do. Dr. Hinson outlined the many ongoing AAA initiatives to promote the evolving profession, including teaching bootcamps, recorded conferences and webinars, and other common resources. Working with the AICPA, the AAA sent a survey to accounting department heads to find out if their accounting programs are teaching: data analytics, IT audit, cybersecurity, blockchain and other related topics. The results of that curriculum "gap" analysis will reveal how those courses are being integrated into accounting programs and will be used to create the right resources to assist faculty. "We are excited about determining where to put our resources," Dr. Hinson said.

What a school's accreditation signifies to a Board of Accountancy was addressed by Dr. Stephanie M. Bryant, Executive

Vice President and Chief Accreditation Officer of the Association to Advance Collegiate Schools of Business (AACSB) International. Focusing on the new amendments to the Uniform Accountancy Act's Model Rule 5-1, she explained that for a school to have "Level 1" accreditation it "must meet the business accreditation standards plus the additional accounting standards to achieve supplemental accounting accreditation." The AACSB has awarded supplemental accounting accreditation to 188 schools.

"AACSB accreditation is a strong validator of high quality curriculum, faculty, assurance of learning, strategy, and scholarship but we are not prescriptive on the form of the curriculum," Dr. Bryant stated. "Thus, transcript review is still needed at the State Board level where the State Board is prescriptive in education." ♦

NASBA Responses

Over this past quarter, Chair Laurie J. Tish and President and CEO Ken L. Bishop responded for NASBA to the following exposure drafts:

- AICPA Professional Ethics Executive Committee: Proposed Revised Interpretation – Records Requests
- International Auditing and Assurance Standards Board – Proposed ISA 600 (Revised) – Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)
- AICPA Auditing Standards Board: Proposed State on Auditing Standards – Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement
- AICPA Professional Ethics Executive Committee: Proposed Interpretation – Staff Augmentation Arrangements

Thanks to the NASBA Regulatory Response Committee, chaired by W. Michael Fritz, and the Ethics Committee, chaired by Catherine Allen, for their assistance in the development of these responses. The full text of each response can be found on <https://nasba.org>.

PRESIDENT'S MEMO

The New Normal

This morning, while stopped at a red light, I noticed a young mother trailed by two very small children walking down the sidewalk. Each was wearing a mask and, while they were close together, they were noticeably distancing themselves from other walkers. It occurred to me that the COVID-19 precautions that we are taking do not create a "new normal" for them. Given their early age, these practices during their formative development are likely to take on a sense of normalcy for the children that will be long-lasting.

If you travel to almost any Asian country, you notice that a majority of people, particularly young adults, are wearing masks as they commute to work, shop, eat out or mingle with others. This is not a new phenomenon because of the current COVID-19 pandemic. It has been nearly 20 years since the SARS pandemic raged through many Asian countries, and the culture of wearing protective masks established then has continued. Many of you have probably noticed Asian travelers in airports or tourist spots often wearing masks. It would not surprise me if the two small children I saw this morning will consider the wearing of masks a part of their "normal."

For those of us who are more seasoned (a kind way of saying "getting older") transitioning to that new "normal" may be harder. Americans have always been strong willed. We have resisted wearing motorcycle helmets, seatbelts and even locking our doors. Only legal mandates have effectively changed our behavior. But, begrudgingly or not, we have adapted, and we will do so with the current requirements and restrictions that have impacted our lives.

So, what does "new normal" have to do with regulation of the accounting profession? Like the wearing of masks, the adaptations and changes we are all making will last long past the pandemic. Many closed offices will never reopen because businesses, firms and associations are discovering that, with investments in training, equipment and protocols, employees working remotely are becoming increasingly effective.

How will terms like "residency" and "principal place of business" be impacted when there is no practical way to ascertain whether someone is working or practicing at home, in another city or state, or maybe even another country? How will historic audit and tax preparation cornerstones work, like skepticism heightened by the client's reactions or kinetics, when there is less personal contact? The profession has adjusted quickly to the pandemic and many firms have projected continuing office closings and travel restrictions well into 2021, and possibly beyond. Similarly, clients are evolving their business models to allow remote work, electronic communications and paperless systems.

Many State Boards of Accountancy and other regulators have not been back to their offices in months. Almost all meetings and transactions are virtual, and investigations and disciplinary processes have been upended. Like the profession, State Boards are continuing to adapt. I am confident that, albeit with alternative methodologies, the mandate of public protection will continue. It will, however, require investing in technology and systems that will correspond to the changing environment.

NASBA too has had to continuously adjust and rethink how we perform our mission and work, and we began that evolution process almost immediately after the pandemic hit. We have worked hard, but we have been incredibly lucky. We will likely end calendar 2020 with increased net assets and enhanced capabilities to ensure we are able to perform our mission critical functions and to enhance the effectiveness of State Boards.

In addition to continuing working to manage through this crisis, I am beginning to spend more time thinking about what the future looks like for NASBA. The old saying "you can't un-ring a bell" reminds us that we will all feel the impact of events. My sense is that when this pandemic is adequately manageable, or hopefully over, the new "normal" is going to look much different from the old. We will see changes in political, economic, legal and operation arenas. While we don't know yet what the "new normal" will look like, I can promise you that NASBA will be ready for it and for you!

Now that the NASBA *State Board Report* is quarterly (one of those impacts I mentioned), this will be my last "President's Memo" in 2020, with the next appearing in the Winter 2021 edition. Let me take this opportunity to wish each of you, your associates and families the happiest of holiday seasons. I pray for your safety, health and wellbeing.

Please be safe my friends!

Semper ad meliora (Always toward better things).



Ken L. Bishop
President & CEO


— Ken L. Bishop
President & CEO

Evolution's Impact on Minority Students

Dr. Kevin James was asked to consider what the CPA Evolution will mean to minority students, as part of the Annual Meeting's panel session moderated by Education Committee Chair Stephanie Saunders (VA). Dr. James, who is Dean of the Deese College of Business at North Carolina Agricultural and Technical State University, detailed some of the steps his school has taken to make it a top producer of African-American CPAs. In 2019 there were 29 candidates from NCATSU who took the Uniform CPA Examination. *US News and World Report* ranked it as the number one business college of the public historically black colleges and universities (HBCU). He credited the school's success to "mitigating systemic barriers" (see chart on right).

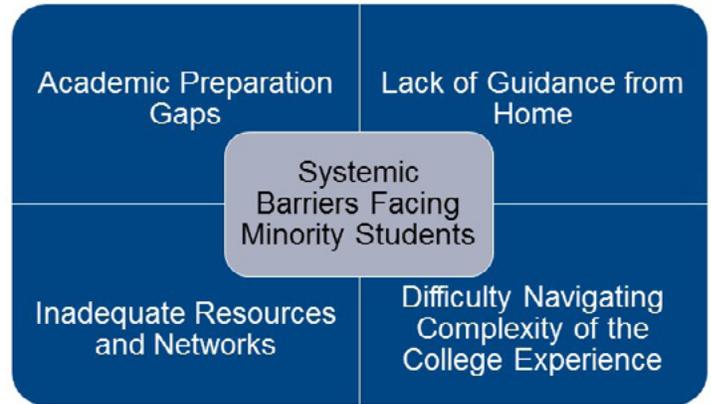


Kevin James

Specifically, the NCATSU attracts underrepresented students by: conducting a Student Ambassadors Program that enlists its current students to speak to high school students; holding Accounting Career Awareness Workshops; supporting the AICPA diversity programs; conducting week-long residential summer programs for high achieving high school students; and using services from the State Society.

Overall, HBCUs "are already under-resourced and allocate more resources proportionately to addressing systemic barriers," Dr. James said, but he did not think the CPA Evolution initiative would create

new barriers to the profession for minority students: It would "amplify other constraints." He noted: "CPA Evolution will require additional resources for business colleges (e.g., more technology courses, specialized faculty, etc.). Many HBCUs will face challenges dedicating adequate resources to making CPA Evolution adjustments." He encouraged the profession to study the challenges faced and their implications on meeting their diversity goals. ♦



Our actions assume our academic structures and systems create a meritocracy. Some populations experience systemic barriers that prevent this from being true - Kevin James.

COVID and Professional Challenges

Annual Meeting attendees were asked what ethical challenges they could foresee in potential practice situations mapped out by Ethics Committee Chair Catherine Allen (NY) and then discussed by panelists W. Michael Fritz, Tom Neill and Kevin Richards.

"We have situations where auditors are performing audits remotely and sharing information through unsecured networks," Mr. Fritz observed. He pointed out the auditor's being denied even the simple practice of stepping back and reading physical body language to help detect fraud.

The tax side of practice has also been impacted by the pandemic, Tom Neill noted. "This is a truly unique time: New regulations came out with a really small amount of guidance." These are challenging times for those in the tax space, as clients are looking to CPAs for guidance when the CPAs do not have specific rules. Plus the clients may not be able to pay for advice. "Hopefully State Boards will not see complaints in the future," he said.



Tom Neill

There are seemingly daily conflicts as CPAs have to consider whether they are wearing their audit or their advisory hat, Mr. Richards explained. CPAs are working on survival strategies for clients, being asked to quickly perform services they may have not done before. At times they are not getting engagement letters. The CARES Act and COVID have provided substantial opportunities for CPA firms to help, with some companies needing to consider government accounting standards for the first time. The environment invites scope creep. "Firms have to insure they have processes in place so their people understand what services they can provide to audit clients in this new environment," Mr. Richards advised.



Kevin Richards

"Thousands more governmental audits are expected because of the federal funds companies are taking," Ms. Allen reported. She noted the AICPA is helping by making professional guidance available. ♦

Encouraging More Black CPAs

Less than 1 percent of the CPAs in the United States are black -- and that has not changed in 40 years, Shannon Nash, Chair of the National Society of Black CPAs (NSBCPA), pointed out to the NASBA Annual Meeting. "If we do not do something now, then when?" she asked. The new organization seeks to increase the number of black CPAs, then offer them continuing professional education and the ability to advocate for the black community's issues. Through a virtual bootcamp, NSBCPA wants to reach a larger number of students to help them through the Uniform CPA Examination, plus NSBCPA wants to offer assistance with exam fees.



Shannon Nash

"We are looking for lots of help -- for universities to partner with us for the bootcamp," Ms. Nash stated. A 9-12-month bootcamp is envisioned including mentorship. Volunteers are welcome. "We think we can reach candidates who have not been reached before." NSBCPA will hold their first annual conference on June 4-6, 2021 at Howard University.

NASBA has taken the position that it will be a leader in diversity, Alfonzo Alexander, NASBA Chief Ethics & Diversity Officer, stated. "We are setting ourselves up to be a resource and preparing content for the Boards on being more diverse." He said NASBA will continue to work with the National Association of Black Accountants (NABA), the PhD Project, the Association of Latino Professionals in Finance and Accounting (ALPFA) and NSBCPA.

Alison Houck (DE), Chair of NASBA's Diversity Committee, reported they are researching the number of minorities on each Board of Accountancy. The Committee will be working on developing target numbers. ♦

CHAIR'S MEMO

Resilience and Collaboration

When I think of 2020 and my year as chair of NASBA, two words come to mind – “Resilience” and “Collaboration”. Actually three words come to mind, but “Zoom” is part of 2020 that I would prefer to forget.

Resilience because we prevailed. It is no coincidence that Resilience was the theme of our annual meeting. All of the volunteer committees and working groups did not miss a beat; you worked hard, and we completed significant goals in support of our mission. Even prior to the pandemic, our CEO, Ken Bishop recognized the need for flexible work arrangements. Thankfully, we had charted a course for providing our staff with laptops and VPN access for a secure work from home environment, even before the Governor’s stay at home order. NASBA staff pivoted quickly and adapted to a new way of working, while not losing sight of the needs of our candidates and our member Boards. I am very proud of the successful efforts by our volunteer members and our hard working staff. We are well prepared to continue this course into 2021.

Collaboration because we had unprecedented success in working with the AICPA on many fronts. I’d like to highlight our accomplishments:

NASBA and the AICPA are founding members of ARPL- the Alliance for Responsible Professional Licensing – a coalition of learned professions focused on educating policymakers and the public about the importance of maintaining rigorous professional licensing standards. We have made a lot of progress in 2020 in educating lawmakers, providing toolkits and talking points to our stakeholders, and holding media training sessions. ARPL remains active, engaged, and ready to work with lawmakers for as long as it takes to mitigate this risk.

The CPA Exam remains a high priority. The original tri-party contract between NASBA, AICPA and Prometric was signed in 2002, and we are close to coming to agreement with the AICPA on our next contract extension which will continue to govern each of our roles and responsibilities with respect to the Exam. NASBA and the AICPA, working alongside State Boards and state CPA societies, did a fine job in keeping the candidates top of mind: The joint AICPA/NASBA candidate webinars, including “Navigating the CPA Exam During a Pandemic” helped thousands of candidates to better understand the exam process (especially now with continuous testing), exam content and all of the changes that have occurred due to COVID-19 such as “notice to schedule” extensions and conditional credit extensions. In these times of restricted travel, we continue to expand testing opportunities internationally. India and South Korea were opened for testing recently; and Egypt and Jordan are opening soon. We anticipate that there will be additional expansion.

The peer review program was also significantly impacted by the pandemic, both through extensions of time to allow firms to have their peer reviews completed, and by granting the ability to temporarily conduct peer reviews remotely. Working together, the AICPA’s Peer Review Board and NASBA’s Compliance Assurance Committee developed these successful solutions.

NASBA and the AICPA share a common workload. There are NASBA representatives on many AICPA-led committees and we jointly staff the Uniform Accountancy Act committee, which had a busy year. The UAA Committee recently finalized changes to the rules pertaining to education requirements, which the NASBA Board of Directors approved in October.

The initiative that has held the lion’s share of my attention this year has been “CPA Evolution.” Significant progress has been made! A year ago, we were still exchanging ideas, receiving feedback, and educating everyone on the concept. Do you recall that you went into our regional breakout groups and force ranked the items that should go into the core sections of the CPA Exam? This exercise, along with a similar one that was performed at the AICPA Council meeting, formed the basis for our new exam model. The amount of work that was accomplished in the past 12 months is phenomenal. And we have so many NASBA and AICPA volunteers and staff to thank for that.

After the unanimous vote of support by the NASBA Board of Directors in July, we immediately began work on executing the strategy. NASBA and AICPA continued their weekly status calls but pivoted towards filling working groups and task forces with volunteers to build out the model. We are also working on launching educator resources. We will work on the required exam changes including a new exam practice analysis, providing model curriculum and internship program recommendations to the academic community, and ensuring that the few statute and rules changes that are necessary are completed within the next two years. All this, for a planned launch of the new CPA Exam in January 2024. We have not let the pandemic get in our way; our timeline is holding steady. I offer my thanks for this to our superb staff and our tireless volunteers – both from the AICPA and NASBA.

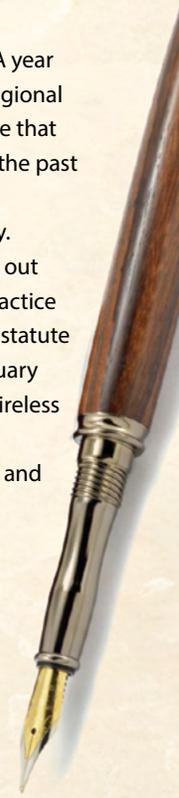
Despite the challenges of a global pandemic, we have continued our work and carried out our mission to enhance the effectiveness and advance the common interests of the Boards of Accountancy – that is Resilience!

I am proud of the strong and effective working relationship that we have with the AICPA – that is Collaboration!

I look forward to the time we can all meet in person again. Until then, please stay safe and stay healthy. With kind regards, your virtual chair,



Laurie J. Tish
Chair 2019-20



Laurie J. Tish

— Laurie J. Tish, CPA
Chair 2019-2020

2020 Award Winners Honored

"A hallmark of NASBA service is an openness to encourage members to speak their minds, and to explore all ideas respectfully as a group," Dr. Raymond N. Johnson (OR) observed. "Engaging in those debates made the accounting profession better," he said in accepting the 2020 NASBA Public Service Award. The award was presented in recognition of his outstanding contributions to many NASBA groups, including the Education Committee, International Qualifications Appraisal Board and Board of Directors, as well as his leadership of the consultative advisory group of the International Educational Standards Board.

The William H. Van Rensselaer Award was presented to Dr. Carlos E. Johnson (OK) in honor of his multiple achievements as chair of NASBA (2013-2014) and his championing substantial equivalency, strengthening ties with the education community and underscoring the importance of the CPA. He served twice as chair of the AICPA/NASBA Uniform Accountancy Act Committee, first representing the AICPA and then a second time representing NASBA. In accepting the award, Dr. Johnson praised the State Boards for working together to protect the public and expanding the NASBA brand.



From left to right: Raymond Johnson, Carlos Johnson and Russ Friedewald

Russ Friedewald, Executive Director of the Illinois Board of Examiners, received the 2020 Lorraine P. Sachs Award for his work in Illinois as well as with executive directors across the country. He was praised by Ms. Sachs for his work with the Illinois Board, involvement in NASBA committees, being instrumental in Illinois' joining in the Accountancy Licensee Database, and actively participating in CLEAR, the Council on Licensure, Enforcement, and Regulation. ♦

Bipartisan Support for Board Protection

Though NASBA Past Chair K. Michael Conaway is ending his service as a U.S. Representative (R-TX), he is not leaving without introducing the Occupational Licensing Board Antitrust Damages Relief Act of 2020 (H.R.8680), cosponsored by Jamie Raskin (D-MD) and David Cicilline (D-RI) on October 23, 2020. A modified version of the Occupational Licensing Board Antitrust Damages Relief and Reform Act of 2018, also introduced by Congressman Conaway, the 2020 bill is to "provide immunity from liability under Section 4 of the Clayton Act for damages in cases against occupational licensing boards that meet appropriate standards, to provide for the establishment of those standards, and for other purposes." The bill was referred to the House Judiciary Committee.



Mike Conaway

For immunity to apply to a state board under this legislation, the following standards need to be met:

1. The state has in effect a law that requires an occupational license to engage in or practice the occupation regulated by such board; specifies the qualifications required to be met to obtain such license; and requires the licensee adhere to the applicable standards of practice and ethical standards to engage in or practice such occupation;
2. All members of such board be appointed or assigned by the chief executive officer, the legislature, or other elected officer of such State;
3. Such board include public representation; and
4. Such state or such board has in effect a mechanism under which a person aggrieved by an action of such board has the right: to contest such action at a hearing before such board at which such person may provide evidence, argument, and analysis; to review, at a reasonable time before the hearing, all evidence that such board gathers relating to such action; to receive a final reasoned decision in writing from such board within a reasonable period after the hearing; and to appeal an adverse decision of such board to an independent adjudicator, including a court.

Congressman Conaway commented: "This legislation ensures that members of state licensing boards will continue to serve the state without fear of personal liability. I am pleased to be working

with Representatives Raskin and Cocilline on this bipartisan initiative and encourage my colleagues on both sides of the aisle to support our legislation."

A letter in support of the proposed legislation was sent to the sponsoring Congressmen by a dozen organizations which represent state licensing boards, including NASBA. They wrote: "In 2015, in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*, the U.S. Supreme Court ruled that the North Carolina Dental Board was not entitled to 'state action' immunity from antitrust laws because its actions were not actively supervised by the state. Passage of this legislation will ensure that all volunteer members, including those representing the public, of state regulatory boards are not deterred from civic-minded service because of the potential for personal monetary damages."

NASBA Director of Legislative and Governmental Affairs John Johnson told the NASBA Annual Meeting that even though the legislation was filed at the end of the 116th Congress, he is confident it will be refiled at the beginning of the 117th Congress. "Stay tuned and we will let you know how you can help," he stated.

Mr. Johnson also alerted the Boards to two recent legal cases to consider. The case of *Elias Zarate v. The Tennessee Board of Cosmetology and Barber Examiners* involves whether or not the requirement of a high school diploma for the practice of barbering is enforceable under the state's law https://scholar.google.com/scholar_case?case=15061334669882773232&hl=en&as_sdt=6&as_vis=1&oi=scholar. The second case, *D. Blaine Leeds and Smiledirectclub, LLC, v. Board of Dental Examiners of Alabama*, is an appeal questioning whether the State of Alabama actively supervised and challenged regulation and enforcement actions of the Board of Dental Examiners. https://www.ftc.gov/system/files/documents/amicus_briefs/d-blaine-leeds-smiledirectclub-llc-v-jackson-et-al/leeds-v-jackson_ca11_ftc_amicus_brief_9-11-19.pdf

As state budgets have been cut, Mr. Johnson warned the State Boards that occupational licensing reform may be a topic raised in their jurisdictions. Executive orders issued in response to COVID-19 have waived some occupational licensing requirements and those waivers could become permanent. He urged the Board members to complete the Legislative Support Committee's key person contact poll. ♦

CHAIR'S MEMO

There Is Nothing Bad....

With NASBA and the Boards of Accountancy, I look ahead to a year unlike any others. Although COVID-19 continues to impact our lives at every turn, we will continue to adapt to each new environment and be ready for a better tomorrow. The rapid changes we are all experiencing have affected our regulatory, as well as our personal, lives. There are a few areas that, I believe, pose concern for the profession moving forward this year:

- * The changes brought on by the pandemic have encouraged and strengthened those forces that would like to see the CPA reduced to an unregulated occupation, rather than what it really is – a skilled, licensed and learned profession. Organizations like ALEC (the American Legislative Exchange Council) view the regulation of the CPA as a barrier to competition, and the costs associated with its regulation as unnecessary and burdensome. Legislators, as they search for ways to cut costs in order to balance their states' budgets, will be preyed upon more by these organizations.

Unfortunately, legislators have short memories and little recollection of the disastrous effect one accounting firm's failure 20 years ago caused those employees and investors in a large publicly traded company. Had it not been for the Texas State Board of Accountancy, which had both the will and, more importantly, the financial means to independently lead an investigation of the firm, those associated with the audit failure would have not been called to judgement and held responsible for their lack of adherence to accounting standards.

NASBA's Legislative Support Committee will continue working hard to give you the timely information you need to be aware of any potential legislative threats to your Board.

The Alliance for Responsible Professional Licensing (ARPL), created by NASBA and the AICPA, and NASBA's Key Person Contact Program can assist Boards of Accountancy with educating those in governance about the Boards' role in regulating the profession and protecting the public. I encourage you to use your influence and legislative connections to educate those making these terrible decisions.

- * "Diversity" is a word we have heard often lately. The Black Lives Matter movement has been responsible for calling attention to an issue that we must all be willing to address. We see and are reminded of the profound inequities that still exist in our country for women and persons of color. I wonder, if diversity had never been discussed, or viewed as an integral part of NASBA's culture, would I, a Hispanic, be NASBA's chair today? My answer is: "No!"

I grew up in the Rio Grande Valley of South Texas, where the Hispanic population is well over 80 percent. However, those holding political power and the means to incorporate diversity into the fabric of our communities were non-Hispanic. When I returned home from college in 1976, the two largest CPA firms in the valley were non-Hispanic owned. I, along with several other young Hispanics, were lucky because a founding partner realized that the future growth of business depended on recognizing the importance of having a firm reflect those in the community it serves. We were given the chance to grow professionally and to prove our worth to our communities.

The challenge that diversity presents is one that begins with a willingness to have a conversation to understand, and accept, that there are differences that exist among us, and that these differences should be viewed as tools to strengthen us, not divide us. That South Texas firm's founding partner understood that reality. As State Board members, you must have that conversation. Your Board should reflect the public you protect and the licensees you regulate in order to attain their trust. Many will argue that, over time, young diverse CPAs will take on leadership roles in business and on boards, but I believe diversity will also come from those already in positions of leadership, like you. Over the last decade, NASBA has made a concerted effort to change the composition of its board of directors through the efforts of the Diversity and Nominations Committees. Women and persons of color have been encouraged to become part of NASBA leadership and that has strengthened our organization.

- * Last year we embarked on the CPA Evolution, a comprehensive plan to change and modernize the Uniform CPA Examination. Under the leadership of Chair Laurie Tish, that bold initiative has taken root and, in partnership with the AICPA, the updated CPA Exam will be rolled out in 2024. There is still much to do over the next few years and many Board members will be asked to be part of the various committees and task forces that will study and assess the impact of the next Exam on our education and delivery systems. NASBA will continue to provide leadership by listening to all concerns and recommendations in order to make the CPA Evolution a reality.

No hay mal que por bien, no venga. [There is nothing bad that doesn't bring with it something good.]

Regardless of the roadblocks that COVID-19 has placed in our path, President Ken Bishop and I, along with NASBA's executive leadership team, will be taking a strong stand to protect the CPA profession against the winds of deregulation, will be open to having all discussions surrounding diversity, and will continue to advance the CPA Evolution to fulfill our mission in 2021.



A. Carlos Barrera
Chair 2020-21

A handwritten signature in black ink, appearing to read 'A. Barrera', written in a cursive style.

— A. Carlos Barrera, CPA
Chair 2020-2021

2019 Candidate Statistics Published

In 2019 there were 23,407 candidates who passed their final section of the four-section Uniform CPA Examination. NASBA's *Candidate Performance on the Uniform CPA Examination – 2019 Edition*, is now available for sale and has been delivered to all State Boards of Accountancy. The 335-page study provides summary performance for candidates applying for each jurisdiction, with trending data for number of sections, number of unique candidates, average age and percent pass, university rankings and program accreditation statistics. It also has a section by section Exam performance report for 1,117 schools.

Of the 758 schools with 10 or more reported candidates, the institutions with the highest first-time pass rates for sections taken are listed in the chart below:

While some might guess Canada would be the country from which the largest number of international 2019 CPA candidates came from (316), there are five countries that are home to more: Japan (2,248), India (1,392), China (1,079), Republic of Korea (1,074) and the United Arab Emirates (319). In total in 2019 there were 9,122 international candidates and 73,895 from the U.S. These and other interesting comparisons can be found in the report.

Data for the report was gathered from Board of Accountancy's submissions of eligible candidate information into NASBA's Gateway System, and then analyzed and assembled by editor Noel Winter Dedmon.

Sold in soft cover format, the 2019 Edition is available for \$200. Orders can be placed through nasbareport.com. ♦

Ranking of Institutions by Pass Rate: First-Time, All Programs

Included 758 institutions with 10 or more reported candidates

Rank	Institution	Candidates Total	Sections Total	Pass Rate
1	University of Pennsylvania	11	22	90.9%
2	Rice University	29	76	90.8%
3	University of Texas – Austin	358	980	89.5%
4	Brigham Young University	273	695	89.4%
5	Wake Forest University	82	215	88.8%
6	Morningside College	10	26	88.5%
6	Michigan Technological University	11	26	88.5%
8	Boston College	129	316	88.3%
9	University of Michigan – Ann Arbor	77	195	88.2%
10	Georgetown University	42	103	86.4%
10	University of Florida	248	514	86.4%

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Architects Offer Remote Test

NCARB (the National Council of Architectural Registration Boards) has announced they expect to begin offering the option to take the ARE (Architect Registration Examination) through on-line proctoring beginning on December 14, 2020. To accomplish this they are making changes to their examination's navigation, timing and policies. These changes will apply to both the in-person and online examination. Requirements for on-line proctored testing cover both the technical and environmental setup. Guidelines on the updated ARE can be viewed on <https://www.ncarb.org/sites/default/files/GuidetoOnlineProctoring.pdf>. NCARB will launch a demo exam later this month.

Remote proctoring allows candidates to test from their home or their office as the examination is brought to them. Procedures are used to verify the examination is given in an environment that is secure, adequately powered and monitored. ♦

NASBA 2021 Meeting Calendar

39th Annual Conference for Executive Directors and Board Staff - April 12-14, 2021; Tentative Location: Clearwater Beach, FL

26th Annual Conference for Board of Accountancy Legal Counsel - April 13-14, 2021; Tentative Location: Clearwater Beach, FL

Western Regional Meeting - June 8-10, 2021; Tentative Location: Colorado Springs, CO

Eastern Regional Meeting - June 21-23, 2021; Tentative Location: White Sulphur Springs, WV

114th NASBA Annual Meeting - October 31 - November 3, 2021; Tentative Location: San Diego, CA



Registry Summit: Make Webinars Fun

Continuing professional education providers need to teach by “facilitating fun learning” experiences, Joe Urbanski, COO of Total Solutions Group, recommended during NASBA’s National Registry eSummit, held on September 22 via Zoom. Approximately 250 participants heard Mr. Urbanski observe: “Most training and lectures are not interesting... We have to do things differently.” The content can be great, but the goal of webinars is to bring content to life -- because the same information can be read somewhere else, he explained.

“It is not the content: It is the context,” Mr. Urbanski noted. “Being a subject matter expert is not enough. We don’t teach content; we teach people.” Additional coverage of Mr. Urbanski’s talk on “We’re Doing Webinars All Wrong” can be found in the October issue of NASBA’s *CPE Monitor*, including a link to all the virtual eSummit presentations at <https://www.nasbaregistry.org/cpe-monitor-newsletters/were-doing-webinars-all-wrong>.

“The Science of Attention and Engagement” was discussed by Julie Dirksen, of Usablelearning.com. How long a person will allocate their attention to something depends on how that person can use the information you are giving them. If a person has something to do with the information, it makes it easier for them to pay attention, Ms. Dirksen explained.

“We know there is no limit to people’s attention span capacity: The Netflix binge shows how some can pay attention for hours,” Ms. Dirksen remarked. To assist participants in remembering material,

she suggested slides be: unusual or surprising, meaningful to the organization, relevant to previous experience, repetitive, interactive, and create an emotional reaction – though she acknowledged this is not usual when dealing with technical information.

Besides providing the eSummit attendees with a state-by-state update of changes in CPE rules, Elizabeth Wolfe, NASBA Counsel of Regulatory Affairs, reminded CPE providers and developers of the need to comply with Section 508 of the Rehabilitation Act of 1973 as updated. This requires electronic information technology that is developed, procured or used by the Federal government, including any course under contract by the government, be accessible to people with disabilities. States have been adopting their own 508 legislation, Ms. Wolfe pointed out. This is important to keep in mind when course updates are developed.

The CPE Sponsor Registry asked two of the Registry sponsors to share their experiences of converting in-person courses and events to virtual presentations during the pandemic. Cate Ekegren of Baker Tilly, and Olivia Patrick of Plante Moran described how their firms made the switch. Ms. Ekegren reported Baker Tilly pivoted to a totally virtual environment for their CPE in one month using Microsoft Teams. Ms. Patrick said Plante Moran upgraded all their employees to a Zoom Pro account.

NASBA Director of Compliance Services Maria Caldwell invited all to attend the next National Registry eSummit, to be held in August 2021 in Nashville, TN. ♦

PCAOB Agendas Questioned

Is the Public Company Accounting Oversight Board studying the right issues? PCAOB Member J. Robert Brown, Jr., has challenged the Board’s updated research and standard-setting agendas that were released in September. While the PCAOB added *auditor independence* to their standard-setting agenda and an *audit evidence* project to their research agenda, they dropped *going concern* from their standard-setting agenda and *other information* and *noncompliance with laws and regulations* (NOCLAR) from their research agendas. These topics were eliminated because the Board concluded “there is not a need at present to change our standards or take other action on these topics.” Projects remaining as PCAOB priorities cover *quality control*, *other auditors*, and *data and technology*. “With respect to investor expectations, the revised agendas mostly disregard them,” Mr. Brown observes in a heavily footnoted statement released in October 2020. He finds that what has remained on the agendas “largely overlaps with the priorities of an international standard setter. While these priorities may be good ones, the goal of global alignment and coordination should not take precedence over the expressed interests of U.S. investors.” <https://pcaobus.org/News/Speech/Pages/Brown-Statement-Regarding-PCAOBs-Revised-Research-Standard-Setting-Agendas.aspx>.

Prior to joining the PCAOB in December 2017, Board Member Brown was director of the corporate law program at the University of Denver Sturm College of Law. In January 2019 he was named chair of the International Forum of Independent Audit Regulators (IFIAR) Investor and Other Stakeholders Working Group. His current term on the PCAOB expires October 24, 2021.

“The revised agendas are not innovative. With the exception of

quality control, they fail to address the interim standards adopted by the PCAOB, leaving largely untouched the out-of-date requirements that do not adequately reflect the interests of investors and fail to take into account significant changes in the system of financial reporting that have occurred since the PCAOB opened its doors in 2003,” Board Member Brown states.

He believes the PCAOB is facing a transparency problem as it rarely holds roundtables or other public meetings to obtain feedback. “Without adequate transparency, there cannot be adequate accountability,” he warns.

Mr. Brown told a November conference of investors from around the world, “...don’t wait for the PCAOB to ask you for input or advice.” At that meeting, he said an important topic to be addressed is the role of the audit firm in providing assurance for environmental, social and governance (ESG) metrics as part of the audit. <https://pcaobus.org/News/Speech/Pages/Brown-revealing-ESG-Critical-Audit-Matters.aspx>.

The newest PCAOB member is Megan Zietsman, who was appointed in October. Since February 2019 she had served as the PCAOB’s chief auditor and director of professional standards. Ms. Zietsman addressed the 2019 NASBA Annual Meeting. Prior to joining the PCAOB, she was a partner in Deloitte & Touche, LLP. Her first term on the PCAOB will end in October 2025.

An open meeting of the PCAOB has been announced to consider its 2021 budget and 2020-2024 strategic plan, as well as amendments to align its independence requirements with the SEC’s rules. The public can listen in via a toll-free number 1-844-721-7237 access code 9484477. A recording of the meeting will be made available on the PCAOB website <https://pcaobus.org>. ♦