

**International Regulatory Update
State Accountancy Boards' Perspectives
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I. About NASBA

Founded in 1908, the National Association of State Boards of Accountancy (NASBA) has served as an association dedicated to enhancing the effectiveness of the country's 55 state boards of accountancy for more than 100 years. NASBA and its Member Boards are responsible for the nearly 700,000 accounting professionals licensed in the 55 U.S. jurisdictions (the 50 states, D.C., Puerto Rico, U.S. Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands). As you are likely aware, regulation of the practice of accountancy varies between each of these jurisdictions. Each of the 55 jurisdictions has its own accountancy statutes and board rules and regulatory structures. There has been tremendous recent progress towards greater uniformity, but in many ways the 55 jurisdictions are much like 55 different countries with their own specific approaches to accountancy regulation.

As a driving force within the accounting profession, NASBA accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. NASBA has offices in Nashville, Tennessee and New York City. The President/CEO is Ken Bishop. The Executive Vice President/COO is Colleen Conrad. The current Chair of NASBA's Board of Directors is Mark Harris (Louisiana), and the Vice-Chair (Chair Elect) is Gaylen Hanson (Colorado).

NASBA takes pride in offering its member boards a rich portfolio of products and services, all designed to effectively aid boards in their goal to protect the public. This includes providing state boards with information on the practices of every other U.S. jurisdiction accountancy board and that board's rules and regulations on the practice of accountancy.

Aimed at facilitating public protection through state regulation of the practice of accountancy, NASBA's major programs and services include administration of the Uniform CPA Examination, operation of the National Candidate Database, the Accountancy Licensee Database, the Accountancy Licensing Library, CredentialNet, CPA Mobility, the National Registry of CPE Sponsors, CPAverify, the Model Accountancy Rules and (jointly with the AICPA) the Uniform Accountancy Act. NASBA also provides feedback to states planning changes to accountancy laws and

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rules, or seeking support on disciplinary matters and amicus briefs in courts throughout the country. NASBA's newest service is its NASBA International Evaluation Services which specifically is designed for CPA exam and licensure candidates, and will provide academic evaluations of international coursework and credentials to applicants who have completed their education outside of the United States.

In 2005, NASBA established the NASBA Center for the Public Trust to develop and positively impact the ethical climate of business by hosting training events and awards programs recognizing outstanding ethical individuals and organizations.

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II. Implications of IFRS for State Boards

A. The SEC's July 13, 2012 staff report on IFRS convergence.

Office of the SEC Chief Accountant produced the report at the request of the SEC, which wanted help evaluating the implications of converging IFRS with US standards. The report offers no immediate decisions on convergence of US standards with IFRS, and no timetable for offering a recommendation on convergence. Mention was made of the need to adhere to a timeline calling for steps to be taken 3 years prior to convergence; presumably convergence is over three years away at the very least.

To sum up the contents of the report: the Chief Accountant concluded that it was clear the vast majority of interested parties in the US do not support the outright adoption of IFRS. So instead, the report discusses the pros and cons of the possible methods and degrees of convergence.

The disadvantages of convergence:

- The expense of convergence to issuers;
- It has improved somewhat as far as comprehensiveness is concerned, but still has gaps, e.g.: accounting for extractive industries,
- insurance, and
- rate-regulated industries
- This is true to a certain extent with GAAP, but the general consensus is that there is more "missing" in IFRS than GAAP.
- IFRS, being principles-based, is less precise than GAAP, which is rules-based
- IFRS is seen as not being maintained and updated in as timely a fashion as GAAP
- The IASB's parent company, the IFRS Foundation, needs to diversify its funding and its membership.

The advantages of (eventual, partial) convergence with IFRS: IFRS has managed to make great headway in standardizing financial reporting across countries, thus allowing

the comparison of businesses and industries across countries (however, there is still a ways to go). This standardization was seen as a big “plus” of convergence.

B. Why state boards care about the movement towards IFRS.

State accountancy boards commonly rely upon the accounting standards set forth by the Financial Accounting Standards Boards (FASB) and its generally accepted accounting principles (GAAP); however, the International Accounting Standards Board (IASB)’s International Financial Reporting Standards (IFRS), at use to various degrees in over 110 other countries, are also used by practitioners in some form in many U.S. states. Further, federal and state governments and the American Institute of Certified Public Accountants (AICPA) are increasingly drawing on IFRS’ contents when they produce standards, in an effort to harmonize U.S. rules and procedures with those of other countries.

GAAP and the FASB’s standards are commonly cited in federal statutes, state statutes, and state rules. Indeed, there are over 3,000 explicit references to GAAP in states’ administrative codes. These references address a wide range of topics, including insurance, banking, gambling, taxes, etc. Within states’ statutes, there are an additional 2,683 references to GAAP. Not including state accountancy board rules, states’ rules frequently reference the FASB, and 145 state statutes include mention of the FASB. Further, there are 483 references to GAAP in the Federal Internal Revenue Code.

Regarding IFRS: there has been a great deal of talk in recent years of converging U.S. standards with IFRS. Many of you are likely aware of the SEC’s statement in July that it would not recommend moving forward with the convergence of GAAP with IFRS. And a few weeks ago, AICPA’s chairperson predicted that convergence would not occur any time before 2015.

But, just because U.S. standards and IFRS are not expected to “officially” converge in the near future, does not mean that IFRS isn’t being actively relied upon in the U.S. Like GAAP, IFRS is beginning to be incorporated into state accountancy laws and rules, state regulations regarding banking, insurance, and construction rules. A number of states explicitly list IFRS alongside GAAS, GAAP, PCAOB standards and AICPA standards in their discussions of CPA ethics. A typical example is in Delaware law: Notes to financial statements “shall be those required under generally accepted accounting principles, statutory accounting principles or international financial reporting standards, as applicable...” (Del. Chpt. 302. Captive Insurance Financial Regulation § 3.2.6). IFRS has been cited in cases before various state and federal courts as well as the U.S. Court of International Trade.

In 2007, the SEC decided to allow foreign companies operating in the U.S. to file their financial statements using IFRS without reconciling its provisions with GAAP. According to former SEC Chairman Christopher Cox, “[this] proposal is premised on the [SEC]’s long-held view that a single set of international accounting standards would help investors to better understand and draw comparisons among investment options, and it

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would be better than if they had to deal with a multiplicity of national accounting standards.” Further, the AICPA has stated that it “recognizes that international accounting standards are gaining wider use and acceptance in global capital markets and in the United States.” Indeed, in 2008, AICPA adopted a resolution designating the International Accounting Standards Board as a “recognized” standards setting body for purposes of the AICPA Code of Professional Conduct.

Nevertheless, U.S. regulators and standard setters seem to be taking a somewhat uneven and arguably muddled approach to the use of IFRS in audits of U.S.- based companies and companies traded on U.S. markets. There is the view, from at least one perspective, that the IFRS train “has already left the station,” with state boards and independent regulators more or less on board with the use of IFRS standards. However, from another point of view, the apparent rush to adopt IFRS could have presumed too much by largely avoiding the substantive input of independent accountancy regulators who, at the end of the day, are the only authorities with the prerogative to grant and remove individual and firm accountancy licenses. And, in light of the SEC’s recent move to delay IFRS convergence, one might also say that “a funny thing happened on the way to the train station.”

Regardless, one might assume that if the SEC makes up its mind and the AICPA is “on board,” IFRS would ultimately be vertically integrated into the world of finance throughout the United States. But, although it is clear that the SEC will determine which financial reporting standards apply to SEC registrants, Congress has stopped short of foisting those standards upon non-SEC issuers. Thus, Section 209 of Sarbanes Oxley states:

In supervising nonregistered public accounting firms and their associated persons, appropriate State regulatory authorities [the State Boards of Accountancy] should **make an independent determination of the proper standards applicable**, particularly taking into consideration the size and nature of the business of the accounting firms they supervise and the size and nature of the business of the clients of those firms. The standards applied by the Board [PCAOB] under this Act **should not be presumed to be applicable for purposes of this section for small and medium sized nonregistered public accounting firms.**

C. Some concerns that might arise with IFRS implementation.

Some state and federal regulators have expressed concerns that the apparently rush to implement IFRS could dilute state boards’ ability to enforce U.S.-developed accounting standards. U.S. standards would be disregarded in deference to standards developed by a non-U.S. organization that has been criticized for lacking transparency, accountability, and oversight (IASB’s parent organization, the International Accounting Standards Committee Foundation, is a private, donor-funded, non-profit organization. It is funded in large part by accountancy firms, banks, and large corporations). Indeed, SEC

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Commissioner Mary Schapiro has referred to the independence of the IASB as her “greatest concern” about IFRS. In 2008, the European Parliament issued a report calling for the IASB to improve its transparency and accountability. Of further concern is the IASB’s decision during the 2008 financial crisis to suspend due process when adopting a new rule with controversial and potentially far-reaching consequences. This decision has been noted as a potentially troubling development even by the IASB-appointed Financial Crisis Advisory Group.

In contrast, in the U.S., publicly appointed state board members and independent accountancy regulators are sworn to uphold a well-established system of accountancy rules with their primary purpose being public protection. NASBA representatives explained at the July 2009 G-20 Accountancy Summit, “state boards are legislatively mandated, statutorily chartered, and work closely with the profession to protect the public interest.” State boards have long been active participants in the development and implementation of these GAAP-based rules. Since compliance with these rules is mandatory, governments have delegated to state boards and independent regulators the power to interpret the rules and decide disciplinary cases.

D. If IFRS eventually subsumes or converges with the FASB’s standards and GAAP, state regulators may face several challenges.

There are five main IFRS implementation challenges facing government regulators:

1. The revision of over 3,000 express statutory and rule references to GAAP that currently permeate states’ laws.
2. The possible revision of all GAAP reference in state accountancy board acts. Like other state laws, these changes can only be made by legislatures, not by the state boards themselves.
3. The potential revision of all GAAP references in state accountancy board rules. It should be noted that rulemaking processes in some states can take years to finalize.
4. Legal challenges inherent in enforcement of so-called “principles-based standards.”
5. An overhaul of U.S. accountancy curriculum and the Uniform CPA Exam. Much has already been accomplished regarding adding IFRS to the curriculum of mainstream educational institutions, but such changes remain, at best, a work in progress. Similarly, many steps have been taken to adapt the CPA Exam, but care must be taken to assure that the exam remains sensitive to the legal necessity that it tests “minimum professional competence” and does not outpace developments in university-level accountancy curriculum.

E. Specific technical issues that will arise for CPAs and regulators dealing with IFRS.

1. Integrating IFRS into GAAP-based definitions and rules. GAAP is integrated into the statutes and rules of the majority of U.S. jurisdictions, in several different ways. Even without any immediate plans for convergence, there is a need for these statutes and rules to address IFRS as well. For example:

- GAAP is used to define the “practice of public accountancy.” This is in turn used to determine what activities require a CPA license to perform. So, the question arises, can a non-licensure perform services in a state in compliance with IFRS but not GAAP?
- Many states’ rules describe the types of activities that qualify as the experience necessary to obtain a CPA license. In many states, the listed activities are activities performed pursuant to GAAP. So, does work performed pursuant to IFRS satisfy experience requirements?
- Almost all U.S. jurisdictions require firms to obtain peer reviews. Currently, some states specify that peer review must include presentations of financial statements in conformity with GAAP. Two questions arise in this regard: first, do such rules need to be revised in order to incorporate IFRS; and second, should the peer review standards themselves include IFRS?

2. Can state boards adopt GAAP or IFRS by reference?

- Some states have adopted GAAP and FASB standards by reference. States that have adopted the AICPA Code of Professional Conduct by reference have *de facto* adopted IFRS as well, since the AICPA Code recognized IFRS standards.
- However, many states are only permitted by their laws to adopt a specific, dated version of a standard. Many states will not allow licensees to be disciplined for violations of standards adopted by blind reference. This poses a problem in IFRS adoption since IFRS is revised quite frequently.

3. The challenge of complying with IFRS’ standards. IFRS set far more loosely worded standards than GAAP and the FASB standards’ rules. NASBA is concerned about the challenge for licensees seeking to comply with IFRS’ flexible principles rather than clearly enumerated rules. State boards bring cases involving GAAP violations, but it is unclear how cases involving IFRS principles would be handled.

F. Interpretation challenges prior to and during convergence.

U.S. courts have decided dozens of cases involving IFRS in recent years. Most were cases in federal courts or the U.S. Court of International Trade, but at least one case was decided in state court. Without a settled approach to IFRS, it has been up to the judges in these cases to decide whether IFRS is a legitimate set of standards, and to decide what weight IFRS should be accorded:

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- Judges have decided whether IFRS is a legitimate measure of a company's worth. (*Bolt v. Merrimack Pharm., Inc.*, 503 F.3d 913 (9th Cir. Sep. 11, 2007))
In *Bolt*, the court held: "To determine whether the balance sheet is prepared in accordance with GAAP, we do not take off our judicial black robes and reach for the accountant's green eyeshade. Rather, because "[GAAP] are far from being a canonical set of rules that will ensure identical accounting treatment of identical transactions [and] tolerate a range of 'reasonable' treatments," we generally defer to the professional judgment of the accountant who audited or prepared the financial statements, unless a GAAP authority demands a contrary accounting treatment. ...

International Accounting Standards fall on the lowest rung of the GAAP hierarchy in the United States ... Moreover, FASB, the organization charged with establishing GAAP in the United States, has expressly declined to adopt International Standard No. 32's position with respect to classifying conditionally redeemable preferred stock as a liability."

- Judges have also decided whether financial statements were correctly prepared as required under IFRS; making similar determinations as they make regarding GAAP compliance. *City of Monroe Emples. Ret. Sys. v. Bridgestone Corp.*, 399 F.3d 651 (6th Cir. Feb. 4, 2005); *Nucor v U.S.*, 2009 Ct. Intl. Trade LEXIS 20; SLIP OP. 2009-30, April 14, 2009)

As convergence or confusion continue, it will be interesting to see whether judges will interpret applicable standards in "judicial black robes" or will such technical accounting issues be determined through an "accountant's green eyeshade." And, it will be interesting to see the extent to which licensees or the public turn to state boards for declaratory interpretations of IFRS principles.

G. NCPACA and IFRS.

IFRS is being implemented in the Philippines, to a greater extent than it is being adopted in the U.S. right now.

- It is our understanding that accountancy standards in the Philippines were historically heavily influenced by U.S. standards. However, Philippine accounting standards now share more in common with IFRS.
- IFRS adoption in the Philippines began in 2001; IFRS with some exceptions was adopted on January 2005.
- Therefore, the Philippine Securities and Exchange Commission's Philippine Financial Reporting Standards (PFRS) are now very similar, though not identical, to IFRS.
- Conflicts between PRFS and IFRS have included:

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- IFRIC 15, relating to real estate revenue, was adopted only in 2012, with the delay of 7 years to give businesses time to transition over to the new standard.
- At least as recently as a few months ago, there was a conflict between the Bureau of Inland Revenue's tax regulations, which call for cash based accounting, and IFRS, which calls for fair value accounting; however, the Philippine Institute of Certified Public Accountants reports that a work-around solution has been adopted for this conflict.
- Foreign companies listed in local stock exchanges can secure exemptions from IFRS/PFRS reporting.
- January 2010: The Philippines adopted IFRS for SMEs (businesses with assets between 3 million and 350 million Philippine pesos, or roughly \$71,000 and \$8.2 million dollars; liabilities between 3 million and 250 million Philippine pesos, or roughly \$71,000 and USD 5.9 million)

III. Recent SEC/PCAOB/State Regulation Developments: The JOBS Act and its Potential Implications.

In early April of this year, President Obama signed the JOBS Act into law. This act changes financial reporting requirements for many companies - in particular, newly formed and small companies. The stated intention of the law is to make it easier for small businesses and start-ups to obtain funding, but the practical effect of the law may well be to undermine the oversight and protection provided by audits of these companies. State accountancy regulators may have two primary potential concerns regarding the JOBS Act:

- **The potential effect on small, newly-formed companies.**
 - Under the JOBS Act, certain SEC issuers will be defined as Emerging Growth Companies. EGCs are companies less than 5 years from their initial IPO that meet the following criteria: (a) total revenue of less than \$1 billion; (b) a market cap of less than \$750 million, and (c) have sold less than \$ 1 billion in debt.
 - EGCs are not limited by the Act to just U.S.-based issuers; their principal executive office may be in any country, which means some would trade on U.S. securities markets without being audited by PCAOB inspected, U.S. licensed audit firms.
 - For their five years as EGCs, they will be subject to dramatically reduced auditor oversight. They will be exempt from Sarbanes-Oxley Act Sec. 404(b)'s requirement that they annually obtain a PCAOB-compliant audit of internal controls. This audit examines the strength of a company's financial reporting system and management over that system. Internal control audits also address concerns such as the flow of transactions, risk management procedures, fraud detection mechanisms, and financial reporting oversight.

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- Previously, EGCs were exempt from these audits for only two years instead of five. Additionally, they may now submit two years of audited financial statements at their IPOs, instead of the former requirement of three years of statements.
- Smaller EGCs will be exempt from even more reporting requirements. An EGC with a market cap of less than \$75 million is not just exempt from the Sec. 404(b) audit requirement for five years; it is permanently exempt.
- Another section of the JOBS Act will allow U.S. and Canada based companies to raise up to \$50 million (instead of the current \$5 million limit) without triggering full SEC reporting requirements.
- **The effect on future regulations:**
 - EGC companies will not be required to adhere to any FASB standards adopted after the Act's implementation, unless those standards apply to private companies.
 - They will not be subject to any future PCAOB regulations on firm rotation or audit report requirements.

NASBA is monitoring the SEC rulemaking implementation of the JOBS Act to safeguard the State Boards' abilities to provide common sense public protection.

IV. International delivery of the Uniform CPA Examination update

A. Overview

NASBA and AICPA oversee the delivery of the Uniform CPA Exam. Beginning last year, they made the exam available in a select (and expanding) number of foreign countries.

The international Uniform CPA Exam is identical to the Uniform CPA Exam delivered in U.S. jurisdictions. The test is delivered at test centers operated by the same company, Prometric, that operates test centers for the exam in the U.S. During registration the candidate must accept additional security related conditions and pay the international testing fee. The exam application process remains state-based. This means that the way that all the CPAs in this room got licensed (by applying to their state board of accountancy) is the way individuals outside the U.S. will apply for licensure.

U.S. citizens and permanent residents living abroad, and citizens and long-term residents of the countries in which the Exam will be administered may sit for the Exam internationally, with some exceptions in the Middle East. Additional information about eligibility and the application process for taking the CPA exam at international locations can be found at the following website:

<http://www.nasba.org/exams/internationalexam/international-process-to-apply/>

B. International application process

1. Apply to take the CPA Exam through a participating State Board of Accountancy.
2. Receive a Domestic NTS to test in the U.S. or Territories.
3. Apply to test in an international location via NASBA's website.
4. Schedule exam at approved international location.
5. Take the exam at the scheduled Prometric test center.
6. Receive score from the State Board of Accountancy.

C. Experience thus far

- Started taking registrations in May 2011.
- Testing started August 1 , 2011.
- As of March 2012, 2,541 individuals had applied to take the Exam at an international test center. There were over 6,000 applications for various sections of the exam.
- Thus far, 42 State Boards have opted in to international testing.
- Countries with approved international test centers include: Bahrain, Lebanon, Kuwait, United Arab Emirates (UAE), Japan, and Brazil.

D. International Qualification Examination (IQEX)

The IQEX is actually the “international delivery” of regulatory section of the Uniform CPA Examination and is the supplemental exam provided for certain Canadian, Mexican, Australian, Irish, New Zealand, and Hong Kong accountants seeking reciprocal licenses in the U.S. pursuant to accountancy regulatory institutions in their countries’ Mutual Recognition Agreements with NASBA and AICPA. IQEX applicants apply directly to NASBA, not the state boards. It is offered in the U.S. and Canada, once a year. Following passage of the IQEX, an individual may then apply to a state board of accountancy for licensure.

V. Mobility for U.S. CPAs

A. Basic premise: no notice, no fee, no escape

In the past five years NASBA and the AICPA have joined in a national effort for the states to adopt a uniform, nationwide system that allows licensed CPAs to provide services across state lines without being subject to regulatory burdens which serve no public protection function.

Under mobility legislation, each CPA from a “substantially equivalent” state automatically has “practice privileges” allowing him or her to offer and render services across state lines *without obtaining any additional state licenses*, so long as the CPA remains licensed in good standing in their principal place of business state. The CPA can

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use the practice privilege without sending a notice to another state's Board and without paying a fee. But, as a condition of use, the CPA agrees to comply with the other state's accountancy laws and rules, and consents to the other state's enforcement jurisdiction, and to service of notice upon the CPA's home state Board. A total of 48 states and the District of Columbia have passed mobility laws.

NASBA and the AICPA have developed a handy tool to help individual CPAs and CPA Firms understand how and where mobility works: <http://www.cpamobility.org/>

B. The legal framework for mobility

The Uniform Accountancy Act and the Model Rules are a model law and model regulations drafted and maintained by AICPA and NASBA, intended as a guide for states' public accountancy acts and states' board of accountancy rules. The framework for mobility can be found in the UAA.

UAA Section 23(a):

(1) An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in 23(a) (3).

(3) An individual licensee of another state exercising the privilege afforded under this section and the firm which employs that licensee hereby simultaneously consents, as a condition of the grant of this privilege:

- (A) to the personal and subject matter jurisdiction and disciplinary authority of the Board;
- (B) to comply with this Act and the Board's rules;
- (C) that in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually and on behalf of a firm; and
- (D) to the appointment of the State Board which issued their license as their agent upon whom process may be served in any action or proceeding by this Board against the licensee.

C. CPA Firms and Mobility

UAA Section 23 only addresses mobility for individual CPAs. Although there are aspects of the Uniform Accountancy Act that enhance CPA Firm mobility, the UAA has not yet implemented substantial equivalency or full practice privileges for CPA Firms; however, the issue is being studied.

In the meantime, certain services require an out-of-state CPA to be registered in a state if certain services are rendered for a client with its “home office” in that state even if the firm does not have an office in that state. These services include:

- any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
- any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); and
- any engagement to be performed in accordance with the standards of the PCAOB.

Additionally, if the out-of-state firm establishes a firm office in the new state, using the CPA title or providing any attest services necessitates firm registration in that state.

Certain attest services can be rendered by a CPA Firm registered in another state through an individual with practice privileges without requiring that the firm be registered in that state. As long as the out-of-state firm meets the UAA’s ownership and peer review requirements, it can provide the following services even if the client has its “home office” in that state:

- any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);
- "Compilations" to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

D. Section 23 also provides an additional enforcement mechanism

(b) A licensee offering or rendering services or using their CPA title in another state shall be subject to disciplinary action in his or her home state for an act committed in another state for which the licensee would be subject to discipline for an act committed in the other state.

VI. The Philippines and mutual recognition agreements

- NASBA and AICPA's MRAs have eased reciprocal licensure requirements for U.S. CPAs working in Australia, Canada, Hong Kong, Ireland, Mexico, and New Zealand. It has also simplified reciprocal licensure for professionals from those countries working in the U.S.
- The Philippines has concluded a number of MRAs with other ASEAN member states (surveyors, doctors, nurses, engineers) The MRA for doctors permits licensure for any doctor with 5 years of experience to be licensed and subject to the disciplinary oversight of the other MRA signatory states.
- Generally, the Philippines restrict the practice of public accountancy to Filipino citizens, but there are exceptions: persons licensed through MRSs (assuming the other country permits practice by Filipino CPAs), and for employees and consultants of foreign companies.
- In 2009, the Philippines Institute of Certified Public Accountants concluded an MRA framework agreement with several ASEAN countries (Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, Vietnam, Brunei) allowing for foreign CPAs to practice in the Philippines and visa versa.
- Under the ASEAN MRA framework, foreign candidates must meet Filipino educational requirements; pass their home country's CPA exam (or, if there is none, pass the Philippines' exam; then meet a 3 year experience requirement).
- Foreign CPAs admitted to practice in the Philippines will then need to comply with local accountancy laws and ethics requirements, and will need to renew their registration every three years.

VII. Around the regulatory corner

What will we be talking about next year? Already NASBA leadership and several joint task forces are working on important evolving accountancy issues which can include many of the following:

- Whistleblower protection
- Confidentiality of client information
- Return of client records
- Unauthorized foreign audits
- Piling on
- Attest definition
- Mutual Recognition based practice privileges
- Multinational enforcement
- Increased Federal Trade Commission antitrust scrutiny

VIII. Conclusions & Questions

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