

NASBA State Board Report

A Digest of Current Developments Affecting State Accountancy Regulation

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NASBA Strategic Planning Project



Ed Barnicott

NASBA is beginning a strategic planning process, under the leadership of NASBA Vice President - Strategic Planning & Program Management Ed Barnicott, that will be based on input from the NASBA staff,

NASBA Board of Directors, State Boards of Accountancy and other stakeholders. "This is more than an annual refresh on an earlier plan: This will be a ground up building of the plan focused on our mission," Mr. Barnicott explained. "We want the perspective of all our stakeholders reflected in direction and objectives that NASBA will pursue."

Mr. Barnicott is working with senior staff and volunteer leadership to create a schedule and milestones for the planning process, which is scheduled to be ready by late March. "The first cycle, to be completed by the end of 2012, will establish a foundation plan that will, based on NASBA's mission to enhance the work of the State Boards of Accountancy, articulate NASBA's goals and objectives for the next 3-5 years and beyond," Mr. Barnicott said. This strategic plan will be kept fresh with annual updates, and then another in-depth review in 3-5 years. "The environment is going to change, and we are going to have to adapt. The goal is to be proactive, not reactive," he stated. The plan will reflect President Ken Bishop's "back

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Military Pathway Threatens Mobility

What seems like a worthy idea could unintentionally muddle mobility. Bills have been introduced in a few states that would create additional administrative pathways for the licensure of military and/or military spouses. The Uniform Accountancy Act and the laws of almost every state require for initial licensure 150 hours of education, one year of experience and passage of the Uniform CPA Examination: The problematic legislation being proposed would grant original licensure for any profession to any military personnel who have obtained relevant occupational specialties. If a state were to approve such broad legislation, the state would no longer be "substantially equivalent" as defined by the UAA, NASBA Vice President-State Board Relations Daniel J. Dustin explained in an alert to Board chairs and executive directors. This problem most recently appeared in Wyoming's Senate File No. SF0092.

"Ironically, because the accountancy laws are uniquely conducive to mobility, some aspects of the proposed laws are not needed for CPAs. For example, a provision that would allow military spouses who are licensed CPAs to easily practice in another state is not only unnecessary, but actually includes some hurdles that currently might not be required for substantially equivalent CPAs under the UAA," Vice President Dustin observed.

The Wyoming legislation calls for the issuing of a license to a military service member applicant who has "completed a military program of training, been awarded a military occupational specialty and performed in that specialty at a level that is substantially equivalent to or exceeds the requirements for licensure, certification or registration of the occupational licensing board for which the military service applicant is seeking licensure...."

Washington SB5307 99, which went into effect on July 22, 2011, provides

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FAF Roundtables Conclude

The Financial Accounting Foundation on March 1 completed its series of four roundtable sessions to solicit public comments about its "Plan to Establish the Private Company Standards Improvement Council," released in October 2011. NASBA was one of the three parties that sponsored the Blue Ribbon Panel on Standard Setting for Private Companies (see *sbr* 10/10), which provided the impetus for the FAF's plan, and it is "very supportive" of the plan, NASBA Vice Chair Gaylen Hansen (CO) told the roundtable session held in Dallas, TX, on January 26. Other State Board representatives who participated in the roundtables were: Elizabeth Gantnier (MD), member of the Maryland Board of Accountancy, January 18 roundtable in Atlanta, GA; Telford Lodden (IA), NASBA Central Region Director, February 2 roundtable in Palo Alto, CA; and Billy Atkinson (TX), NASBA Past Chair, March 1 roundtable in Boston, MA.

The FAF's plan, as originally released, calls for the creation of a new Private Company Standards Improvement Council (PCSIC) of 11-15 members with its chair being a member of the Financial Accounting Standards Board (FASB). Changes to standards would be approved by a two-thirds majority of the PCSIC, and then would be forwarded to the FASB for ratification. The roundtable members were asked their opinions on the specific elements of the proposal, including the number of PCSIC

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that, “The department shall develop a process to evaluate military training and experience that may be applied toward meeting the training and education requirements of this chapter.” Indiana has a law pending that would require educational institutions to award credit for military courses that are part of military training. In Kansas, HB 2178 was passed that granted professional licenses to nonresident military spouses who are already licensed in another state; however, because of UAA mobility provisions, this does not impact CPA licensing.

As these kinds of proposals are not being directed to the state accountancy acts, but are amendments to overall occupational licensing for the states, the Accountancy Boards might not be aware of their potential impact, Mr. Allen commented. Vice President Dustin advised the State Boards to “monitor the bills being introduced in your state to ensure public protection and the credibility of the accounting profession.”

In February the U.S. Department of the Treasury and the U.S. Department of Defense released a 26-page report on “Supporting Our Military Families: Best Practices for Streamlining Occupational

Licensing Across State Lines.” The report, which aims to give clear guidance on how to allow military spouses to resume licensed work without lowering standards or giving out preferential treatment, was unveiled by First Lady Michelle Obama, Jill Biden and Defense Secretary Leon Panetta on February 16. The Defense Department has been promoting this licensing issue since 2008, but according to the White House only 11 states have made license concessions and 13 others have proposed legislation that is awaiting action. Mrs. Obama said the goal is to have all 50 states pass legislation by 2014. She reported California, Louisiana, Illinois and Wyoming had introduced bills during February.

The report specifically mentions Florida HB 713, developed in 2010 with the Department of Defense, which impacts occupations such as veterinarians and CPAs, that awards a six-month temporary license to the spouse married to an active member of the military assigned in Florida. According to the report, “The bill allows military spouses to retain their Florida licenses if they move out of state for military reasons and to practice without renewing the license upon return as part of a military move.” ♦

FAF Roundtables Conclude (Continued from Page 1)

members, whether there should be a co-chair, should the chair be an FASB member, is there a need for continuing FAF oversight of the new process, should the PCSIC members be compensated, what would be necessary for the FASB to veto a recommended change from the PCSIC, how frequently should the PCSIC meet, who should set its agenda and what should be included in the framework for the PCSIC’s decision making. Audio recordings of the four roundtables can be found on www.fasb.org. Financial Accounting Foundation (FAF) President Teresa Polley said the FAF would be considering all the comments received during the roundtables, and in writing (which can also be found on www.fasb.org), and expects to release a final plan this May.

Three things must happen for the PCSIC to be successful, Mr. Atkinson told the Boston roundtable: the PCSIC members and staff must be tuned in to the private company stakeholders; the FASB must support the private company standards issues in a collaborative manner; and monitoring is imperative.

Mr. Lodden told the California roundtable that a 5-7 person Council would have more agility and be able to reach consensus more easily. He also thought that estimating the PCSIC would meet 4-6 times per year was not realistic. Probably more meeting time would be required when the Council starts its work, as there are already known issues to be decided. Mr. Hansen, at the Texas roundtable, also thought a smaller group than originally proposed would be better, but he agreed that an FASB member should be its chair. Mr. Atkinson recommended the chair be a PCSIC member and the vice chair a member of the FASB, with the Council setting its own agenda. Both Mr. Hansen and Mr. Atkinson stressed the Council needs to be balanced and appointed by the FAF trustees. The members need to be independent and not represent any lobbying group, Mr. Hansen stated.

There was discussion of whether or not a co-chair should

be named. Ms. Gantnier reported that at the Atlanta roundtable most of the participants favored co-chairs who would set the Council’s agenda with input from advisory groups. Co-chairs were also recommended at the Boston roundtable, Mr. Atkinson said, with no trade representatives appointed to the PCSIC. However, Mr. Hansen said he was in favor of only having a chair, so that responsibility could not be passed to another person.

Some of the roundtable members questioned the need for the special FAF oversight committee (the Private Company Review Committee of the FAF Board of Trustees), which as envisioned in the plan would stay in existence for about three years. Mr. Hansen referred to NASBA’s comment letter that stressed monitoring and accountability are closely linked. He said he strongly supported the Review Committee, especially in the beginning.

The relative importance of developing a decision framework was debated at the roundtables, with some feeling it is essential to have the framework completed first and others fearing that could bog down the drive to get changes made. Ms. Gantnier commented: “How do we know whether a change is necessary without a framework under which to evaluate it?” FASB Chair Leslie Seidman reported the FASB is already working on a conceptual framework which should be released as an exposure draft in late spring or early summer. Mr. Atkinson said, “A sufficiently comprehensive study of the differing information needs of public vs. private company financial statement stakeholders should be the basis for the framework. It cannot be effectively abandoned with a subsequent patchwork of ad hoc changes or standards in response to transactions.”

Mr. Atkinson commented, “The convergence of standards internationally with divergence of standards nationally, makes no sense. We need to coordinate this initiative with the SEC’s decision on IFRS, which may come in a couple of months.” ♦

President's Memo

The Buck Stops Here

Some readers likely noticed my new photograph which highlights the desk sign reading: “The Buck Stops Here.” At the January Board of Directors’ meeting in Florida, Past Chair Michael Daggett and his wife Sharon presented that sign to me. Michael explained that he had seen the sign in the Truman Library and, with my being from Missouri and becoming NASBA’s new President and CEO, that it was an appropriate gift. It is now proudly displayed on my desk.

Most photographs taken of President Truman at his desk in the White House included the “The Buck Stops Here” sign, and the President often referred to it. In an address to the National War College in 1952, Mr. Truman said, “You know it’s easy for the Monday morning quarterback to say what the coach should have done, after the game is over. But when the decision is up before you...and here on my desk, I have a motto which says, ‘The Buck Stops Here’...the decision has to be made.”

Being the new President of NASBA in no way compares to the tremendous pressures that President Truman faced in replacing a hugely popular predecessor in the middle of a world war, but transition and implementing change at NASBA offer opportunities and challenges that bring Mr. Truman’s motto into the forefront.

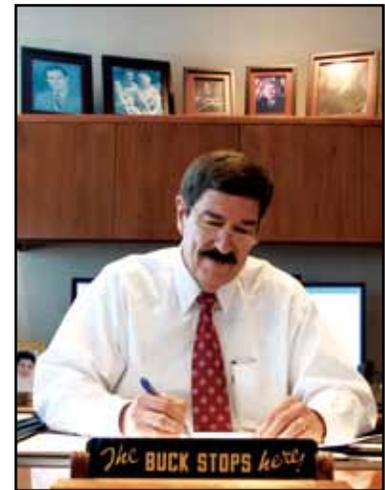
As I have traveled around the country, or visited by telephone, many of you have made positive comments about our concentration on State Boards through the “Back to Our Roots” initiative. But I have also heard some criticism and suggestions as to how NASBA could do a better job. I cannot overemphasize my appreciation for the candid comments that many of you have shared with me. It is my hope and belief that the transparent sharing of information and recommendations, even if critical, is indicative of a healthy and trusting relationship, the kind of relationship I want to have with every State Board of Accountancy.

Dan Dustin, NASBA’s new Vice President of State Board Relations, and I recently had the opportunity to visit with a State Board that, frankly, has not been very happy with NASBA. Similarly, I received a telephone call from the director of an umbrella agency that is responsible for another Board of Accountancy, which is statutorily an advisory board, to discuss his unhappiness with some of the things NASBA is doing. Upon reflecting on these two recent conversations, and others that I have been privy to through the years, it occurred to me that maybe I should re-appraise my thoughts about NASBA’s mission “to enhance the effectiveness of State Boards of Accountancy.”

Simply said, our mission doesn’t break out, or segregate, which type of State Boards we serve. Whether independent, semi-independent, advisory, big state, little state, well-funded or under-funded, our mission is to enhance the effectiveness of all State Boards. I intend to instill that perspective in all that we do and to be an optimist as President Truman defined one: “A pessimist is one who makes difficulties of his opportunities and an optimist is one who makes opportunities of his difficulties.”

In an earlier President’s Memo, I mentioned that my rule is to “not write checks that can’t be cashed,” which incidentally was another regular Truman quote. Our passion, drive and energy will be to continually improve our capacity to support our State Boards. Will we drop some balls, make some mistakes and not please everyone...we hope not, but likely will. When and if that happens, like my fellow Missourian...“The buck stops here!”

Semper ad meliora. (Always toward better things.)



Ken L. Bishop

— Ken L. Bishop
President and CEO

Call for Proposals for Research Grants

Up to three one-year research project grants will again be awarded this year by NASBA to faculty and postdoctoral researchers in U.S. academic institutions. The program, totaling a maximum of \$25,000, seeks to advance research on educational issues impacting the public accounting profession and State Boards' charge to protect the public. Education Committee Chair Karen Turner (CO) reported research areas of interest include, but are not limited to:

- Characteristics of successful CPA candidates
- Model curricula for successful CPA candidates
- Effective rules of professional conduct for the public's protection
- Best work experience requirements

- Barriers to groups seeking a CPA license
- Success or failure of on-line education.

Grant recipients for the 2011 research awards came from Alabama A&M University, Howard University, Mount Olive College, St. Cloud State University and the University of Mississippi.

Proposals will be accepted in electronic format through 11:59 p.m. Central Time on April 9, 2012. Grant recipients will be announced on May 16, 2012. Details about the program can be found on www.nasba.org. NASBA Chief Relationship Officer Alfonzo Alexander said: "NASBA is excited to work with the academic community again. We desire to be a resource for CPAs, educators, regulators and CPA candidates through this program." ♦

NASBA Strategic Planning Project to Start (Continued from Page 1)

to our roots" goal of balancing NASBA's resources so that more are going to services that directly assist State Boards.

Representatives from all of NASBA's stakeholder groups will be involved in the development of the strategic plan, Mr. Barnicott explained. Several of NASBA's committees will be sources of input to the work group. As background for the project, he has been studying planning and strategic review efforts NASBA engaged in over the years, including the 1984 strategic planning effort led by Sandra Suran. "When people like Sandra led groups to have NASBA take the time to answer the question 'Who are we and where do we want to go?', significant changes occurred in the organization," Mr. Barnicott observed. "Action grew out of strategic thinking." He expects the plan to be more than aspirations and lofty goals: "A high level plan without a specific work plan on how to accomplish the identified goals and objectives is of little value and can lead to frustration for the organization. We want to ensure that we not only plan the trip, but we get in the car, fasten our seatbelts and drive to our destination."

"All that NASBA does should have a nexus with our mission of assisting State Boards. If there is no nexus, we should probably

be asking ourselves why we are doing it," President Bishop said. "Over the past few years our strategic plans have been operational. In our strategic planning, we are going to talk about the strength of our relationships and what we should be doing. We will still have a business operational plan, but I want everyone involved in revisiting what NASBA does." ♦

Call for 'Difference' Award Nominees

The NASBA Center for the Public Trust is seeking nominations for the 2012-2013 *Being a Difference Award*, a national award program to recognize individuals who practice high standards of ethical leadership in business. Award recipients are "being a difference" by embodying the very best in principled behavior and integrity. CPT supporters and the business community at-large are encouraged to nominate companies and/or individuals who are "being a difference" – in their industry, profession, community, region or state. Nominations must be received by 5 p.m. EDT on May 31, 2012. Nomination forms can be found at www.centerforpublictrust.org/BeingADifferenceNomination ♦

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