

## UAA Model Rules Approved

The Uniform Accountancy Act Model Rules' revisions, originally exposed in October 2008, were approved by the NASBA Board of Directors at their April 24 meeting in Isle of Palms, SC. UAA Committee Chair Laurie Tish (WA) reported the Committee had considered the comments made during the exposure period which ended on January 31 and added some of the proposed clarifications. Comments had been received from the State Boards of California, Montana and Oklahoma, as well as the American Institute of CPAs and the Accountants' Coalition.

The revisions to the Rules clarify grounds for enforcement against licensees, support the UAA's mobility provisions, and delete rules that applied only to the paper-and-pencil based Uniform CPA Examination. They are keyed to the UAA and are intended to implement or explain the statute's provisions.

The updated UAA Model Rules can be found on NASBA's Web site [www.NASBA.org](http://www.NASBA.org). ♦

## Board Hears Plan for CPA Exam Abroad

NASBA's Board of Directors received the business plan for the international administration of the CPA Examination at their April 24 meeting in Isle of Palms, SC. The plan will be presented at NASBA's Regional Meetings and there discussed by panelists from the project's joint NASBA/AICPA task force, including NASBA Past Chair John Peace, AICPA Past Chair Leslie Murphy, NASBA Senior Vice President Ken Bishop and AICPA Examinations Director Craig Mills, and moderated by NASBA Executive Vice President Joe Cote.

Mr. Bishop told the Board that the present plan is based on state licensure requirements and has eliminated earlier suggestions of establishing an alternative credential. "We want to reduce the inappropriate use of the term 'CPA,'" Mr. Bishop said. While 11 State Boards now receive over 98 percent of the international candidates, over time the way in which these candidates are recognized will have relevance to every state, he commented. After receiving input from the attendees at the upcoming Regional Meetings, the task force hopes to bring to the July 2009 Board meeting a recommendation to move forward with the plan. Mr. Bishop said the task force would like to see the project launched in fall 2010 in two countries.

Progress continues to be made in having all states adopt mobility legislation, Mr. Bishop reported. As of April 24, mobility legislation had been passed by 38 states. Legislation is close to passage in other states as well, and Mr. Bishop said the goal is to have 43-46 states.

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## GAO Looks to NASBA Tracking Process

NASBA's process for tracking the status of federal agency referrals to State Boards has been recognized in the Government Accountability Office's "Single Audit Improvements" (GAO-09-307R) as a step toward addressing the recommendations in the PCIE's (President's Council on Integrity and Efficiency) June 2007 *Report on National Single Audit Sampling Project* (see *sbr* 7/07). The recommendations were aimed at improving the quality of single audits, which are intended to promote sound financial management of federal grant funds administered by state and local governments and nonprofit organizations.

"NASBA has developed a process for tracking the status of federal agency referrals to state boards on poor performing auditors to ensure appropriate action and timely follow-up," the GAO report states. "NASBA plans to contact each federal grant awarding agency on a quarterly basis to inquire about outstanding referrals to determine whether the issues have been resolved."

Among the GAO's recommended actions for the Office of Management and Budget to take was the monitoring of its "work groups, the AICPA's task forces, and NASBA referral project activities, and evaluate completed actions and their impact on addressing the PCIE report recommendations to improve single audit quality."

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## Association Management Services Launched



**Denise Hanley**

Denise Hanley has been named to lead NASBA's new Management & Administrative Services division. NASBA President David A. Costello introduced the new venture at the April Board meeting as part of the effort to show NASBA is: "Bigger than we are: What we can do is much greater than what our numbers would suggest."

Ms. Hanley told the Board the new division will extend the same services NASBA performs for state board members to other membership groups, non-profit organizations and associations outside the CPA profession. Services to be offered will include maintaining membership databases, assisting with committee management,

financial services, scheduled publications and affinity programs.

"We want to take advantage of the in-house expertise that NASBA already has," Ms. Hanley stated.

The division will be operated as part of NASBA's Professional Credential Services, Inc., as it will need to pay taxes, President Costello explained. He commented, "We have to look for innovative ways to grow. NASBA has a grand purpose of serving state boards of accountancy, and we have to have a way to support that purpose."

Ms. Hanley previously served as NASBA's chief information officer, having played significant roles in the launch and development of both the computer-based Uniform CPA Examination's Gateway System and the Accountancy Licensing Database. ♦

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## NASBA Attends IESBA-NSS Meeting

The first International Ethics Standards Board for Accountants (IESBA) meeting with national standard setters was held on April 22 in Vancouver, including an invited NASBA representative, Linda Biek – Director of Governmental, International and Professional Relations. The meeting was part of the IESBA's Strategic and Operational Plan 2008-2009, which identified convergence of international and national ethics standards as a high priority of the International Federation of Accountants' ethics board.

As stated in an April 2009 draft convergence program: "In seeking to promote convergence of independence requirements, IESBA is mindful that existing national requirements of law and regulation are usually time consuming and difficult to change and in particular require public justification, bearing in mind that the laws and regulations were put in place in that jurisdiction to protect the public interest. Many securities regulators and other authorities are mandated to exercise their authority in relation to auditor independence. It is unlikely to be easily possible therefore in the short or medium term for their codes, regulations or rules either to replicate exactly the [International Federation of Accountants'] Code or to commit in advance to adopting any future changes to the Code."

The paper continues: "For convergence purposes, however, what is important is the direction and speed of travel towards a global code.... Therefore our first aim should be to seek to persuade those responsible that there is indeed merit in their taking good account of the Code when considering matters of auditor independence with a view to aligning their rules with those of the Code."

On April 22, Ms. Biek explained to the 35 international representatives at the Vancouver meeting the role of NASBA and the State Boards, underscoring that all CPAs must be licensed by State Boards, but only about half are members of the AICPA.

Reporting back on the meeting, Ms. Biek observed: "There seems to be a push toward convergence over the next couple of years, but there are still major obstacles in some countries. The EC in general is struggling with the independence standards. For example, France does not subscribe to the IFAC ethics standards relating to independence because they do not allow auditors to do anything other than audit."

Ms. Biek commented, "Overall, there were more questions than there were answers. I saw this as the start of a conversation among interested parties." ♦

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## GAO Looks to NASBA Tracking Process

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The GAO's report was released on April 10, 2009, and had been referenced by Marcia B. Buchanan, GAO Assistant Director – Financial Management and Assurance, at NASBA's State Board Executive Directors Conference on March 13.

NASBA's tracking process was developed by the 2007-08 Government Agency Referral Task Force, chaired by Ellis Dunkum (VA). It is being implemented by NASBA Director of Governmental, International and Professional Relations Linda Biek and staff with the assistance of the State Boards' executive directors. ♦

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## PCAOB Continues International Inspections

The Public Company Accounting Oversight Board has released a list of the countries in which it has conducted inspections on one or more registered firms located outside the United States as well as a list of jurisdictions in which it intends to conduct inspections during 2009. As of March 31, 2009, inspections have been conducted for firms in: Argentina, Australia, Bermuda, Brazil, Canada, Chile, Colombia, Greece, Hong Kong, India, Indonesia, Ireland, Israel, Japan, Kazakhstan, Mexico, New Zealand, Norway, Panama, Peru, Russian Federation, Singapore, South Africa, Republic of Korea, Chinese Taipei and the United Kingdom. ♦

## There Will Be Surprises

A recent issue of the *Wall Street Journal* included an article about a British newspaper seeking to stem the decline of its circulation. The *Evening Standard*, the only paid circulation daily paper distributed solely in London, launched a billboard ad campaign around the city. One such ad simply reads, "Sorry for being negative." Another apologizes for "being predictable" and still another expresses remorse for "being complacent."

The daily's apologies seem to me to be excellent reminders for any business, professional firm, institution or entity: Stop being negative, predictable, complacent — and start rewarding relationships with employees, vendors, customers, clients and other stakeholders.

Haven't we had enough of the negative for the last several months? I think it's high time to consider the opportunities to be found in all the "woe is us" news with which we are being hammered. Instead of seeing the "failing" of fair value accounting in a few cases motivated by self interest, we should objectively determine how the fair value principle works to establish standards that are clear and useable for measuring loss in value.

Maybe it's time for State Boards and NASBA to be a little more unpredictable. Instead of constantly wringing our hands about diminished Board funds and efforts to consolidate Accountancy Boards with barber and boxing regulatory boards, it's now time to step up. Step up and let the public know, the legislators know, the Governors know the inestimable value Accountancy Boards render. That's what we in NASBA are doing when we work with Boards such as Connecticut and Ohio. We're being unpredictable in that we won't just sit idly and watch the same old, same old, stuff happen to our Boards. We will expend the resources, the time and the energy to maintain the relevance of our Boards.

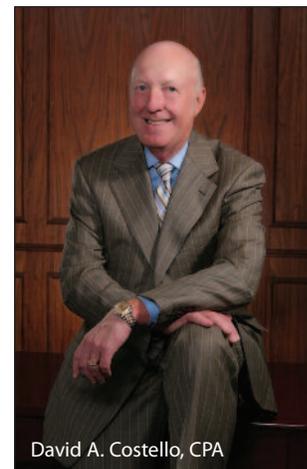
Complacency is not a virtue -- not in our vocabulary. Complacency leads to irrelevance. State Boards and NASBA must be active and stay out ahead if they are to meet the expectations of the public. We must, in effect, lead. The public knows little about International Financial Reporting Standards (IFRS). We cannot just sit back and let a few interested parties, however well intentioned, just impose IFRS on U.S. companies without State Boards and NASBA having been involved integrally in the overall vetting process. That's what our letter of comment about the SEC Roadmap is all about — a proper airing and vetting of IFRS. Yes, we all can sit around and just trust that an aggressive European and U.S. profession will lead us in the proper direction. But that's not fulfilling the public trust. The public has engaged us to lead!

The *Evening Standard* recognized that it's not enough to be apologetic, so beginning in mid-May, they will launch other ads touting their pledges for the future: "We promise to listen," and "We promise to surprise you," are among the proactive billboards that will be seen throughout London.

And so it should be with NASBA and the Boards.

In June many of you will join us at our Regional Meetings in Oklahoma City and Indianapolis. There we will listen to each other as we discuss mobility, education, strategic initiatives, ethics, IFRS, the firm name dilemma, peer review, the Uniform CPA Examination and coordination of regulatory efforts. And if these meetings follow the pattern of the past, we will experience those energizing exchanges which only come from State Board members who are seeking, in a sincere and objective manner, to serve the public interest. We promise surprises...and that's a good thing!

*Ad astra,  
Per aspera*



David A. Costello, CPA

A handwritten signature in black ink that reads "David A. Costello". The signature is fluid and cursive.

— David A. Costello, CPA  
President and CEO

## Registry Sponsors Offer Courses at Expo

NASBA's first National CPE Expo, September 21-23, 2009 in San Antonio's Henry B. Gonzalez Convention Center, will be a showcase for members of the National CPE Sponsor Registry. Expo attendees will be able to select from over 60 CPE sessions presented by 23 of the Registry's sponsors. Besides technical CPE courses, the conference will feature an "Accounting Profession Town Hall Meeting" and breakfast sessions on "How Social Media Can Impact Your Business" and "Why Do Some Firms Flourish While Others Languish?"

"We're providing a forum for members of the CPE Sponsor Registry to meet with CPAs, regulators, educators and competitors," Yordanos Dumez, NASBA Director of Compliance Services explained. "NASBA is not getting into the business of

sponsoring CPE, but we are in the business of recognizing quality CPE." All CPE sessions offered during the National CPE Expo are provided solely by companies that are approved members of the National Registry of CPE Sponsors, Ms. Dumez explained. These companies are also responsible for issuing all Certificates of Completion associated with attendance at the CPE sessions. Expo attendee registration fees are necessary for funding the logistical costs associated with hosting an event of this magnitude. She pointed out, "Net proceeds are used to enhance the effectiveness of state boards through research, legal assistance, conferences, committee deliberations and many other outreach programs consistent with NASBA's mission."

For Expo details, see [www.nationalcpeexpo.com](http://www.nationalcpeexpo.com). ♦

## Board Hears Plan for CPA Exam Abroad

(Continued from page 1)

The Accountancy Licensing Database (ALD) has 18 participating states, Mr. Cote reported, with more expected to join by year's end. New documentation on the internal security of the ALD has been launched to address one Board's request.

In addition, an ALD newsletter has been created to chart the project's progress. All of the states in NASBA's Southwest Region (Arkansas, Louisiana, New Mexico, Oklahoma and Texas) now are participating in the ALD.

Planning has started for NASBA's second Forum of International Accountancy Regulators, to be held September 10-11, 2009 in San Francisco, Global Strategies Committee Chair Samuel Cotterell told the Board. The Committee has been discussing ways to increase NASBA's activity in international organizations to emphasize the State Boards' relevance in regulation.

NASBA President David Costello reported a letter had been sent to the International Federation of Accountants on April 14 suggesting that NASBA transition its relationship with IFAC into a position that is consistent with enhancing the overall effectiveness of State Boards of Accountancy. Further talks on this topic have been recommended to IFAC Chairman Robert Bunting.

NASBA Chair Thomas Sadler noted that a letter of comment had been sent by NASBA on March 30, 2009 to the International Accounting Education Standards Board in response to its exposure draft on the "Proposed Framework for International Standards for Professional Accountants." The NASBA letter points out that developing countries that do not have education structures in place will have difficulties in applying the proposed framework.

The next meeting of the NASBA Board of Directors will take place on July 17, 2009. ♦

## State Board Report

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