

Board Names Perry to CPT

The NASBA Board of Directors met on January 15 and approved the appointment of Andrea Perry, Esq., as a member of the NASBA Center for the Public Trust’s Board of Directors. Ms. Perry has been selected by the legal community as one of the *Nashville Business Journal’s* “Best of the Bar” for six years. Also continuing as NASBA representatives on the CPT Board are J. Coalter Baker (TX) and Jim Burkes (MS).



Andrea Perry

The Board offered congratulations to Richard N. Reisig (MT), NASBA Treasurer and Director-at-Large, on beginning his five-year appointment as a member of the Financial Accounting Foundation’s Board of Trustees on January 1.

NASBA’s Strategic Planning Task Force will be presenting their report to the April 2021 Board meeting, Chair A. Carlos Barrera told the Board. With the assistance of Chief Sourcing and Strategy Officer Cheryl Farrar, the Task Force is considering how NASBA’s activities are meeting the 13 objectives specified in the Strategic Plan. The Task Force is also being asked to consider where the CPA profession is going to be in five years and what NASBA should be doing to meet the demands that will be placed on the Boards.

President and CEO Ken Bishop updated the Board on recent discussions he and Executive Vice President and COO Colleen Conrad have had with leaders of the Association of Chartered Accountants in the United States, CPA Canada, Prometric, AICPA and several governmental accounting associations.

Ms. Conrad spoke about the presentations she and Vice President – State Relations Dan Dustin are making to individual Boards about remote testing, accreditation organizations and changes to education and the Uniform CPA Examination in line with the CPA Evolution initiative. She reported that a white paper outlining how concerns about the use of remote testing are being resolved is being distributed to the Boards of Accountancy.

Also coming soon is the report on a study conducted by Oxford Economics for the Alliance for Responsible Professional Licensing (ARPL). Legislative Support Committee Chair Andy Bonner (TN) explained that ARPL is going to be reaching out to the states to form chapters for educating legislators on the importance of maintaining licensing for the professions.

An executive summary of the Oxford report was distributed to the NASBA Board and will be provided to legislators soon. ♦

CPA Evolution Task Forces at Work

Four task forces appointed by NASBA and the AICPA are working to develop high-level model curricula topics and learning objectives for the sections of the January 2024 Uniform CPA Examination, which will form the platform for the CPA Evolution. The task forces’ goal is to have their work completed by June 2021, with the final design of the Examination to be completed by January 1, 2023. The task forces are:

- **Core Task Force** – Objective: Advise on and assist with the development of a high-level model curriculum with topics and learning objectives for an academic core, emphasizing integration of emerging technology while considering existing course contents. After the launch of the model curriculum, identify resources needed to fill gaps in curricula (leveraging gap analysis), curating existing AICPA resources and identifying resources to be developed or procured by AICPA.

Members of the Core Task Force include: Rick Reisig, Anderson ZurMuehlen & Company, PC – Co-Chair; Wendy Tietz, Kent State University, Co-Chair; Markus Ahrens, St. Louis Community College; Billie Brink, Miami University of Ohio; Sheri Erikson, Minnesota State University; Jim Franklin, Western Governors University; Chris Groves, KPMG; Kim Koch, Moss Adams; Tracie Miller-Nobles, Austin Community College; Vikki Nunn, Porter Muirhead Comia Howard; Ola Smith, Western Michigan University.

- **Information Systems and Controls Task Force** – Objective: Advise on and assist with the development of a high-level model curriculum with topics and learning objectives for the Information and Systems Controls discipline, emphasizing integration of emerging technology while considering existing course content.

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Meeting Planning Underway

Whether NASBA's 2021 June Regional Meetings will be virtual or in-person has not yet been decided, but NASBA's Committee on Relations with Member Boards has started planning for the content. If NASBA cannot hold in-person Regional Meetings this June, then the Regional Directors have recommended that one combined Regional Meeting be held rather than the usual Eastern and Western Regionals. Addressing the NASBA Board of Directors on January 15, Katrina Salazar (CA) Chair of the NASBA Committee on Relations with Member Boards explained that while the in-person Eastern and Western Regional Meetings give attendees many opportunities for conversations with those from other states as well as NASBA leadership, similar networking benefits are not realized via virtual meetings. Several years ago, when in-person meetings were held, the State Boards had expressed their support for the two-meeting format. However, the current environment, including the travel bans many states have enacted, have made in-person Regional Meetings unlikely in 2021. The Board took no action on the recommendation.

In 2020 NASBA held both a virtual Eastern Regional Meeting and a virtual Western Regional Meeting. This meant the same plenary sessions were presented twice with slight variations. The unified format

would present the same information to all with everyone able to hear responses to the same "chat box" questions from the audience. Whether there would be a single or two virtual Regional Meetings, the Regional Directors reaffirmed their support of extended virtual sessions for each of the eight Regions to meet with their neighboring jurisdictions.

Virtual meetings have allowed attendees to save travel time and expense, plus speakers are easy to hear and see when technical connections are working properly. Programs like Zoom also have advanced features that allow the participants to be divided among "breakout rooms" for smaller discussion groups. The plenary sessions can be recorded for people to listen to when it fits into their schedule. However, the benefits of face-to-face meetings, in terms of stimulating conversation and developing networks, were underscored by the Regional Directors.

Whether the June meetings will be in-person, or if there will be more than one Regional Meeting, has yet to be finally determined. However, the Annual Conference for Executive Directors and Board Staff and the Conference for Board of Accountancy Legal Counsel will take place virtually in April. More details will be provided on the NASBA website. ♦

Sidestepping the Bar Exam

Emergency measures that allowed law school graduates to be eligible for law licenses without taking the bar examination enabled nearly 1400 people to be licensed, Bloomberg News reported in January. This option had been made available in Louisiana, Oregon, Utah, Washington and the District of Columbia, in response to a resolution passed by the American Bar Association's (ABA) House of Delegates at their August Annual Meeting. The resolution opened the door for the highest court in each jurisdiction to cancel the bar or not administer it in person during the COVID-19 crisis unless cleared by public health authorities.

In Louisiana, for example, emergency admission was granted to candidates that had graduated from an ABA-accredited law school no earlier than December 2019 nor had sat for the bar exam previously. By December 2020, the five jurisdictions had announced plans for a remote bar exam in February 2021. Louisiana will be offering an open-

book bar exam and the other four jurisdictions will use a remote test to be offered by the National Conference of Bar Examiners. The NCBE remote examination was made available to all jurisdictions for delivery on the same dates as the in-person administration, February 23-24, 2021. It was left to the jurisdictions to individually determine how they want to administer the exam.

Wisconsin is the only state that does not require the bar examination for in-state law school graduates, according to the ABA.

The Dean of Brigham Young University's Law School, Gordon Smith, told an *ABA Journal* reporter that five jurisdictions that had offered the emergency diploma privilege will provide an opportunity for the courts to see whether licensure without a bar exam has produced less competent lawyers. "My sense is there's absolutely no difference at all, but it's worthy of trying to get to the bottom of it," he observed.. ♦

Remembering Senator Sarbanes

There were many deaths during 2020, including the passing of NASBA Chair 1995-96 Ronnie Rudd (TX), but there was another death of particular significance to the State Boards. Former Senator Paul S. Sarbanes (MD-D), who crafted the "Public Company Accounting Reform and Investor Protection Act" (the Sarbanes-Oxley Act) of 2002 with Representative Michael G. Oxley (OH-R), died on December 6 at the age of 87. That legislation, which now is commonly referred to as "SOX", gave birth to the Public Company Accounting Oversight Board (PCAOB), among other provisions that dramatically changed CPA practice. It was passed when the scandals of Enron and WorldCom had journalists regularly asking: "Where were the auditors?" As this legislation was being created, Senator Sarbanes' office was calling NASBA for its input on how to structure communication between state and federal regulators.

Looking at how communication between the PCAOB and the State Boards currently operates, compared to the stronger link envisioned in the early drafts of SOX, the compromises leading to the final legislation have become evident. Yet we still need to honor the

late Senator Sarbanes for what he did to listen to the State Boards' issues and to enact SOX, which has become an internationally recognized model for improving audit quality. ♦

54 Jurisdictions in ALD

In December, the Utah Board of Accountancy, part of the Utah Division of Occupational and Professional Licensing, became the 54th Board of Accountancy to participate in NASBA's Accountancy Licensee Database (ALD) and CPAVerify.org. ALD is only lacking information from the Hawaii Board of Public Accountancy to have complete participation by all of the NASBA's member Boards.

ALD is a central repository of current CPA licensee and CPA firm information to assist the Boards of Accountancy. CPAVerify.org is the version of the database that provides the public free access to a CPA's license status. Efforts to bring the Hawaii Board into the database continue. ♦

EDITOR'S MEMO

Parting Thoughts

When I started to work as a consultant for the National Association of State Boards of Accountancy in 1977, it had two full-time employees and was housed in one office within the American Institute of CPAs' New York City location. On February 12, 2021, when I retire as a vice president and this newsletter's editor-in-chief, I leave NASBA having over 130 employees and occupying three floors of an office building in Nashville with additional offices in New York City and Tamuning, Guam. As impressive as that may be, to me NASBA's outstanding feature is not its growth, but its continuing to be a grassroots organization. It encourages volunteers from across the nation to speak up and share their recommendations for keeping regulation effective.

Before starting with NASBA, I worked for the AICPA, and my colleagues included some outstanding people who are still leaders of the profession; however, AICPA did not have staff working remotely when I gave birth to my son — so I resigned. Then *Journal of Accountancy* Editor-in-Chief William Doherty recommended me to NASBA's first full-time Executive Director William Van Rensselaer to help with the NASBA newsletter. I have now edited over 500 issues of the *State Board Report*. When I started writing that newsletter, its content was mainly information about the AICPA. Today, NASBA has multiple newsletters, filled with information about its own activities.

Since 1993, I have had the privilege of working full-time for the three succeeding NASBA Executive Directors/Presidents: James Thomashower, David Costello and Ken Bishop. Each brought something different to their post, and I learned from all of them. And, of course, there was Lorraine Sachs, who remains the involved NASBA Vice President Emerita, and a fantastic mentor. Having earned my continuing admiration are NASBA's many volunteers who showed they had the independence to question, the intelligence to learn, and the courage to speak up. The list of those volunteers' names could go on for pages.

One of the benefits of my time with NASBA has been working with people who live in different parts of the country. I graduated from Brooklyn College, then from Boston University's School of Public Communication, and have lived most of my life in the New York City metro area. But through NASBA, I have regularly exchanged ideas with folks from places like McCook, NE, Christiansted, VI, and Medford, OR. For everyone who is involved in NASBA, it offers that opportunity to be part of its nationwide forum.

What I have seen is that the accounting profession faces certain issues regularly. When there is a financial disaster, one of the first questions raised by the media and legislators is: "Where were the auditors?" Then we hear about the "expectation gap" — what the public expects the profession is doing as compared to what the profession is providing. The International Auditing and Assurance Standards Board is presently studying that topic again and NASBA's letter in response can be found on its website.

Every so often the profession's standard-setters and the State Boards are criticized for being "the fox guarding the hen house." How much can those who make a living from the profession also be trusted to guard the public from their own incompetence or their clients' fraud? How rigorous are peer reviews: Are reviews by other bodies (such as the PCAOB) the only true way to measure quality of practice? The NOCLAR debate continues to raise the issue of how much "client confidentiality" should be valued over reporting to regulatory authorities or other auditors when the public may be at risk.

Then there are the technology issues that keep arising. When I started to work for the AICPA in 1969 on a magazine called *Management Adviser*, a current topic was: "Can we work around the computer, or do we need to go through it?" Now a similar question is: "How much can CPAs depend on IT staff and how much does the CPA need to know him/herself?" The marketplace continues to change the requirements.

As for achieving diversity, that has been a goal of the CPA profession since I first stepped into the AICPA. When I started, the number of women in accounting classes was small and the opportunities for them upon graduation were limited. Progress for other groups is coming too.

Writing about the accounting profession has never been boring, as it has continued to evolve, but it is time for me to turn to other projects. Please continue to work with NASBA and use your voice for the "public" in CPA. Keep those productive conversations going.

Shalom,



Louise Dratler Haberman
Editor-in-Chief
Vice President - Information & Research

Louise Dratler Haberman

— Louise Dratler Haberman

Editor-in-Chief

Vice President – Information & Research

CPA Evolution Task Forces at Work (Continued from page 1)

After the launch of the model curriculum, identify resources needed to support faculty with respect to the Information Systems and Controls discipline, including whether sample syllabi are needed. Curate existing AICPA resources and identify resources to be developed or procured by AICPA.

Members of the Information Systems and Controls Task Force include: Nadia Rogers, Virginia Tech – Co-Chair; Audrey Katcher, Rubin Brown – Co-Chair; John DeMelis, Iona College; Troy Fine, Schneider Downs; Holly Hawk, University of Georgia; Jan Taylor Morris, Sam Houston State; Nadia Rogers, Virginia Tech; Donny Shimamoto, Intraprise TechKnowledge; Godson Sowah, EY; Steve Ursillo, Cherry Bekaert; Torpey White, Wipfli.

- **Business Analysis and Reporting Task Force** – *Objective: Advise on and assist with the development of a high-level model curriculum with topics and learning objectives for the Business Analysis and Reporting discipline, emphasizing integration of emerging technology while considering existing course content. After the launch of the model curriculum, identify resources needed to support faculty with respect to the Business Analysis and Reporting discipline, including whether sample syllabi are needed. Curate existing AICPA resources and identify resources to be developed or procured by AICPA.*

Members of the Business Analysis and Reporting Task Force include: Shelly Stomp, KPMG – Co-Chair; Kim Church, University of Missouri – Co-Chair; Danielle Cheek, PKF; Virginia Collins, Berdon; Ann Dzurainin, Northern Illinois University; Guido Geerts, University of Delaware; Betsy Gordon, Temple University; Kari Olsen, Utah Valley University; Simon Petravick, Bradley University; Chris Spraberry, Deloitte; Randa Vernon, Hogan Taylor; Jerry Weinstein, John Carroll University.

- **Tax Compliance and Planning Task Force** - *Objective: Advise on and assist with the development of a high-level model curriculum with topics and learning objectives for the Tax Compliance and Planning discipline, emphasizing integration of emerging*

technology while considering existing course content. After the launch of the model curriculum, identify resources needed to support faculty with respect to the Tax Compliance and Planning discipline, including whether sample syllabi are needed. Curate existing AICPA resources and identify resources to be developed or procured by AICPA.

Members of the Tax Compliance and Planning Task Force include: Stephanie Saunders, Saunders & Saunders – Co-Chair; Annette Nellen, San Jose State University – Co-Chair; Hughlene Burton, University of North Carolina- Charlotte; Ann Cohen, University of Buffalo; Diana Falsetta, University of Miami; Maggie Gilmore, BDO; Lori Luck, CLS Financial Advisors; Damien Martin, BKD; Janine McDonald, PWC; Thomas Purcell, Creighton University.

Providing staff support for these task forces are: Dan Dustin, Anna Howard and Carl Mayes.

The CPA Evolution initiative’s timeline calls for the model curriculum to be available for faculty in 2021; the Uniform CPA Examination’s blueprint to be exposed for public comment in mid-2022; and the new Examination to launch in January 2024. In early 2021, the CPA Exam Transition Task Force is scheduled to circulate to the State Boards its recommendations for candidate transition into the new Examination.

In November 2020, the blueprints for the material to be covered in the Uniform CPA Examination as of July 1, 2021 were released. That examination will continue to have the four parts of: Auditing and Attestation; Business Environment and Concepts; Financial Accounting and Reporting; and Regulation. The July 2021 Exam’s blueprints call for more knowledge of data management and relationships, and understanding of System and Organization Controls (SOC) reports. Differences between IFRS and US GAAP will no longer be tested, nor will knowledge of estate taxes and trusts. ♦

NASBA 2020–2021 Committee Chairs

2020-2021 Committee Name	Chair	2020-2021 Committee Name	Chair
Administration and Finance Committee	Richard N. Reisig	Executive Directors Committee	Kent Absec
Audit Committee	Faye D. Miller	International Qualifications Appraisal Board	Sharon A. Jensen
Awards Committee	Janice L. Gray	Legislative Support Committee	J. Andy Bonner, Jr.
Bylaws Committee	Jimmy E. Burkes	Nominating Committee	Laurie J. Tish
CBT Administration Committee	Tyrone E. Dickerson	Past Chair Advisory Council	Laurie J. Tish
Communications Committee	Kenya Y. Watts	Peer Review Compliance Committee	Stephen F. Langowski
CPA Examination Review Board	Douglas W. Skiles	Regulatory Response Committee	Catherine R. Allen
CPE Committee	John F. Dailey, Jr.	Relations with Member Boards Committee	Katrina Salazar
Diversity Committee	Alison L. Houck	Standard-Setting and Professional Trends Advisory Committee	Nicola Neilon
Education Committee	Jason D. Peery	State Society Relations Committee	Mike Colgan
Enforcement Resources Committee	Lynn V. Hutchinson	Strategic Planning Task Force	A. Carlos Barrera
Ethics Committee	J. Coalter Baker	Uniform Accountancy Act Committee	Stephanie M. Saunders

PRESIDENT'S MEMO

A Dumpster Fire

I am sure that most of you have heard the year 2020 described as a “dumpster fire.” I get it. My heart goes out to the families who have lost loved ones, businesses that have closed for good and individuals who have struggled financially. As CPAs and firms enter the yearly busy season, dealing with added financial problems of individuals and businesses, managing stimulus program payments and advising clients on the maze of requirements for Paycheck Protection Program (PPP) loans will add new stressors on a profession already burdened with conducting business through non-traditional methods. The challenges of meeting with clients virtually, exchanging documents curbside, and applying other safety measures necessitated by COVID-19 will impact most CPAs, including State Board members.

As a “glass-half-full” type of guy, it is hard for me to use the dumpster fire description because I look back at the past year’s tremendous blessings. We ended 2020 with no NASBA volunteers or staff having been infected with the coronavirus as a result of NASBA-related activity, and I am not aware of any serious hospitalizations or deaths of any member of the NASBA family. NASBA and State Boards quickly took steps to provide services and public protection while exercising caution. The profession speedily pivoted to deliver high quality services to their clients and developed strategies and methods for practicing in the current environment.

My guess is that in early 2020 most folks had never heard of *Zoom* or worked remotely from home. If asked, I, and others, would have deemed it impossible to have an effective remote workforce, and most of us would have challenged whether meaningful and impactful meetings could be held virtually. How different our responses would be if we were to be asked about those same things today.

If 2020 was a “dumpster fire,” then 2021 is starting off inauspiciously with the coronavirus still ravaging the world, delays in implementation of mass vaccine distribution, and an attack on our U.S. Capitol. We certainly still have significant challenges to manage through and ultimately overcome this year. I know we will. I have been amazed how both NASBA volunteers and staff remained focused on not only maintaining our core business functions but also on keeping up the momentum of projects that prepare us for the future. Having the capacity to shake off fatigue and frustrations to continue progressing on critical projects, like CPA Evolution, is indicative of the perseverance of our association.

Although I am not sure when we will turn the corner, as the U.S. achieves herd immunity and we can return to our workplaces with closer to normal routines, I am confident it will happen this year. It is critical that we learn from this experience. While our preparedness and capability to work remotely helped us immensely, had Prometric not been able to get testing centers reopened for essential business examinations so quickly, we would have faced much bigger challenges. In addition to negative financial implications, not supporting the candidate pipeline, one of our core responsibilities, would have been detrimental to the profession. In our standard disaster preparedness, we had never considered a worldwide pandemic that could essentially shut us down for a long period of time.

We realized in late February 2020 that we had to consider an alternative emergency delivery method for the Uniform CPA Examination. History has shown us that candidates must be provided an opportunity to test when they are best prepared. Failure to do so results in lower pass rates and dropouts from the pipeline. NASBA, AICPA and Prometric began exploring a remote testing alternative for the Uniform CPA Examination, and progress on potential implementation has been made.

A critical step in the development of a viable and safe remote testing capability is pilot testing. To be successful, candidates who test remotely must be qualified, prepared and motivated to the same degree as they would be for testing in a Prometric testing center. To achieve that, remote testing candidates must know that their Examination scores will be accepted by State Boards — all State Boards.

Several State Boards have raised concerns about the risks associated with remote testing and have asked valid questions that must be addressed. Many of those concerns can be mitigated with compensating controls and procedures, but others are more challenging. The pilot testing program is the critical vehicle for addressing those issues. We will provide subject matter experts to any State Board that has concerns or questions about remote testing. We would appreciate being invited to participate in a Board meeting to address specific questions you may have. We are committed to developing a safe, reliable and valid remote CPA Examination delivery model. If we do not accomplish that goal, it will indeed be a “dumpster fire” impacting us all!

Please be safe my friends!

Semper ad meliora (Always toward better things).



Ken L. Bishop
President & CEO


— Ken L. Bishop
President & CEO

Increased Focus on Sustainability Standards

The inclusion of sustainability information in financial reports has been getting additional interest in recent months as the International Integrated Reporting Council (IIRC) announced its plans to merge with the Sustainability Accounting Standards Board (SASB) to become the Value Reporting Foundation in mid-2021. Their goal is to have an integrated reporting framework with sustainability disclosure standards.

AICPA and CIMA in November released a statement: "We will ensure that the journey towards the development of global standardized comparable ESG [environmental, social and governance] metrics and non-financial reporting is not at the expense of closing any future sustainability debate and innovation. Our aim is to achieve a balance of sustainability reporting and assurance alongside data-driven insights so that resilient organizations and finance professionals can address prosperity, planet and people challenges."

Reporting on sustainability was predicted in the International Federation of Accountants' December statement: "Sustainability

and other non-financial information will play an increasing role in corporate reporting because this information improves the relevance of communication between companies and their stakeholders. It also increases the relevance of the assurance and non-audit services that the profession provides."

Picking up on the campaign pledge of President Joe Biden to make climate disclosure mandatory for companies reporting to the SEC, the SASB has said that they "plan to work with the relevant agencies and lawmakers in the US to offer the Framework and SASB Standards as resources for achieving their sustainability-related policy goals."

Former PCAOB Board Member J. Robert Brown, Jr., had advocated for the "PCAOB to commit to the reevaluation of an auditor's responsibilities and obligations with regard to quality of information disclosed by public companies outside of the financial statements (sometimes referred to as 'other information'), including environmental, social and governance (ESG) sustainability and non-GAAP disclosures." ♦

NOCLAR Exposure Drafts in February

On January 14, 2021, the latest round in the profession's ongoing attempt to deal with NOCLAR (non-compliance with laws and regulations) began, with the AICPA's Auditing Standards Board's (ASB) vote to expose for public comment a proposed Statement on Auditing Standards (SAS) on "Communication with Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations." The genesis of this discussion goes back to 2012, when the International Ethics Standards Board for Accountants (IESBA) began deliberating how professional accountants can disclose potential NOCLAR situations without being constrained by the ethical duty of confidentiality. IESBA approved its NOCLAR standard in April 2016, with an effective date of July 15, 2017. Since that time countries have been adopting that standard in varying degrees.

The proposed revision to AU-C Section 210 would "require a prospective successor auditor, once management authorizes the predecessor auditor to respond to inquiries from the auditor, to inquire of the predecessor auditor regarding identified or suspected fraud or noncompliance with laws or regulation (NOCLAR)." This still does not directly address the issue of management that does not agree to such an inquiry, but the comment period is to begin by the end of February and will continue for at least 90 days. NASBA will be submitting comments on the proposal.

ASB is setting the exposure date to align with the Professional Ethics Executive Committee's anticipated exposure of proposed

revisions to the AICPA Code of Professional Conduct regarding NOCLAR. The AICPA/NASBA Uniform Accountancy Act Committee has been monitoring the development of both these proposals to determine if additional NOCLAR related changes may be required in the UAA.

J. Coalter Baker, chair of the NASBA Ethics Committee and former chair of the NASBA UAA Committee, observed: "We want to be sure that what is being proposed are meaningful changes that provide appropriate guidance for CPAs and can be enforced by the State Boards in protection of the public. IESBA Chairman Stavros Thomadakis addressed the UAA Committee in 2018 and reported the international standard allows the professional accountant to set aside confidentiality when there is a strong public interest component. Our task now is to look carefully at what is on the table and determine if it does protect the public. We don't think CPAs are frequently encountering clients with NOCLAR issues, but for those very rare situations, we want to have something in place that enables CPAs to act without fear of being disciplined by their State Board for violating standards." ♦

NASBA Responds to IAASB Paper

The International Auditing and Assurance Standards Board's suggestion that auditors maintain a "suspicious mindset" was not supported in NASBA's response to the IAASB's discussion paper on "Fraud and Going Concern in an Audit of Financial Statements." Auditors need to have "professional skepticism," but the new term would not enhance their planning for fraud identification, the NASBA response makes clear. It does suggest that regulators consider requiring continuing professional education in fraud in the context of a financial statement audit, as specified in the California Board's regulations. The letter can be found on the NASBA website <https://nasba.org/wp-content/uploads/2021/01/IAASB-NASBA-Comment-Letter-Jan-19-2021.pdf>. ♦

ACAUS Joins CAW Network

The Association of Chartered Accountants in the United States (ACAUS) has joined with the Chartered Accountants Worldwide (CAW) to form the Chartered Accountants Worldwide Network USA. ACAUS reports there are 7,000 Chartered Accountants living and working in the United States. Chartered Accountants Worldwide has over 1.8 million members and students from 15 Chartered Accountant institutes around the globe.

NASBA/AICPA International Qualifications Appraisal Board (IQAB) has developed mutual recognition agreements with Chartered Accountants institutes in Australia/New Zealand, Canada, Ireland, Scotland and South Africa. IQAB is continuing to have discussions about an agreement with the Institute of Chartered Accountants of England and Wales (ICAEW).

Michael Izza, CEO of ICAEW and Chairman of CAW, said the creation of CAW Network USA "provides the opportunity to connect and support all our 7,000 collective members who live and work in the United States... This collaboration is an important step forward for the Chartered Accountancy profession in a major financial market." ♦

CPA Overseas Testing Praised by USTR

A December 9, 2020 webinar for the Asia-Pacific Economic Cooperation (APEC) Group on Services, organized by the Office of the US Trade Representative (USTR), spotlighted the CPA's international testing centers as an example of "next generation" regulation. NASBA Executive Vice President and Chief Operations Officer Colleen Conrad described the overseas testing for the international audience. She told them that the impetus for using foreign testing locations came from the Boards of Accountancy that were receiving candidates from around the world.

Thomas H. Fine, USTR Director for Services Trade Negotiations, said the webinar was part of the US commitment to fulfill the APEC "Bogor Goals" for "free and open trade investment in the Asia-Pacific." The 1994 Bogor, Indonesia, meeting of APEC leaders set the deadline for reaching these goals as "no later than the year 2020." He described the examples discussed during the webinar as "innovative ideas to



Thomas Fine

cultivate market activities without sacrificing proper regulation."

A description of overseas CPA testing was included in *New Generation Practices for Services Authorization in the Asia-Pacific Region*, a 29-page report by USAID (US Agency for International Development).

Also cited as case studies of "real innovation and creativity in developing regulatory interventions" were: Malaysia's online stakeholder consultation; Mexico's regulatory sandbox for FinTech firms; Chinese Taipei's online portal to assist with business and company registration, and the US nursing profession.

The paper states: "...growth in the number of foreign-resident licensed professionals in a sector like accountancy, means that more services can be provided cross-border, using information and communications technologies, rather than in person; this modal shift could also have significant public health benefits as the world economy recovers." ♦

COVID Colors Baruch/CPT Conference

The 15th Annual Audit Conference on Ensuring Integrity, jointly sponsored by Baruch College and the NASBA Center for the Public Trust, was held on December 1-2, and every session took some note of how COVID-19 has been impacting the profession. As in other years, the conference took place on the same day as the Rockefeller Center Christmas tree's lighting, but both events this year had virtual attendance. The first conference speaker, Tracy Harding, who is Chair of the Auditing Standards Board and Chair of the Maine Board of Accountancy, remarked that there is concern about COVID's impact on the audit risk model and whether there is sufficient focus on changes to clients' internal controls as more people are working remotely.

Baruch Professor Douglas Carmichael asked if there is a movement to more principles-based standards. Mr. Harding replied that the ASB believes its standards should be grounded in principles, to allow them to stand the test of time. At the same time, standards need to be clear in order to guide auditors when they are applying professional judgement. Barbara Vanich, Deputy Chief Auditor at the Public Company Accounting Oversight Board, pointed out that those in enforcement would like everything to be specific, as it is difficult to run an inspection when so much is left to professional judgement. For example, Ms. Vanich said: "The confirmation standard makes sense, but how do you do that in a world where there is practically no paper?" The PCAOB is monitoring how firms are dealing with COVID and meeting with firms and international regulators on this topic.

Several types of possible auditor bias were summarized by Oklahoma State University Professor Audrey Gramling, including: looking for things that confirm existing beliefs, attributing higher quality based on history, or rushing to confirm. Professor Carmichael asked how standards can deal with audit teams believing that, if the client was dishonest, it would not be a client of the firm. Professor Gramling said the client's honesty could come up during an audit team's brain storming session. Bob Dohrer, RSM International chief operating officer and former ASB Chair, recalled the ASB had held many discussions about requiring the auditor to search for contradictory information. They concluded that the emphasis should be on the auditor's awareness to bias that might exist and that should drive the auditors. Reference was made to Mr. Dohrer's article in the



Douglas Carmichael

June *Journal of Accountancy* about the opportunities for fraud.

Partners from several major firms addressed how COVID-19 has impacted their clients' risk profiles. The firms have had to alter their work programs in response to changes in clients' internal control environments, as controls have been shifted to accommodate more people working remotely. Dollar amount thresholds, when controls come into place, have also needed to change. Some internal audit groups have become involved in management when their companies were operating in an all-hands-on-deck environment, which effected the auditor's ability to use the internal audit group's work. Auditor independence issues have come up when small companies do not have enough staff, so they call on their accountants. There has been a real concern about the authenticity of documents, which has caused auditors to look for other sources of confirmation.

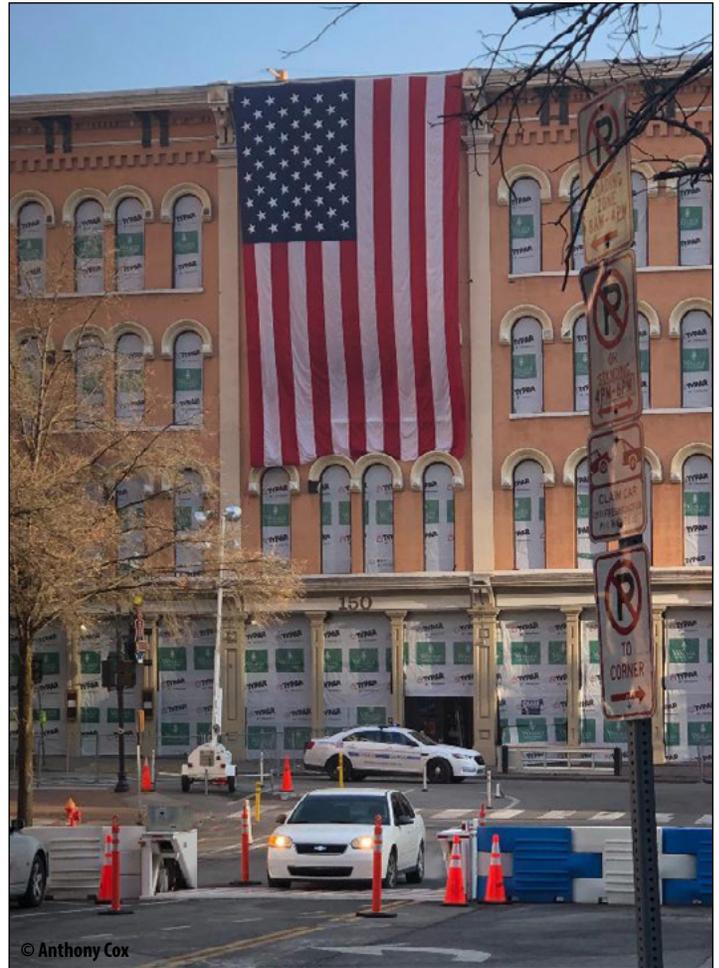
Looking ahead, three panelists who had previously worked with the federal regulators agreed that changes in the Securities and Exchange Commission and the PCAOB are anticipated with the new administration. This will begin with the appointment of a new SEC Chairman, as Jay Clayton resigned as of the end of 2020. Changes at the SEC will filter to the PCAOB level. If there is an increase in funding to the PCAOB, there will be an increase in enforcement activities. Claudius Modesti, the first director of the PCAOB's Division of Enforcement and Investigations, said the PCAOB's focus is now on its Quality Control Concept Release published in 2019 <https://pcaobus.org/Rulemaking/Docket046/2019-003-Quality-Control-Concept-Release.pdf>. The PCAOB's next step will be the release of a rule that will be open for public comment, which will then lead to a final rule. Mr. Modesti wondered if that rule is prescriptive, assigning roles to individuals, and they do not meet those standards, will the firm then be responsible?

Jeff Mahoney, General Counsel for the Council of Institutional Investors, noted there is "growing chatter" in the District of Columbia, both from the SEC and other parties, about including climate change information in disclosures. "ESG [environmental, social and governance metrics] is a huge issue in the investor community," Mr. Mahoney stated. The IFRS Foundation's Consultation Paper on Sustainability Reporting <https://cdn.ifrs.org/-/media/project/sustainability-reporting/consultation-paper-on-sustainability-reporting.pdf?la=en> has attracted a lot of interest, he observed. ♦

Stirred, Not Shaken

On Christmas morning people in the Nashville area were rocked awake by an explosion on Second Avenue that destroyed several historic buildings. NASBA's headquarters building is a little more than a block away from where the blast went off, but it appears no significant damage was sustained to the building or NASBA's offices. Fortunately, no NASBA employees were hurt either. Getting in and out of the building was made difficult by police and press vehicles parked in the area, but with most of NASBA's staff working remotely, that did not impact their work. Within a few days, it was determined that the explosion was caused by an individual suicide bomber who had been suffering from health issues.

The work to repair Nashville is underway (as these photos show) and NASBA – and Nashville – look forward to welcoming all back to meetings at 150 Fourth Ave North as soon as COVID restrictions permit. ♦



Call for Research

NASBA is once again calling for faculty and post-doctoral researchers in US academic institutions to submit proposals to NASBA's Accounting Education Research Grants Program. Established in 2011, the program seeks to promote research focused on areas that can assist NASBA and the State Boards in protecting the public and provide useful information to the accounting profession.

Topics of interest include, but are not limited to: factors influencing the CPA pipeline; teaching and evaluating professional skepticism; diversity in the CPA profession; and determining the expectation gap.

More information about the program will be on the NASBA website. All entries should be sent to grantproposal@nasba.org by March 15, 2021. Education Committee Chair Jason Peery announced additional suggested research areas will be added periodically throughout the year. ♦

