

Examination Contract Discussion Progress Report

presented by

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2009 NASBA Annual Meeting – Phoenix, AZ

Extant Issues

- Proper and timely disclosures
- Satisfaction of outstanding obligations
- Communication issues

Contract Term (AICPA/NASBA)

Current discussion provides for an extension through 2024 with look-backs each five years. The look-back provision promotes productive communications by having the CEOs meet in-person once every five years. Parties will make good faith effort to address issues raised. Neither party shall have the right to terminate or otherwise end its participation in this Agreement based on these meetings, however, all other Agreement remedies including termination provisions elsewhere in the Agreement are effective and actionable.

Contract Term (Prometric)

- Support existing term through 2014 (based on successful completion of performance measurers.)
- Thereafter, two five year terms with notice of intent to renew, renegotiate or terminate given 24 months prior to end of term
- AICPA and NASBA will continually assess technology to ensure that Prometric is indeed the preferred provider of services.

Form of the Contract Agreement

- Final document will be an amended CBT agreement.
- Effective date upon signing

Governance (BOE)

- BOE will have 15 voting members and 3 non-voting psychometricians. 8 voting members will have a state board background. BOE will have 15 voting members and 3 non-voting psychometricians. 8 voting members will have a state board background. NASBA will compile a slate of recommendations for state board positions equivalent to no less than 1.5 times the number of positions available. Senior NASBA staff will collaborate with senior AICPA staff to finalize the slate and achieve the preferred balance on the BOE out of the recommendations submitted. Each individual on the slate will have the minimum requirements for a position on the BOE. In addition, the final slate shall support the BOE's committee structure which includes the BOE compromised of key subcommittee chairs. Slate will go through the defined BOE process.

Governance (BOE Executive Committee)

- The Executive Committee will be balanced with respect to state board representation and those without such experience.

Governance (BOE Chair)

- Every other chair term will have state board experience. This requirement can be waived by agreement of the CEO's.
- The term of the Chair is two years.
- The process to identify the chair is that the current BOE chair and the AICPA staff will identify a successor based on input from the Executive Committee and such successor will be recommend to the AICPA's Board of Directors for its approval.

Governance (Budget)

- Annually, the AICPA will share the Uniform CPA Examination budget and the 10 year projections with the BOE or its designee and receive input. The AICPA is responsible for setting the budget for the Uniform CPA Examination.

Governance (BOE Agenda)

- AICPA staff will draft the agenda in consultation with the BOE Chair with the final agenda approved by the Executive Committee.

Cost Control

- Unbudgeted items greater than \$250,000 will be disclosed to the BOE's Executive Committee and the BOE. Concerns expressed, if any, by the BOE will be reviewed and considered by the AICPA's Senior Vice President responsible for the Exam's finances.

Exclusivity

- Twenty-four months prior to the end of this extension, NASBA may enter into discussions with and engage third parties to begin to prepare for performance of services performed by AICPA pursuant to the terms of this agreement. Said services are not to be performed until after the termination of this extension.

Termination Rights

- NASBA / State Boards will have the right to terminate vs. the current “withdrawal” provisions.

Break Even

- Both parties agree to continue the breakeven provisions.

Technical Corrections & Updates

- Both parties are providing technical corrections and updates.
- Nexus to international delivery.

Business Continuity / Escrow

- AICPA and NASBA will provide software sufficient to operate their responsibilities in an independent manner. In the event of a triggering event (e.g. bankruptcy and business interruption), NASBA and AICPA shall be able to authorize the third party to operate the systems.

Prometric Exclusivity

- There needs to be the option to use a different test driver than UTD and to administer without Prometric in locations other than secure test centers.
- NASBA and AICPA not prohibited from alternative methods of delivery though electronic means.

QUESTIONS?