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Thank you for allowing Clarke to present at your February 19 meeting! The following pages are the slides from his presentation.

Please keep in mind that Clarke is available to come to your firm to present his Professional Issues Update presentation in one to four hour formats. He truly enjoys meeting with firms and members from across the state and, schedule permitting, is more than happy to accommodate groups of any size.

Also available is our governmental affairs staff, offering presentations on current government issues impacting the CPA profession on both the local and federal level.

As always, these programs are offered at no cost to you or your firm and qualify for CPE credit! For more information or to book your program, please feel free to contact me at [meufinger@ohio-cpa.com](mailto:meufinger@ohio-cpa.com) or 800.686.2727 ext. 372.

Best Regards,

Megan Mattison Eufinger, CAE  
Senior Manager, Customized Training

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**THE ASSOCIATION  
FOR ACCOUNTING ADMINISTRATION**

**KEY ISSUES  
IN THE CPA PROFESSION**

**J. Clarke Price, CAE**

**February 19, 2010**



# What Are The Major Issues?

- Advocacy
- People
- International
- CPA Image
- Economic Recovery
- Managing Change



## **ADVOCACY**

- Federal/State Legislation & Regulation
- HR 3126 – Consumer Financial Protection Act
- SB 80 – Testimonial Privilege for CPAs (Ohio)
- Regulatory Restructuring
- Tax Reform
- Uniformity & CPA Mobility
- Public Policy Issues
- Accountancy Board of Ohio
- IRS Tax Preparer Standards

## **PEOPLE**

- Driving Candidates to the Exam
- Engaging CPA Young CPAs
- Recruiting future CPAs
- Minority Recruiting Initiatives
- PhD Creation & Support
- 150 hour requirement
- Educational Resources
- Revolution in Training

## **INTERNATIONAL**

- International Convergence (IFRS)
- IASB & IFAC
- IFRS for SMEs
- Internationalization of CPA Exam
- CPA vs. CA vs. ACCA – which will prevail

## **COMPETITION & RISK**

- The competitive environment
- The overall risk environment

## **PROFESSIONAL EXCELLENCE & THE PUBLIC INTEREST**

- Fair Value Turmoil
- Enhanced Business Reporting
- XBRL
- Private Company Financial Reporting
- CPA Firm Management Issues
- Online Communities & Specialty Credentials
- Business, Industry & Government
- Audit Quality
- Auditing Standards
- Clarity Project
- Reliability Project
- Audit Committee Effectiveness
- Peer Review
- Professional Ethics
- Ohio Budget Advisory Task Force

## **CPA REPUTATION & IMAGE**

- PR for the Profession

## **FINANCIAL LITERACY**

- Creating financial awareness

## **ECONOMIC RECOVERY**

- What's the outlook?
- How are employers responding?

## **MANAGING CHANGE**

- Is this the new normal?
- Pending departure of Boomers
- Managing across the generations



# Mega Trends for CPAs

- Regulation of the Profession
- Globalization of Business & the CPA Profession
- Technology's Impact on Practice
- Work Force Issues
- Professional Standards Reform
- Renaissance/Revolution in Training
- CHANGE --- The One Constant!



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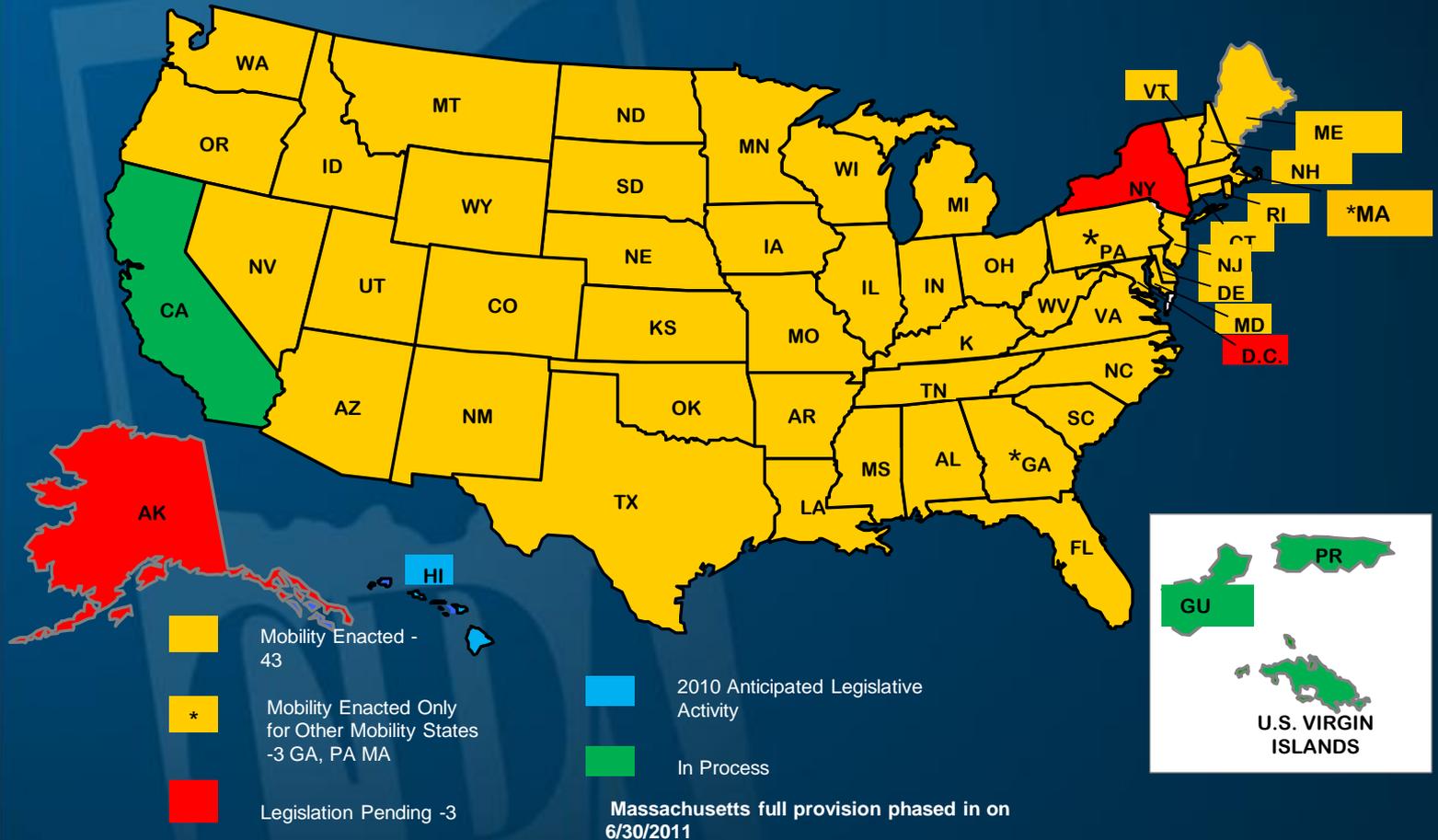
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# Interstate Practice Mobility



# CPA Mobility Activity: 2010





# Interstate Practice Mobility

- Key issues to keep in mind:
- Many states still require firm registration if auditing a company headquartered in the state
- Always check with the local Accountancy Board
- [www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues/Mobility+and+State+Licensing+Issues/](http://www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues/Mobility+and+State+Licensing+Issues/)



# IRS Section 7216

- **Brief History**
  - Only criminal penalty applicable to preparers
  - Prohibits misuse of taxpayer information
  - Regs 1/1/09 required advance written permission for any use other than tax preparation
  - AICPA worked closely with IRS, Treasury and Taxpayer Advocate
  - New guidance in late December 2009 satisfied many of our concerns
  - **Approx 85% success rate on AICPA input**



# IRS Clarifications

- Advance approval not required for:
  - Newsletters – even if:
    - *Written and distributed by unrelated third party*
    - *Filtered by type of client*
  - Disclosure of statistical data of practice
    - *i.e. in practice development activity*
  - Disclosures for
    - *Quality, peer review or conflict reviews*
    - *Professional liability insurance matters*



# Regulation of Tax Return Preparers

- Brief Overview
  - 30% error rates on refundable tax credits
  - Commissioner Shulman announces review
    - Enhance competency
    - Elevate the ethical conduct of paid preparers
  - Panel participation, written testimony, extensive face-to-face meetings



# Regulation of Tax Return Preparers

- Jan 4<sup>th</sup> – IRS released report
- Commissioner announced his intent to implement:
  1. PTIN
  2. Subject to Circular 230
  3. CPE component
  4. Testing
- Phased in implementation – not applicable to 2010 filing season



# Process points – defining the ‘it’

- Commissioner issued “pronouncement” – within his authority
- IRS must issue guidance on implementing – details on how it’s going to work
- AICPA & OSCPA will exercise all options for input and influence



# AICPA Positions

- Support PTIN
- Support Circular 230
- Succeeded in exempting CPAs from education and testing requirements
- Oppose the exam
  - Would create taxpayer confusion



# CPA vs. de facto “Federal authorized tax preparer” requirements

- CPA Requirements
  - College graduate
  - 150 hours of college education
  - 120 hours of CPE every 3 years
- IRS Requirements
  - 18 years old
  - High school graduate
  - 15 hours annual tax continuing education



# Strategy Considerations

- Minimize threat of competing credential that confuses and misleads the public
- Drive implementation solution that supports Cpa practice and the public interest
- Ensure CPAs are not subject to fees used to cover non-CPA testing or education



# Ohio Budget Advisory Task Force Recommendations



# The Issue

- Ohio is no different than a “troubled business”
- Let’s advise the state just as CPAs advise businesses in financial distress
- Task Force of senior-level CPAs created
- “30,000 foot” recommendations in view of limited time for review, urgency of need for adjustments



# Major Themes

- Efficiency and structure
- Cost reductions
- Revenue enhancements
- Strategic planning



# 2010 – 2011 Biennium

- Immediate Action Items:
  - Delay income tax reduction for two years
  - Concurrently:
    - *Explore or implement additional expense controls*



# 2010-2011 Biennium

- Expense controls to consider:
  - Zero-base budgeting and sunset process
  - Paperless technologies
  - Controlling Board expenditures
  - Performance audits
  - Compensation study
  - Consolidation and reorganization



# Revenue Enhancements and Reductions

- OSCPA Tax policy guidelines
- Personal income tax
- Sales/sin taxes
- User fees vs. higher tax base
- CAT
- Privatization/sale of state assets



# School Funding Challenges K-12

- Efficiencies to be gained that don't impact in-classroom instruction
  - Consolidation of districts, services and/or benefits
  - Compensation audit
  - Consistency of policies across state to avoid competition problems



# School Funding Challenges Higher Education

- Implement existing Strategic Plan
- Eliminate capital expenditures during time of fiscal crisis
- Later, fund construction through match of state and endowment dollars
- Adopt single prime contracting to save on construction costs



# Strategic Planning

- Build a Rainy Day Fund in proportion to size of State of Ohio budget
- Adopt long-range financial outlook system
  - Independent body to develop long-term projections and contingency factors that will impact future budget
  - Update annually



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# QUESTIONS?

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