

Addressing Firm Names and Other UAA Issues

Laurie J. Tish and Carlos Johnson
- 2011 Western Regional
Andrew L. DuBoff and Carlos Johnson
- 2011 Eastern Regional

Questions raised by firm name exposure draft

- ▶ What is meant by an “association of firms”?
- ▶ What is a “common brand name”?
- ▶ Whose name can be used in the firm’s title?
- ▶ Can a non-CPA be part of the CPA firm’s name?
- ▶ Can the network name be used as the firm’s name?

What is the 14-1 commentary trying to achieve?

- ▶ “With regard to practice in this State under Section 7(a)(1)(c), 7(a)(2) or 7(a)(3) of the Act, in determining whether a CPA Firm name is misleading, the Board recognizes that it is the policy of this State to promote interstate mobility for CPAs and CPA firms which employ them and shall also consider the basis for approval of the same CPA Firm name by another state’s board of accountancy.”

What is in a name?

- ▶ Are limitations on the use of network names helpful to the consumers?
- ▶ What due diligence should the consumer of CPA services be expected to perform prior to engaging a CPA?
- ▶ Is it fair to prevent a firm from using a name that could have been used a century ago?

What should be defined in "attest"?

- ▶ Limit definition to cover only those services in that have been under 3(b):
- ▶ "Attest" means providing:
 - ▶ 1- Any audit or engagement in accordance with SAS
 - ▶ 2- Any review of a financial statement performed in accordance with SSARS
 - ▶ 3- Any examination of prospective financial information under SSAE, and
 - ▶ 4- Any engagement performed in accordance with PCAOB standards

Does the definition work?

- ▶ The definition of "attest" has significance throughout the UAA. The term is used to define "peer review," to determine whether a CPA Firm must be registered in a state, to apply peer review compliance requirements and to establish whether firms can practice through mobility, to mention just some of the sections affected. Thus, a change in the types of standards covered by Statements of Audit Standards could have the unintended consequence of undermining public protection by removing a particular professional service from the definition of "attest."
- ▶

Why some change was needed

- ▶ The UAA definition of "attest" currently refers to "any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS)." Also included in the definition of "attest" is "any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE)." Thus, the move of so called "SAS 70" procedures into the SSAEs removes the procedure from an "attest" function within the above definitions into a non-attest function, because such a procedure is not an "examination of prospective financial information...."

▶

Potential areas for UAA or Model Rules change?

- ▶ Title of retired CPAs?
- ▶ When the 150 hours must be completed?
- ▶ How can experience be earned?
- ▶ Does IFRS need to be mentioned in the UAA?
- ▶ Confidentiality of records?
- ▶ Other topics?



Update