

NASBA State Board Report

A Digest of Current Developments Affecting State Accountancy Regulation

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Planning Group Meets in May

NASBA's new strategic planning effort, to be headed by Vice President Ed Barnicott (see *sbr* 3/12), will be launched May 31, with an initial report expected to be prepared for the Board of Directors' meeting in July. Chair Mark Harris announced to the Board of Directors meeting on April 27 that the following will be members of the planning group: Colter Baker (TX), Ken Bishop (NASBA), Michael Bryant (NASBA), Donny Burkett (SC), Maria Caldwell (FL), Colleen Conrad (NASBA), Daniel Dustin (NASBA), Gaylen Hansen (CO), Tracy Harding (ME), Mark Harris (LA), Wade Jewell (VA), Nicole Kasin (SD), Theodore Long (OH) and Douglas Skiles (NE). At the April Board Meeting Chair Mark Harris said some mention of the planning group's progress may be made at the June Regional Meetings.

"Strategic planning has been done on the NASBA staff side, but this group should integrate all of NASBA's activities into the plan," Vice Chair Gaylen Hansen (CO) told the Board. "I think we can do some future planning that will affect this association for a long, long time."

President Ken Bishop said he views the new strategic planning process as "evergreen." ♦

3 New Research Grants Approved

The NASBA Board of Directors at their April 27 meeting agreed to grant funding to three education research projects, on the recommendation of the NASBA Education Committee. The following, as presented to the NASBA Board by Committee Chair Karen Turner (CO), are:

- *Global Accountancy Education Recognition Study 2012* – Dr. Gert H. Karreman and Dr. Belverd E. Needles, both from DePaul University – A conceptual framework will be developed that can be used to promote recognition of qualifications and, as a result, international mobility of accountants and auditors.
- *Best Practice in the Delivery of Online Accounting Education: An Evaluation of Learning Analytics* – Dr. Mark Myring, Dr. Jennifer P. Bott and Dr. Richard Edwards, all from Ball State University – Using a sample of accounting students, the researchers will examine whether the incorporation of learning analytics improves knowledge gained, quality of interaction with the instructor, and the propensity to choose accounting as a major.
- *The Influence of Professional Integrity and Client Advocacy on Reporting Decisions* – Dr. Darius Fatemi of Northern Kentucky University, Dr. John Hasseldine of the University of New Hampshire, and Dr. Peggy Hite of Indiana University – Will extend current research from student subjects to actual CPAs to determine their responses to ambiguous reporting scenarios when presented with AICPA advocacy and integrity rules.

Dr. Turner also announced that the NASBA Education Committee is studying accreditation, education rules across state lines, and the progress of the American Accounting Association's Pathways Commission. Dr. Bruce Behn, chairman of the Pathways Commission, will be addressing both NASBA's Eastern and Western Regional meetings in June. ♦

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John Johnson to Head Legislative Support

As of June 1, John W. Johnson will become NASBA's Director of Legislative Affairs. He is the former executive director of the Florida Board of Public Accountancy (2002-2006) and has most recently served as the director of governmental affairs for the Florida Institute of CPAs, monitoring both state and federal legislation. Mr. Johnson is a member of the CPA Society Executives' Association.



John Johnson

Working with Mr. Johnson will be the NASBA Legislative Affairs Committee, chaired by Director-at-Large Donald Burkett (SC). NASBA President Ken Bishop reported to the Board in April that NASBA had assisted with legislative efforts in Arkansas, Georgia, Maine, New Hampshire, Tennessee and Wyoming this year. He explained the new Committee's role will be to consider legislative requests: "There has to be a means of prioritization, because we will not be able to jump at everything. We need to have this committee made up of people who have had involvement in politics in their state, so they know where to best place our resources. That will be a key element of our success." ♦

U.S. and Canadian IQABs Meet

It has been approximately 10 years since the NASBA/AICPA International Qualifications Appraisal Board and the Canadian Institute of Chartered Accountants' (CICA) International Qualifications Appraisal Board have come together for a meeting, but the proposed merging of Canada's professional accounting designations may have bearing on the longstanding mutual recognition agreement (MRA) created by the two bodies, that is coming up for renewal next year. Also in attendance at the April 30 meeting in Washington, DC, were representatives of the Instituto Mexicano de Contadores Publicos, which in 2008 became a co-signer of the MRA, making it a three-party agreement.

Douglas Baker, chair of Canadian IQAB, told the joint meeting: "This tri-partite agreement is the most important MRA to us." He explained that the current discussion of merging the CA, CMA and CGA designations is meant to unify the accounting profession in Canada with a single set of standards. Each of Canada's ten provinces and two territories has a CGA, CMA and CA body, plus national organizations, which translates into 39 bodies plus the Bermuda Institute that need to be brought together to determine how this merger will take place, Mr. Baker noted. He assured the U.S. IQAB that the CICA takes pride in the rigor of its examination process and nothing will change the

quality of its program.

The government in Quebec has been the real driver of the merger, Richard Rees, IQAB member from the Institute of Chartered Accountants of British Columbia, told the meeting. Legislation has been introduced and will be enacted in Quebec by mid-May, he said. The CICA has produced a unification framework to serve as a blueprint of how the merger should proceed from province to province. Those who come through the merged program will have the title Chartered Professional Accountant (CPA), and those who are current designation holders will then use a comma after CPA to indicate the designation under which they qualify – CPA, CA or CPA, CGA or CPA, CMA.

NASBA/AICPA IQAB Chair William Treacy asked if all the current holders of the CA, CGA and CMA will be "grandfathered" into the new designation? Mr. Rees said the idea is to move everyone into one set of qualifications, but the timetable has not been agreed upon by all the provinces.

Tashia Batstone, chairman of the CICA's Professional Learning Committee, reported a competency map for the CPA certification model, covering both technical and enabling competencies, is to be released in fall 2012. The certification

(Continued on Page 4)

NASBA Past Chair Rubin Addresses EFAA



Diane Rubin

The ethical framework for professional accountants – including standard-setting, implementation and practical challenges for small and medium-size entities, will be addressed by NASBA Past Chair Diane Rubin (CA) on May 9 at the EFAA (European Federation of Accountants and Auditors) conference in Rome. As NASBA's representative she has been asked to approach the topic in terms of the regulatory framework in the U.S. Joining Ms. Rubin on the panel will be: Stefano Marchese, IESBA Member; Anna Karmanska, SKwP Poland; and Giancarlo Attolini, IFAC SMPC.

As the NASBA representative to the International Accounting Education Standards Board Consultative Advisory Group, Pacific Regional Director Raymond Johnson (OR) reported in April to the NASBA Board on the IAESB's current project to review all eight of the International Education Standards (IES). Among those he thought would be of interest to the State Boards is IES2: Content of Professional Accounting Education Program which may be ready for exposure in the fall. It outlines the areas of professional knowledge that should be included in programs of professional accounting education and addresses the appropriate depth of required knowledge or competence of these core areas.

Dr. Johnson also noted that IES 5: Practical Experience Requirement provides for using either an outcome based approach, an input based approach or a combined approach to assessing professional experience. He expects the final draft of

this standard will be reviewed by the Consultative Advisory Group in September 2012 and that it has sufficient allowance for the various approaches to practical experience that are used by the 55 U.S. Boards of Accountancy.

Also representing NASBA in international accounting forums is Vice Chair Gaylen Hansen (CO), who serves on IFAC's Consultative Advisory Groups to the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants. ♦

NASBA Evaluation Service Launched

Responding to a request received from many State Boards, NASBA has started its International Transcript Evaluation Service. NASBA Executive Vice President Colleen Conrad announced at the Board of Directors' meeting that James Suh, NASBA Director of Continuous Improvement & Analysis, will be director of the operation with Brentni Henderson-King having been added to the NASBA staff to manage the process.

According to Mr. Suh: "State Boards seem to want an evaluator that had a nexus to the accounting profession. NASBA is in the best position for this function – marrying our expertise of the CPA application process with the expertise of international evaluations."

The Washington Board of Accountancy is going to use the service and other State Boards have been talking with Ms. Conrad and Mr. Suh about becoming clients as well. ♦

President's Memo

Mission Driven - Member Focused

Recently, Chair Mark Harris was in Nashville attending meetings at NASBA which included planning for the upcoming Regional Meetings in Philadelphia and Anchorage. Following one of those meetings, Mark came into my office and in his excited Louisiana dialect said, "Ken, wait until you hear this.I love it." It seems that during his conversation about a theme for the conferences with staff, one of our most creative young people, Ryan Hirsh, had suggested the phrase "Mission Driven - Member Focused." Like Mark, I immediately recognized its merit, as it succinctly and clearly transitioned from this year's "Back to Our Roots" initiative. The new "Mission Driven - Member Focused" concept is already being implemented in several ways, even before the June meetings.

At the Executive Directors' Conference, our Communications Department announced a new program to provide a customized pre-formatted high quality Board newsletter for any interested state as a service of NASBA. In early April the first such newsletter for the Kentucky Board of Accountancy was published and distributed. Other states are currently in discussion or have their newsletters in development.

In late May, four State Board members, four members of the NASBA Board of Directors, two State Board executive directors and four NASBA staff members will meet in Dallas to begin a new strategic planning process for NASBA involving all of our key stakeholder groups. This transition, from a staff-focused process, will insure that new perspectives, priorities and positions will be considered, implemented and ultimately measured.

On June 1, John Johnson will join the NASBA staff in Nashville as Director of Legislative Affairs. This newly created position will provide an enhanced and professional legislative support capability that NASBA can provide to State Boards of Accountancy. Chair Mark Harris has named a new Legislative Affairs Committee, headed by NASBA Director-at-Large Donald Burkett (SC), which will provide guidance and resource management for the new staff position. NASBA has seen a large increase in the number of requests from State Boards for legislative support. Already this year NASBA has provided legislative support to Arkansas, Georgia, Maine, New Hampshire, Tennessee and Wyoming. John is a former executive director of the Florida State Board of Accountancy, and for the past six years has served as the Director of Legislative Affairs for the Florida Institute of CPAs. He has a long legislative affairs history which makes him uniquely qualified to provide a high level of services and support to our State Boards.

For some time, because of several State Boards' concerns about quality and consistency, NASBA has been asked to consider providing international transcript evaluations. With the recent hiring of an expert foreign transcript evaluator, Brentni Henderson-King, the purchase of an international reference library and the formation of a seasoned team of evaluators with foreign language experience, NASBA will soon be launching this exciting new service in support of our State Boards. At the Washington State Board's recent meeting, it became the first state to sign on to the new service. I hope that all states will look at participating and allowing NASBA to be one of their accepted evaluators. NASBA's International Transcript Evaluation service intends to provide the highest level of quality and assurance, as is mandated by our State Boards of Accountancy.

The above mentioned NASBA services are just the beginning of our effort to demonstrate and provide direct support to State Boards. I am certain that following the strategic planning session, and as our Vice President of State Board Relations, Dan Dustin, continues to visit State Boards, we will have a clearer understanding of the needs and expectations of our member boards. We will do our best to meet those needs as your "Mission Driven - Member Focused" association.

Semper ad meliora. (Always toward better things.)



Ken L. Bishop

A handwritten signature in black ink that reads "Ken L. Bishop". The signature is fluid and cursive.

— Ken L. Bishop
President and CEO

IRS Registers Over 840,000 Preparers

The Internal Revenue Service has shifted its resources from dealing with taxpayers one-by-one to dealing with the tax preparers, who in total prepared more than 95,000,000 individual and business tax returns in 2011, IRS Commissioner Douglas H. Shulman told the National Press Club on April 8, 2012. He reported 840,000 preparers have been registered, and those who are not CPAs, attorneys or enrolled agents must pass a competency test and complete 15 hours of continuing education per year. “Using better data on return preparers that we gained through our return preparer initiatives and faster processing cycles achieved through CADE2, we applied advanced data analytics to link tax returns that showed potentially serious compliance issues to the individuals who prepared them. We identified a number of preparers with apparently inaccurate returns and, depending on the type and severity of the issue, are applying different types of compliance

tools,” he told the National Press Club.

The IRS’s authority to license tax return preparers is being challenged by the Institute for Justice, which filed a suit with three independent tax preparers against the IRS in the U.S. District Court for the District of Columbia on March 13, 2012. Joining in the suit are Sabina Loving of Chicago, Elmer Killian of Eagle, WI, and John Gambino of Hoboken, NJ.

In this statutory challenge, the Institute for Justice claims it “will demonstrate that the IRS’s expansive interpretation of ‘practice’ in Circular 230 is at odds with the text, legislative history and purpose of 31 USC § 330. ‘Practice’ before the IRS was originally meant to denote the professional practice of attorneys and CPAs in representing taxpayers in proceedings before the IRS – such as arguing their client’s case in a hearing before an IRS Appeals Officer – not simply preparing or filing a tax return.” ♦

U.S. and Canadian IQABs Meet (Continued from page 2)

program will require: academic prerequisites for admission in conjunction with an undergraduate degree; post-graduate two-year CPA professional education program; examinations including a multi-day final examination; and relevant practical experience. Also under consideration is a certificate program for those who are interested in accounting but who do not wish to pursue full certification as a CPA.

NASBA/AICPA IQAB voted to recommend extending the current MRA with the CICA until December 31, 2015 to allow U.S. IQAB time to determine how the new program will impact the MRA’s provisions. The representatives of the Instituto Mexicano Contadores Publicos who were present at the meeting agreed to the extension. This recommendation will be voted on at the next meeting of the AICPA and NASBA Boards of Directors this summer. ♦

2012 Candidate Book Enhanced

The 2012 edition of NASBA’s *Candidate Performance on the Uniform CPA Examination: Reports and Commentary on the 2011 CPA Examination* became available during the first quarter of 2012, thanks to the use of new technologies that made tracking and tabulating the data more efficient.

Appendices cover both summary and section performance by institution attended, broken down to show the performance by all candidates taking a section, by those taking it for the first time and by level of education.

The report is available in an eBook format for \$100 and in a paperback version for \$120. In addition, by special request, standard on-line reports and customized reports can also be produced. Questions about the report should be sent to cpb@nasba.org. Orders can be placed via www.nasba.org. ♦

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