

## International Service Launched



President Ken L. Bishop is urging all State Boards to try NASBA's International Evaluation Services (NIES), which was launched on July 1, 2012. Illinois, Kansas and Washington were the first states to sign up, with

New Jersey and New Hampshire also quickly coming on as clients, he reported to the Board of Directors. In New Jersey, NASBA is now the exclusive evaluator for international transcripts.

NIES is specifically designed for evaluating the coursework and credentials of candidates for the CPA Examination and licensure who have been educated outside the United States. Candidates can complete the evaluation application process in about 30 minutes and have their evaluation completed in less than five business days.

NIES gives international candidates one-stop shopping, as they can apply for both an evaluation of international credentials and the Uniform CPA Examination in any state that accepts NIES as an approved foreign transcript service provider. Using this combined process, the candidate will receive a notice to schedule (NTS) within two weeks of submitting his or her transcripts. ♦

## Board Urges Committee Changes

NASBA's Board of Directors at their July 27 meeting in Newport, RI, passed three resolutions recommended by the Bylaws Committee to guide the NASBA Chair's appointments of committee members and chairs. Rather than recommending a Bylaws change, the Bylaws Committee felt that resolutions would give the NASBA Chair flexibility to handle special situations, Bylaws Committee Chair Jim Burkes (MS) explained. In the three resolutions the Board of Directors encourage the Chair to:

- Appoint chairs and members of committees with a preferred goal of having standing and other committees' memberships comprised of at least a majority of delegates, unless otherwise specified by the Bylaws or applicable Board resolutions.
- Appoint chairs of standing and other committees who are members of the Board of Directors unless otherwise specified by the Bylaws or applicable Board resolutions.
- Appoint members and chairs of committees with a view toward seeking routine rotation or turnover in those who serve as committee members or chairs.

Chair Mark Harris (LA) told the Board that the Strategic Planning Group has been meeting regularly and expects to have a document ready for presentation to the Board members in advance of their October meeting. He said it is anticipated the plan will be used by NASBA volunteers and staff for many years. The Planning Group will next meet on September 4-5 in Dallas.

The Board also heard reports on NASBA's activities, including a presentation by Compliance Services Director Maria Caldwell on three high priority programs. Ms. Caldwell explained that the staff has taken as the framework for their assignments: "Standardize. Automate. Innovate. And quantify results." This was first applied to the CPE Sponsor Registry, which resulted in close to 300 new applications being handled this year (up from 209 last year) and 240 renewals (up

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## NASBA BOD Okays Extension of MRA with CICA

Recognizing the Canadian accounting profession's ongoing efforts to unify and develop a combined certification program, the NASBA Board of Directors voted on July 27 to extend the mutual recognition agreement with the Canadian Institute of Chartered Accountants until December 31, 2015. The AICPA also approved the extension on August 2. Since this is a tri-party agreement with CICA, NASBA/AICPA IQAB and the Instituto Mexicano de Contadores Públicos, approval by the Mexican Institute is also required. IMCP representatives have indicated such approval is given.

A summit meeting of CICA, NASBA and the AICPA leadership is scheduled for August 14 in New York City. CICA President Kevin Dancy will address the NASBA Annual Meeting and International Forum on October 31, 2012 in Orlando, FL, at which time he is expected to give an update on the progress of the CICA's efforts to achieve unification of the Canadian programs. ♦

## SEC Staff IFRS Paper Out

The Final Staff Report on “Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers” from the Office of the Chief Accountant of the U.S. Securities and Exchange Commission was released on July 13, 2012 and it does not contain a recommendation to the SEC on whether to incorporate IFRS in U.S. reporting standards. What the paper does do is summarize what the staff learned in the areas covered by their Work Plan (published in February 2010) regarding the potential impact of any incorporation of IFRS into the financial report system for U.S. issuers.

Among the Staff’s findings highlighted in the paper were:

- There are areas of standards that continue to be underdeveloped in IFRS, such as the accounting for extractive industries, insurance and rate-regulated industries.
- The IFRS Interpretations Committee should do more to address issues on a timely basis.
- To develop accounting standards that could be incorporated in multiple jurisdictions, the IASB should consider greater reliance on national standard setters. “The national standard

setters could assist with individual projects for which they have expertise, perform outreach for individual projects to the national standard setter’s home country investors, identify areas in which there is a need to narrow diversity in practice or issue interpretive guidance, and assist with post-implementation reviews.”

- As IFRS is being incorporated into the standards of an increasing number of countries and being applied in different ways, more emphasis needs to be placed on regulators working cooperatively if IFRS is incorporated into the financial reporting system for U.S. issuers.
- “As it relates to considering the needs of U.S. investors and U.S. capital markets, the Staff believes that it may be necessary to put in place mechanisms specifically to consider and to protect the U.S. capital markets – for example, maintain an active FASB to endorse IFRS.”
- The SEC staff’s most significant concern about the funding mechanism for the IFRS foundation “is the continued reliance on the large public accounting firms to provide funds to the IASB.”

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## Committee Changes (Continued from page 1)

from 204 last year). Similarly, the Accountancy Licensee Database has grown to cover 36 jurisdictions this year with eight in the implementation pipeline and only four jurisdictions not being committed to becoming part of the ALD.

Lessons learned from the Registry project were applied to CPEVerify, which was launched in October 2011 and now has 31 Boards participating, 14 implementing this year and only 10 not committed, Ms. Caldwell reported. The plan is to get all 55 jurisdictions on board, she told the NASBA Board.

CPE Audit Service is the next project to be tackled by the Compliance Services group, Ms. Caldwell said. NASBA has the on-line application technology, the ALD data feeds and those can be put together with the CPE Tracking rules engine, she explained. NASBA does have the capability to show compliance for the entire population, Ms. Caldwell stated. The Internal Revenue Service currently has its CPE reported electronically, she pointed out.

Suggestions for enhancing NASBA’s meetings were presented by the Communications Committee’s Subcommittee chaired by Donny Burkett (SC). Some of the suggestions had been incorporated into the June 2012 Regional Meetings, including the discussion of table topics during the first day’s luncheon and the presentation of the “FISH” motivational philosophy by NASBA’s Senior Vice President and COO Michael Bryant.

A best practices guide for continuing professional education program sponsors is set to be launched early in August on the CPE Web site, announced CPE Committee Chair Telford Lodden (IA). The revised CPE program standards went into effect on July 1, 2012. The National Registry Summit will be held September 23-24, 2012 in Nashville, with Elliott Massey and Tim Moore as featured speakers. The CPE Committee is planning to hold these

conferences annually, rotating the location to have one year’s forum in Nashville and the next year’s in another major city.

State Board executive directors received the Enforcement Resource Committee’s guide in June, reported Committee Chair Harry Parsons (NV). He also announced subject matter experts and executive directors are working with the Enforcement Committee’s members on the investigator resource project, which they hope to have completed by the Annual Meeting in October.

The next session of NASBA U, a program to acquaint State Board staff with the resources NASBA offers to State Boards, is scheduled for September 13-14 in Nashville, Executive Directors Committee Chair Pamela Ives Hill (MO) announced. Planning is underway for the 2013 Executive Directors Conference, to be held in Tucson, AZ, March 3-6.

Executive Vice President and COO Colleen Conrad told the Board that the volume of test takers at non-U.S. CPA Examination test sites continues to increase. No security problems have been reported at the international test sites. Additional sites are being considered, she reported. ♦

## Annual and International in Orlando

Come join State Board members, leaders of the global accounting profession and Mickey Mouse (unconfirmed) at NASBA’s 105th Annual Meeting in Disney World, Orlando, Florida, October 28-31, 2012. This year we once more are bringing together the Annual Meeting and the International Forum, October 31-November 1, as we did in Boston in 2008. The program will combine the final morning of the Annual Meeting with the first morning of the International Forum. For details about the conferences, including registration forms, please visit [www.nasba.org](http://www.nasba.org). ♦

## NASBA Had It Right!

This past week I was privileged to attend a forum and reception in Washington, D.C., to recognize the 10th anniversary of the Sarbanes-Oxley Act. Retired Senator Paul Sarbanes (D-MD) and Retired Congressman Michael G. Oxley (R-OH) provided an account of the events and actions that led to the passage of the Act, and shared their thoughts as to the impact of the legislation during the first decade of its implementation. In response to a question from a forum participant, both Senator Sarbanes and Congressman Oxley opined that sections of the recently passed JOBS (Jumpstart Our Business Startups) Act significantly weakened their Act in the protection of investors. As I listened to their commentary, my first thought was, "NASBA had it right!"

As you may recall, at the 2012 NASBA Executive Directors' Conference in San Antonio we informed the participants of the regulatory risks in the JOBS Act. In the following days, NASBA led a national effort that resulted in many of you (our State Boards) contacting legislators in writing and in person to oppose the problem language. We ultimately lost that battle because few legislators were willing to oppose a "jobs" bill in a bad economy and in an election year. Recently, as indicated by Senator Sarbanes and Congressman Oxley, and by high-level panelists at other forums, the problematic language in the JOBS Act is being re-evaluated. Before the Act's passage, NASBA was one of the few national associations to step up and push back against a high profile piece of legislation: Turns out "NASBA had it right."

I want to be careful not to appear to be gloating. I have spoken frequently about the critical importance of NASBA being a relevant player both nationally and internationally. The Boards of Accountancy need to have a collective and cohesive voice on matters such as the JOBS Act. In January, we implemented the "NASBA Position Process" for developing, vetting and approving responses and communications about issues, to ensure we are representing State Board interests. That new process is working well and NASBA's standing will continue to ramp up as a result.

NASBA being right on the issues is not unprecedented. The recent SEC staff recommendation not to plunge into IFRS convergence in a wholesale fashion, but to take the time to carefully assess the need, cost and ramifications of convergence, is exactly the position taken by NASBA from the beginning of the consideration of the proposed transition. Arguments and positions raised by NASBA in our written responses were quoted in the SEC staff's paper (see story on page 2 of this newsletter). The thought leaders of NASBA, representatives of our State Boards, were ahead of the curve and, once again, we can say "NASBA had it right"

Many of us took great pride in the remarks of John J. Brennan and Teresa S. Polley (Chairman and President and CEO) of the Financial Accounting Foundation (FAF) at our Regional Meetings this year. To hear leaders such as Jack and Terri publicly comment on the FAF's positive relationship with NASBA, and their appreciation of NASBA's contributions to deliberative processes, only re-enforces the enhanced relevancy of NASBA and State Boards. Beginning with our participation in the Blue Ribbon panel discussions (wherein NASBA's stand was labeled "the super minority position"), and our early public letter supporting the FAF's process and ultimate decision to develop the Private Company Council (PCC) as a part of the FASB, versus creating a new board, "NASBA had it right."

Okay, maybe I am gloating a bit...but this is not about me. This is about the power of an organization with volunteers who have the fortitude to aggressively and publicly debate issues, to disagree, to encourage opposing viewpoints and to make public protection based decisions that may go against the organized profession's point of view. My list of examples could be much longer, including such current topics as funding for standard setters, independence of reporting accountants and State Board relevance, which in each case "NASBA had it right!"

*Semper ad meliora. (Always toward better things.)*



President Ken L. Bishop meets Senator Paul Sarbanes

— Ken L. Bishop  
President and CEO

## Pathways Commission Report Released

Just as Pathways Commission Chair Bruce K. Behn told the NASBA Regional Meetings in June (see *sbr* 7/12), the Commission's final report, "Charting a National Strategy for the Next Generation of Accountants," was released on July 31, 2012. Recognizing that the challenges and recommendations made in this report have been discussed in earlier similar studies, the Pathways Commission's "recommendations place significant emphasis on the need for a sustained focus on the many areas that impact accounting education and creating approaches that foster that continuous process." Through implementation activities that are targeted at the report's recommendations, the Commission hopes "that we will be reading about the Pathways efforts 20 to 30 years from now."

One of the action items identified by the Commission is: "Convene a task force, led by educators and including broad representation across disciplinary areas and practice, to engage the community in defining the accounting body of knowledge." A broad stakeholder group is to bring together the body of knowledge with competencies keyed to learning experiences in the undergraduate and advanced-degree programs.

In Action Item 4.1.3., the report says the Commission's research included review of independent competency frameworks from multiple sources, including NASBA, AICPA, IMA and IIA. The Commission believes: "Whether it is the student seeking educational guidance for a specific career path, a group of faculty developing a new program emphasis, a high school counselor seeking resources to share with advisees, or the regulator seeking to protect the public interest, the body of knowledge and related competency maps will provide relevant and timely information."

Melanie G. Thompson, Chair – Business Administration & Economics at Texas Lutheran University, a former member of the Texas State Board of Public Accountancy and a member of the NASBA Education Committee, served as NASBA's representative on one of the Supply Chains to the Pathways Commission. ♦

## SEC Staff IFRS Paper Out (Continued from page 2)

The Staff observed: "...there is substantial support for exploring other methods of incorporating IFRS that demonstrate the U.S. commitment to the objectives of a single set of high-quality, globally accepted accounting standards while addressing some of the aforementioned concerns."

In two sections of the Staff's paper, NASBA's comment letters to the SEC on the 2008 IFRS Roadmap are quoted. One reference stated: "Commenters on the 2008 Roadmap stated that IFRS allows for increased flexibility as compared to U.S. GAAP, which may result in standards that are less enforceable – a factor which would not be in the public interest" (page 27 of the new Staff report). The second reference, at the very end of the report on page 126, stated: "[some] firms would determine that they were not able to maintain competence in two standards (U.S. GAAP and IFRS) and would elect to serve only clients that used standards for non-issuers, which would result in further concentration of auditing and other accounting services in the remaining firms that have expertise in IFRS." The SEC staff agrees that a more gradual transition period to IFRS would give auditors the opportunity to keep abreast of the changes in U.S. GAAP related to any incorporation of IFRS, while a less gradual change might have firms choosing to exit the audit market – or, alternatively, have them "welcome the business opportunities created by the broader application of IFRS." ♦

### Call for CPT Auction Items

Plans are moving ahead for NASBA's Center for the Public Trust's annual live and silent auction, to be held on October 29 in Orlando. Supporters are welcome to contact CPT Special Event Chair Anita Holt if interested in donating an item or service at [aholt@nasba.org](mailto:aholt@nasba.org) or call (615)880-4202. Help make this a successful event in support of a worthy cause. ♦

# State Board Report

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