

NASBA Gathers Education Panel

Continuing their drive to gather input from all interested parties as they reconsider the Uniform Accountancy Act's Model Rules for education, the NASBA Education Committee is sponsoring an open discussion among educators, regulators and CPAs in public practice on April 30, 2007 at the Dallas/Ft. Worth Airport Hyatt. State boards have been invited to send their representatives to hear the panel discussions and add their comments. Jan R. Williams, Dean of the University of Tennessee's College of Business Administration in Knoxville, will moderate the panel session.

The Education Committee is developing a set of questions which will be presented to each of the panelists for their oral responses. Scheduled panelists will include representatives of the American Accounting Association, Federation of Schools of Accountancy, AICPA and CPA firms.

NASBA will be videotaping the meeting so that it will be available to view on the NASBA Web site by the end of May. ♦

Amended UAA Proposal Released

Ease of mobility for qualified CPAs coupled with automatic accountancy board jurisdiction in whichever state such a professional may practice are the twin goals of the Uniform Accountancy Act's revisions currently out for comment. An amendment to the December 2006 exposure draft was released at the beginning of March following the February approval by both the NASBA and AICPA Boards of Directors. The comment period for the proposed UAA revisions will conclude on Tuesday, May 15, 2007, and the comment period for the proposed UAA Model Rules (as exposed for comment in November) will end on Monday, April 30, 2007. Both exposure drafts can be accessed directly from the opening page of the NASBA Web site, www.nasba.org - just go to "NASBA News."

The amendment to the UAA exposure draft resulted from the NASBA Mobility Task Force's discussions with the state boards. The Task Force's suggestion was to add a clear statement on when firm permits would be required for out-of-state CPAs. This would ensure public protection and strengthen the Section 23 provisions that would enable substantially equivalent practitioners to quickly begin work without additional notifications or fees to other boards. Revisions since the December 2006 draft now appear in Section 23(a)(3), (4) and (7); Section 7(c)(1), (2), (3) and (4); and Section 14(a), (b), (c) and (p).

For example, under the proposed law, a CPA in good standing in a substantially equivalent state could perform an audit in another substantially equivalent state without any additional notification or fee provided his or her firm held a permit in the other state. If he or she were only performing a review in the other state, no additional permit would be required.

Rather than just having a firm permit contingent on opening an office in a state, the proposal also recognizes the need for such a permit based on the type of work being performed.

Ken Bishop, chair of the NASBA Mobility Task Force, has reported seven states are already moving on passing legislation that embraces the newly proposed UAA provisions. Mr. Bishop said another 17 states have voiced support for the new proposals. The Task Force's members will continue to meet with boards. ♦

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 Editor-in-Chief: Louise Dratler Haberman
 Editor: David A. Costello
 Production Editor: Anthony E. Cox

Tel/615.880.4200
 Fax/615.880.4290
www.nasba.org

NASBA and IFAC Leaders Meet

NASBA President David Costello and NASBA/AICPA International Qualifications Appraisal Board Chair William Treacy met with the International Federation of Accountants President Fermin del Valle and Chief Executive Ian Ball on February 16, 2007 in New York City to discuss NASBA's relationship with the international body, which has over 150 members and associates in 118 countries. Both NASBA and the AICPA are members of IFAC.

In a candid discussion with the IFAC leaders, President Costello stressed the importance of the state boards of accountancy for the promotion in the United States of any policies that IFAC may recommend. Charles Calhoun and John Peace,

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Call for CPT Award Nominees

Nominations for the NASBA Center for the Public Trust's (CPT) Being a Difference Awards are now being accepted by CPT Vice President Lisa Axisa (laxisa@nasba.org). The awards program recognizes individuals and organizations practicing high standards of social responsibility and ethical leadership. Nominations are open to those in all areas of business, not just the accounting field.

"Award recipients do not simply aspire to make a difference: they are the essence of that difference in their circumstances, by embodying the very best in principled behavior in the face of difficult challenges, which might otherwise result in a compromise of ethical conduct," Milton Brown, chair of the CPT Board of Directors, explained.

The 2006 recipients were Kendrick B. Melrose, John C. Lovell, Jr., and John C. Lovell, III (see *sbr* 12/06).

Ms. Axisa requests that nominations be accompanied by the sponsor's brief explanation of why the individual or organization deserves such recognition and must be submitted no later than June 1, 2007. An award nomination form will be posted on the CPT's Web site at www.centerforpublictrust.org.

The CPT is working with Vanderbilt University's Owen School of Management to host the Center's first CEO Interactive Forum; however, the date has been changed from the previously announced April 20, 2007. The new date will be posted on the CPT's Web site. ♦

Plan to Attend a Regional Meeting

State board members, associates and staff will not want to miss the upcoming NASBA Regional Meetings: the Eastern Regional Meeting will be held on June 6-8 in Williamsburg, VA, and the Western Regional Meeting on June 20-22 in Colorado Springs, CO. Revisions to the Uniform Accountancy Act and Model Rules, the future of the Uniform CPA Examination, and working with other regulators will all be key discussion items. The meetings will include breakout sessions on strategic initiatives, proposed education requirements, legislative support and legal developments, which will give participants an opportunity to discuss in smaller groups the big issues facing accountancy boards. In addition, this year's meetings will feature an extended session for each of the eight Regions to meet on their own.

Nominating Committee representatives and alternates for the Great Lakes, Mountain, Northeast and Southwest Regions will be elected at the Regional Meetings.

Nominations for these positions, including resumes, should be sent to Anita Holt (aholt@nasba.org) by Tuesday, May 15, 2007. Nominating Committee Chair Diane Rubin stressed the importance of these nominations to the future success of NASBA.

To ensure that each state board is able to be represented by at least one board member at one of the Regional Meetings, NASBA is once again providing scholarships for those boards that do not have the funding to permit such participation. Requests for NASBA scholarships should be sent to NASBA Executive Vice President Lorraine P. Sachs (lsachs@nasba.org). In addition, each new state board member is being invited to attend at no charge NASBA's new board member orientation session followed by their Regional Meeting.

Details about the meetings' programs and registration information can be found on NASBA's Web site, www.nasba.org. ♦

NYSSCPA Urges More Experience

The need for accounting graduates to have more practical, real-world experience is stressed in a report being finalized by the New York State Society of CPAs' Quality Enhancement Policy Committee. An increased focus on student internships is expected to be recommended by the group.

Robert Sohr, vice president of the NYSSCPA reported in the Society's *E-Zine*: "Internships used to be a big part of accounting curricula. An internship experience can be extremely beneficial as a form of practical experience that reinforces the academic and theoretical side of education." A full-semester internship during busy season should be added to the 150-hour curriculum, one committee member, Peggy Woods, suggested.

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NASBA and IFAC Leaders Meet

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both former state board chairs, currently serve on IFAC committees and are sponsored by NASBA. President Costello recommended to the IFAC leaders that others with similar experience be considered for future IFAC appointments.

To study the relationship between the international accounting bodies' pronouncements and the state boards and NASBA, a new task force has been appointed by NASBA Chair Wesley Johnson. As a task force of the Regulatory Response Committee, the new group is under the leadership of Rick Isserman (NY). The members of the new Task Force on International Professional Standards are: J. Coalter Baker (TX), Samuel K. Cotterell (ID), Robert L. Gray (NY), Gaylen R. Hansen (CO), Ray G. Stephens (OH) and Robert H. Temkin (MA). Their formal charge is: "Identify entities that promulgate international practice standards that may impact or influence the public protection mandate of the state boards of accountancy. Determine if the entities possess the appropriate credentials, experience and background for reliability. Review and evaluate current and proposed standards. Make recommendations to the Regulatory Response Committee based on your findings and conclusions." The Task Force will hold its initial conference call this month. ♦

Tired of Fishing?

"Mega Millionaire Goes 'Numb,' Going Fishing."

That was the headline in a recent *USA Today* article describing the reaction of Ed Nabors who had very recently found out that he'd won half of the record \$390 million Mega Millions Lottery jackpot. "I'm still numb," Nabors told reporters in Atlanta hours later. Nabors, who purchased the winning ticket in Dalton, Georgia, was shaking so hard when he confirmed the good news that "they sent him home for work," said his joyful mother, Doris Nabors.

When asked what he would spend the money on, Nabors said he was going to buy his daughter a house and after that, he said, "I'm going fishing."

Winning the lottery is certainly one unforgettable way to be overwhelmed and outright stunned for a while. While perhaps less dramatic and demonstrable, there are other events and developments that have measured impacts on us, our firms, our boards and the public even to the point that we may be inclined to defer action on them. "Going fishing" is an apt metaphor for the manner in which many of us react to surprising news, attacks on our long-held views, and onslaught of uncomfortable information.

Recently, the *Amended Exposure Draft, Proposed Revisions to AICPA/NASBA Uniform Accountancy Act, Sections 23, 7 and 14 (Including Background and Commentary Related to Enhancing Licensee Mobility While Protecting the Public)* was distributed to all boards of accountancy (and others) for review and comment. The principal focus is enhanced mobility of licensees, removing the notification (except for firms performing audits, examination of prospective financial statements, and engagements in accordance with PCAOB standards for any entity with a home office in the non-resident state) and other submissions (e.g. fees) requirements within Section 23, and adding explicit language that gives a Board of Accountancy automatic jurisdiction over CPAs and the CPA firms employing them.

The proposed revisions to the exposure draft are a stunner to a few, overwhelming to some, and unsettling to others. But before any of us just give up and "go fishing," let's seriously consider what's before us. We now have UAA provisions which make mobility — a concept which most have embraced — workable, a reality, truly a legislative approach whose time has come.

Let's use one of the hallmarks of our profession — objectivity — to study the revised exposure draft. While tempted to "go fishing," let's stay at home and address the economic, professional and public interest necessities of enhanced mobility, the futility of continuing to require notice, and the improved ability to enforce our laws and rules on those who prey upon the consumers. Consider the increased effectiveness of regulation under the provisions requiring firm registration, not for just any accounting practice that opens an office in a state, but also for those performing audits of companies having their home office in the non-resident state. And if your stunned demeanor doesn't abate, and the temptation to "go fishing" is still strong, quickly assess your state's current regulatory effectiveness particularly with regard to enforcement compared to the proposed revisions.

Some accountancy boards, state CPA Societies, the AICPA and NASBA have already been working together at the state level to get the revised provisions of Section 23 enacted into law. Others (such as Missouri, Ohio, Virginia and Wisconsin) paved the way with real-world mobility legislation and provided solid examples of how to serve both the public and the profession with effective regulation which includes strong enforcement.

Even a Mega Million Dollar Lottery winner's numbness will abate, constant fishing will grow weary and reality will eventually set in. We've been fishing too long. It's time to assess our state's situation, challenge any accountancy law or rule which hinders mobility of licensees in and out of the state, study and deliberate the revised provisions of Section 23 of the UAA, and together — boards, state CPA Societies, AICPA, NASBA — roll up our sleeves and influence legislation which will provide the consuming public access to high quality services and professionals of their choosing.



David A. Costello, CPA

*Ad astra,
Per aspera.*

A handwritten signature in black ink, which appears to read "David A. Costello".

David A. Costello, CPA
President and CEO

NE Sets Character Standards for Candidates

The Nebraska State Board of Public Accountancy has changed its rules effective as of February 25, 2007 to include: (1) Character and fitness standards must be met before an applicant can sit for the CPA examination. (2) Character and fitness standards must be met before a board certificate can be issued and/or before initial issuance of an active permit to practice. (3) The applicant will have the ability to have a hearing before the board if a denial is instituted. The changes were initiated by the Nebraska Board following the Nebraska Supreme Court's decision in the case of *John A. Troshynski v. State Board of Public Accountancy* (270 Neb. 347).

Mr. Troshynski had pled guilty in 1990 to a felony charge of conspiracy to distribute cocaine and was sentenced to 46 months imprisonment and three years of supervised release. Following his release, Mr. Troshynski earned a college degree and then worked for various companies, including 3 ½ years with an accounting firm. He applied to take the Uniform CPA Examination in 1996 and, on his application, disclosed his felony conviction. He passed the November 1999 CPA Examination and received an application for a CPA certificate in September 2000. On that application he again disclosed his felony conviction.

Mr. Troshynski received a letter from the Board of Accountancy dated May 18, 2001 telling him his application for a certificate had been denied. He appealed the Board's decision and was again denied. A district court then remanded the case for a full hearing, which resulted in the Board issuing a final order declaring, because of the 1990 felony conviction, Mr. Troshynski was not entitled to a CPA certificate. Mr. Troshynski again appealed and, ultimately, on August 5, 2005, the Nebraska Supreme Court concluded: "The Board has not exercised its rulemaking authority to establish character and fitness standards and

procedures applicable to persons applying for initial certification as a certified public accountant. In the absence of any such standards and procedures, the denial of Troshynski's application after he successfully passed the written examination and demonstrated that he met the residency requirements set forth in § 1-114 denied him due process of law. Accordingly, we affirm the judgment of the district court."

The new rules within Title 288 Chapter 6 – Certified Public Accountant Examination and Chapter 7 – Permits, Annual Fees, Inactive List, were developed by the Nebraska Board's Legislative Committee including Jim Titus, Doug Skiles and Dean Graf. ♦

NYSSCPA Urges More Experience

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NYSSCPA President-Elect David Lifson, who chairs the committee that is developing this report, tentatively entitled "Examination of Education: Thought Paper," stated: "We need to let educators know that we don't expect them to do our job. To the educators we need to say: 'You educate them, and we'll train them.'"

According to the NYSSCPA's committee, accounting curricula are deficient in the areas of ethics education and fraud detection and deterrence. The Committee is recommending that, "Relevant and updated [ethics] content should be covered within the context of course material for each requisite class in the accounting program." As for fraud detection and deterrence, those "should be incorporated into the accounting curriculum either as a stand-alone course or as part of an existing course."

Once the report is finalized, it will be placed on the Society's Web site <http://www.nysscpa.com>. ♦