

NASBA Regional Meeting

Report from Executive Directors

Richard C. Sweeney, CPA

The 29th Annual NASBA's Executive Directors' Conference was held this March in San Diego. The agenda was robust and covered many topics paralleling the content of matters being addressed at NASBA Regional Board meetings this year.

At the conference, the Executive Directors/Agency Administrators observed and discussed several topics noteworthy for these meetings:

- The breadth of consolidation or merger initiatives and/or pure elimination of Boards and Commissions throughout the country and implications for the NASBA Committee on State Board Relevance and Effectiveness;
- The regulatory impact of removing the current Audit Standard for Service Organizations (SAS 70) from the auditing literature into the Attestation literature;
- The effectiveness and efficiency of Peer Review versus a state board's own Quality Assurance Program and the implications for state board oversight if Peer Review becomes the "Gold Standard";
- General satisfaction with the CBT-e launch and the continuing administration of the Uniform CPA Examination processes by NASBA and the other members of that development, delivery, and administrative consortium;
- Updated information on the delivery of the Uniform CPA Examination in non-U.S. locations;
- A "Back to my Roots" address by in-coming CEO of NASBA, Ken Bishop;
- Other topics were:
 - The IRS-TPIN program and awareness of CPAs with the PTIN mandate;
 - How to address Class Action Litigation Settlements;
 - The ever-looming Firm Name Issue; and
 - Legal Risks associated with the use of standardized enforcement manual content.

However, the most illuminating and fulfilling event at the Conference (for some attendees) was:

A well-deserved, accolade ridden, and plaque heavy send-off for Mr. David Costello. This event was flavored with a personally written, strummed, and delivered melody by our own "Voice of the Stars", Michael Henderson from "Noo-Awlins", Luuziana and an artistic presentation of the "Nashville Hillbillies" by a cast who shall remain unnamed.

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Subsequent to the Conference, as Chair of the Executive Director's Committee, I have identified additional issues and discussed these matters with a number of committee members and other Executive Directors/Administrators:

- **The structure, membership, effectiveness, and mission of the Executive Directors' Committee;**
- **Foreign Firm Licensure** requirements if individuals of foreign countries are licensed by an "opt-in" US state, territory, or the District of Columbia but the foreign firm desires to perform an audit or examination of prospective financial information for a client with a "home office" in a U.S. jurisdiction;

For example, Cross-Border Firm Ownership and Practice in the form of a Sole Proprietorship has been identified as an issue for Canadians residing in Canada who hold a Washington State license and desire to open a branch office in Washington State;

*WA statute provides that a firm that does not have an office in WA state must obtain a firm license to perform audits or examinations of prospective financial information and that a firm license will be issued if the firm can perform those services in its **home state**. Because a foreign country is not a "state", does this imply that the Board has no authority to grant a firm license and, therefore, none is required?:*

- **Will competition exist among "opt-in" jurisdictions for the foreign licensing revenue?**

For example, the age distribution of licensees in Washington State indicate to me that soon the agency will face a fairly steep drop off in renewal revenue due to retirements. The number of new U.S. resident license applicants is not anticipated to equal or exceed the number of retirees. Therefore, I see a potential need to compete for those foreign source revenues.

- **If so, what are the implications to both NASBA and the licensing jurisdictions?**

For example, can, or should, restricted license fee revenue or general fund revenue be used to promote advertising for foreign source future revenue?

- **Without a foreign regulatory counterparty, what remedies will a Board have to seek and enforce disciplinary actions for non-compliance with the administrative requirements to maintain a license?**
- **Is Continuing Professional Education (CPE) truly effective as a remedial action in a disciplinary case?**