

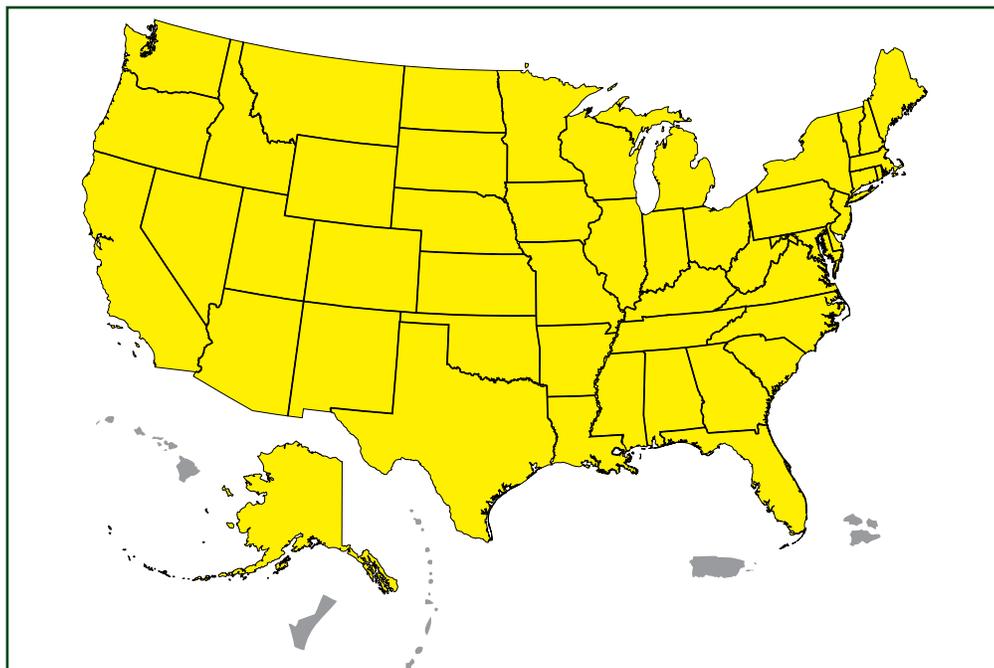
Coast-to-Coast Mobility

It's official: Every state but Hawaii has now adopted mobility legislation. On September 20, 2012, California Governor Jerry Brown signed the legislation which will take effect on July 1, 2013. CPA firms will still have to register with the California Board before they can audit companies based in California, or to provide compilations and reviews of entities headquartered in California, but CPAs will no longer need to get a reciprocal license.

"We are very pleased with the successful culmination of many years of effort by the California Board of Accountancy and the California Society of CPAs (CalCPA) to pass this important piece of legislation. Adding California to the 48 states who have passed and implemented mobility legislation

completes the continental 'mobility map' and leaves only Hawaii and the U.S. territories to fulfill our goal of 100 percent adoption. The success of the CPA mobility legislative effort is unprecedented and is indicative of the power of a collective effort by State Boards, State Societies, NASBA, AICPA and the profession," NASBA President Ken Bishop said.

The California Society had strongly supported the measure over the years: "The change in the law makes the playing field even for California CPAs and eliminates the possibility of retaliatory action by the states that could reduce opportunities outside of our state for CAs and CPAs," CalCPA President Johanna Sweaney Salt told her members. ♦



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FAF Picks Atkinson and Rubin for PCC

Two NASBA Past Chairs, Billy M. Atkinson, CPA, and Diane M. Rubin, CPA, have been selected by the Financial Accounting Foundation's (FAF) Board of Trustees to serve on the new Private Company Council. Mr. Atkinson has been named as chair of the new body, that will work with the Financial Accounting Standards Board (FASB) to determine whether and when to modify U.S. Generally Accepted Accounting Principles for private companies.

Other PCC members will be George Beckwith, Steven Brown, Jeffrey Bryan, Mark Ellis, Thomas Groskopf, Neville Grusd, Carleton Olmanson and Lawrence Weinstock. FASB member Daryl E. Buck will serve as the FASB's liaison to the PCC. The PCC's first task will be determining with the FASB the appropriate framework for deciding when U.S. GAAP should be modified for private companies.

The FAF trustees had received over 100 nominees for seats on the new Council. In announcing the appointment, FAF President and CEO Teresa S. Polley said: "Each of the new Council members has demonstrated a strong appreciation for

(Continued on page 2)

National Registry Summit Held in Nashville

New trends in continuing professional education were the focus of the 2012 NASBA National Registry Summit, held in Nashville on September 23-24. Renowned speakers included the MASIE Center's founder, Elliott Masie, discussing "The Changing Workplace, Workforce and Learning Models" and Tim Moore, owner of the Dancing Elephants Achievement Group, who spoke about "Generational Insights."

Other speakers represented Learning.net, Bisk Education, Inc., the IRS Return Preparer Office, and the Defense Contract

Audit Agency. NASBA speakers focused on the new Statement on Standards for CPE Sponsors and the National Registry's audit process.

Approximately 150 sponsors, regulators, professionals and staff attended the Summit. Representatives from the major CPA firms were in attendance, seven State CPA Societies, the Public Company Accounting Oversight Board, the AICPA, Institute of Internal Auditors and many many sponsors including CCH, Drake Software, Western CPE and Thomson Reuters. ♦

PCAOB Taking Steps to Work with China

While the Public Company Accounting Oversight Board has cooperative agreements with 14 foreign regulators to either conduct joint audit firm inspections or share inspection findings, such an agreement does not yet exist with China, the country with the largest number of foreign registered audit firms, 100. However, that could change, Lewis H. Ferguson, PCAOB member, stated at an SEC Financial Reporting Conference on September 21, 2012 in Irvine, CA.

"As a first step toward further cooperation, we are working toward and have tentatively agreed on observational visits where PCAOB inspectors would observe the Chinese authorities conducting their own audit oversight activities and the Chinese could observe the PCAOB at work," Mr. Ferguson explained. "This would not be a substitute for a PCAOB inspection, but would be a trust building exercise between regulators."

Complicating the Chinese-US relationship is that both China and Hong Kong have not agreed to regulatory cooperation when documents are requested in connection with an inspection or investigation. Under Chinese law it is illegal to remove audit work

papers from China. Mr. Ferguson said, "A refusal to cooperate, either in an inspection or an investigation, could subject the firm to PCAOB sanctions even if motivated by compliance with local laws that restrict such cooperation. One possible sanction could be revocation of a firm's PCAOB registration."

Mr. Ferguson also mentioned that in October 2011 the PCAOB had proposed amendments to its auditing standards, which have not yet been approved by the SEC, that would require audit reports to disclose the name of the audit engagement partner as well as the other independent audit firms that provided three percent or more of the total hours in the most recent audit. Besides giving investors more information about the firms actually performing the work, these amendments "would make publicly available the names of firms that have provided more than three percent of the total audit hours but are located in jurisdictions where the PCAOB cannot yet conduct inspections," Mr. Ferguson pointed out.

PCAOB Member Ferguson will be addressing NASBA's Annual Meeting on October 29 in Orlando, FL. ♦

FAF Picks Atkinson and Rubin for PCC (Continued from page 1)



Billy Atkinson

the importance of independent standard-setting, and unwavering commitment toward greater clarity and well-informed decision-making in private company financial accounting and reporting. Their diverse backgrounds and perspectives will provide valuable insights and leadership to the PCC and the FAF."

Mr. Atkinson had previously served as NASBA's representative on the AICPA/FAF/NASBA Blue Ribbon Panel on Standard Setting for Private Companies.

Asked about the importance of this new body's efforts to the State Boards, Mr. Atkinson replied: "The expected work of the PCC should be of significance to State Boards in that our mission is to determine whether and when to modify GAAP for private entities. In doing so, we will be carefully

evaluating existing and future accounting standards promulgated by the FASB with reference to the dynamic issues of relevance and complexity, which we have heard so much about for the past 2-3 years. State Boards, of course, are concerned that their license holders comply with GAAP and auditing standards where required."

Mr. Atkinson (NASBA Chair 2009-2010) is a retired partner of PricewaterhouseCoopers, LLP, and former chair of the Texas State Board of Public Accountancy. He served as a PWC audit partner and a risk management partner in the firm's private company services unit. Ms. Rubin (NASBA Chair 2005-2006) is a partner of Novogradac & Company, LLP, in San Francisco, CA, and former chair of the California Board of Accountancy. ♦



Diane Rubin

As Yogi Would Say...

Baseball legend Yogi Berra was probably known as much for his witty, off-the-cuff comments that made us stop, think and laugh as for his playing career. I can't help but use a few Yogi-isms to reflect on this past year.

"It's déjà vue, all over again."

We knew this year at NASBA would be a unique time of opportunity, certainly not be déjà vue all over again.

"You can observe a lot by just watching."

We all watched Ken Bishop on January 2, the day he became NASBA's President and CEO, as he spoke of going "back to our roots." He stressed that while change is critical, so is the need to uphold our core mission and build strong relationships. This evolved into what Ryan Hirsch, NASBA's manager of multi-media, described in the simple yet powerful phrase: "Mission Driven, Member Focused." Or did he say "Member Driven, Mission Focused"? It doesn't matter, either way, it works every time.

We observed a lot by watching what has jokingly been called the new "Ken-O-Vision," a constant stream of daily events affecting our 55 Boards, as displayed on monitors installed in NASBA's halls in Nashville and in the new conference room in New York City. The listings are a constant reminder of our commitment to member service.

"When you come to a fork in the road, take it."

As part of our "Mission Driven, Member Focused" initiative, we've taken new approaches to improving NASBA's products and services for our customers and member Boards. Processing candidate eligibility that used to take five weeks, CPAES now accomplishes in only five days — that's incredible! Members used to receive their *Committee Handbook & State Board Listing* annually. Now, like clockwork, the Handbook is refreshed and available the first week of each month. Similarly, the *NASBA's Report on the CPA Exam* is moving towards containing real-time data with on-demand publishing. Enhancements in NASBA's member database are helping us get to know new State Board members and executive directors before they even attend their first NASBA conference. Increased visits to State Boards' meetings, NASBA U executive director orientation sessions, and even Facebook searches have strengthened our connections even more.

Senior Vice President and CFO Michael Bryant presented NASBA's approach to the "love your work" and FISH! principles at the Executive Directors Conference and our Regional Meetings. Does NASBA staff really have productive fun in what they do? Yes — and they love to share it. One great example of this put into practice was when the Accountancy Licensee Database Committee created a motivational race called "40 by 40" (40 jurisdictions live on ALD by a staffer's 40th birthday). What a way to improve productivity!

At the Regional Meetings, we took a new path down the road to staying member focused by asking what our volunteers think. The Goldfish Bowl contest received an amazing 76 responses — one of which urged the creation of CPA Verify and Ken-o-Vision mobile apps. Other suggestions will help us improve communications, clear pathways to licensure, expand on-line submissions by candidates, and better engage our Boards' public members. We've taken each submission seriously, and these ideas will benefit the public.

"If you don't know where you are going, you might wind up someplace else."

NASBA is looking ahead to ensure our continued viability and growth. Previously, NASBA's strategic plans were essentially crafted and implemented by staff. This year, we asked for a member-driven plan. The 14 members of the Strategic Planning Group will soon roll out for consideration NASBA's new mission, vision, values and objectives that were crafted with precision. Immediately upon adoption, NASBA staff and committees will begin to demonstrate a link from the specific objectives found in the plan to their respective responsibilities.

Occasionally we will invoke a new vetting process asking your Regional Directors to review, and either reject or approve, an opinion letter drafted by the Regulatory Response Committee with other committees. This method expands our State Boards' voice in response to calls for opinions on standards, policies and legislation. The voice of more states adds value and strength to our association.

"Thank you for making this day necessary."

In his career Yogi Berra was a catcher, outfielder, manager and coach. He brought multiple talents to his teams. We have a number of State Board "MVPs" who will soon retire from their teams. Many, including Patti Soukup, Susan Cochran, Mike Henderson, Gary Fish, Lamar Harris, Ron Rotaru and Bob Cagnasola, have been the best of regulators, mentors and friends. We're sad to see each person go, yet we always welcome the waves of energy from new volunteers. NASBA is here only because of your commitment.

"It ain't over 'til it's over."

When asked the time of day, Yogi would always say, "You mean now?" Well now it's time for me to say: Thank you for your service to the public, your Board of Accountancy, our member Boards, and to the accountancy profession that Americans rely upon every day. It isn't over 'til it's over, and our association — and your State Board — have many more exciting days to come.



Mark P. Harris

Mark P. Harris

— Mark P. Harris CPA

Chair

GA Joint Task Force Works for Board

A joint task force has been formed to try to strengthen the Georgia Board of Accountancy at a time when the state is looking for ways to bring more state agencies under an umbrella organization. A task force of the Georgia Society of CPAs is working in conjunction with Secretary of State Brian Kemp, NASBA and the AICPA to find a way to resolve the situation. Although Senate Bill 445, that would have brought the Accountancy Board under a “Consumer Board” of non-CPAs, was withdrawn in February by Mr. Kemp, who had proposed it, the threat continues (see *sbr* 4/12).

As reported in the September/October 2012 issue of the GSCPA’s *Current Accounts*, the average net revenue for the Georgia Board is over \$637,000 a year, as generated by license fees and fines. These funds go into the General Fund of the State of Georgia, and the Board is then appropriated an amount, which has been a little under \$230,000 per year.

The GSCPA’s cover story states: “Currently, the GBA does not have the ability to hire support staff or an executive director. The Board shares three employees of the Secretary

of State’s Professional Licensing Boards Division with other licensing boards. After these staffing resources are split between several boards, the GBA’s share equals roughly 5/9 of one employee.” The Professional Licensing Boards Division has 20 investigators available for 43 licensing boards, which cover over 478,000 professional licensees. *Current Accounts* points out, “That’s roughly one investigator to every 24,000 professional licensees. Additionally, the investigators available to the GBA are not CPAs...”

Supporters of the Accountancy Board have been citing the white paper prepared by NASBA’s Committee on State Board Relevance and Effectiveness, which stressed the need for a Board to have staff with professional knowledge.

NASBA’s Director of Government and Legislative Relations, John Johnson, has been working with the Georgia Board. At NASBA’s 2012 Annual Meeting, Mr. Johnson will moderate a panel including Georgia Board Member Wanda W. Goodson, CPA, who will discuss the current situation in her state. ♦

GAO Finds Half of Madoff Victims Net Winners

The Trustee in the Bernard L. Madoff case has been going through 16,000 claims from those who are seeking repayment from litigation to recover Madoff’s assets. After denying 66 percent of the claims, because the customers were not direct account holders of the Madoff firm as they had invested through other vehicles, the General Accounting Office found that more than three quarters of the investors were individuals and about 60 percent of them were “net winners,”

having withdrawn more from their accounts than they had contributed. Some 50 percent of the institutional investors were net winners, according to the GAO’s calculations.

As the Madoff fraud affects customers’ taxable income, the IRS issued guidance on September 5, 2012 to help limit taxpayer errors resulting in over-or-under payment of taxes based on the tax impact of the Madoff fraud. See GAO-12-991 for the GAO report. ♦

State Board Report

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