

ADDITIONS TO AGENDA
SOUTH DAKOTA BOARD OF ACCOUNTANCY
BOARD MEETING,
August 12, 2013

A=Action
D=Discussion
I=Information

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NASBA

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**FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY
BOARD COPY**

**Issued Through
August 7, 2013**

Number	Name	Date Issued	Basis/Comments
1608	Kathy Kaski, CPA Hayti, SD	08/07/13	New Firm

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MEMORANDUM

August 7, 2013

To: State Board Chairs and Executive Directors
From: Jefferson Chickering - Chair, Committee on Relations with Member Boards
Re: Focus Questions

Over the last few months, the Committee on Relations with Member Boards has been discussing the usefulness of our Focus Questions. We appreciate the time many Boards have put into responding to our queries and we have found those responses extremely helpful in fashioning NASBA's meetings and policies. However, we have heard that these questions sometimes prove too time consuming. In the future, we will try to more strictly control the number of questions we pose and will forego asking questions when none seem pressing. Our goals have always been to keep the Regional Directors attuned to the views of the State Boards -- and to keep the Boards aware of emerging issues.

We would like to thank you for your enthusiastic participation in the 2013 Regional Meetings and we hope you will be able to join us for the Annual Meeting in Maui. Your continued support helps keep NASBA an organization that responds to its member Boards. Should your Board be unable to send a voting delegate (i.e., current Board member) to the Annual Meeting, please contact Communications Director Thomas Kenny (tkenny@nasba.org) to arrange for a scholarship. We would like to see all Boards represented at the 2013 Annual Meeting.

In the meantime, please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

Jeff Chickering

Central Director – Douglas W. Skiles Phone:

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Great Lakes Director – Kim L. Tredinnick Phone:

Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin

Middle Atlantic Director – Bucky Glover Phone: 704-283-8189 bglover@gotopotter.com

DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia

Mountain Director – Karen F. Turner Phone: 970-351-1216 karen.turner@unco.edu

Colorado, Idaho, Montana, Nevada, Utah, Wyoming

Northeast Director – Jefferson M. Chickering Phone: 603-620-1961 jeffchickering@msn.com

Conn., Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont

Pacific Director – Donald Aubrey Phone:

Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington

Southeast Director – Jimmy E. Burkes Phone: 601-326-7118 jburkes@hrbccpa.com

Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands

Southwest Director – Janice L. Gray Phone: 405-360-5533 ext.103 janiceg@cpagray.com

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

REGIONAL DIRECTORS' FOCUS QUESTIONS

*The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next Board meeting to allow for sufficient time for discussion. **Please send your Board's responses to your Regional Director by October 10, 2013.** Use additional sheets for your responses if needed.*

JURISDICTION _____ **DATE** _____

NAME OF PERSON SUBMITTING FORM _____

1- NASBA continues to work to improve its vetting process so that when it takes a position on a controversial matter it represents our best effort to ascertain what State Boards support. What is the most effective way to communicate matters requiring vetting with your Board?

2- NASBA has taken a position on firm mobility that, if Boards want to adopt it, they should do it in a consistent and uniform fashion. However, NASBA is not advocating that every Board adopt firm mobility, taking into consideration each Board's unique circumstances. Accordingly, the UAA Committee is working on proposed language for a uniform approach to firm mobility. When a UAA exposure draft is ready, is there any additional background information you would like to see that would assist your Board in its consideration of firm mobility?

3- What is happening in your jurisdiction that other Boards and NASBA should know about?

4 - Are there any ways in which NASBA can assist your Board at the present time?

5 - NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- | | |
|--|---|
| <input type="checkbox"/> Input only from Board Chair | <input type="checkbox"/> Input from all Board Members |
| <input type="checkbox"/> Input only from Executive Director | <input type="checkbox"/> Input from some Board Members |
| <input type="checkbox"/> Input only from Board Chair and Executive Director | <input type="checkbox"/> Input from some Board Members and ED |
| <input type="checkbox"/> Input from all Board Members and Executive Director | <input type="checkbox"/> Other (please explain): |

National Association of State Boards of Accountancy, Inc.

**Meeting of the Board of Directors
April 19, 2013 –Terranea Resort, Rancho Palos Verde, CA**

1. Call to Order

A duly scheduled meeting of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Gaylen Hansen at 8:30 a.m. on Friday, April 19, 2013 at the Terranea Resort, in Rancho Palos Verde, CA.

2. Report of Attendance

President Ken Bishop reported the following were present:

Officers

Gaylen R. Hansen, CPA (CO), Chair
Carlos E. Johnson, CPA (OK), Vice Chair
Mark P. Harris, CPA (LA), Past Chair
E. Kent Smoll, CPA (KS), Treasurer, Director-at-Large
Kenneth R. Odom, CPA (AL), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Richard Isserman, CPA (NY)
Raymond N. Johnson, CPA (OR)
Telford A. Lodden, CPA (IA)
Theodore W. Long, Jr., CPA (OH)
Harry O. Parsons, CPA (NV)
Laurie J. Tish, CPA (WA)

Regional Directors

Donald F. Aubrey, CPA (WA), Pacific
Jimmy E. Burkes, CPA (MS), Southeast
Jefferson Chickering, CPA (NH), Northeast
Bucky Glover, CPA (NC), Middle Atlantic
Janice L. Gray, CPA (OK), Southwest
Douglas Skiles, CPA (WA), Central
Karen F. Turner, CPA (CO), Mountain
Kim Tredinnick, CPA (WI), Great Lakes

Executive Directors' Liaison

Nicole Kasin (SD)

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer
Michael R. Bryant, CPA, Senior Vice President and Chief Financial Officer
Louise Dratler Haberman, Vice President - Information and Research
Thomas G. Kenny, Director – Communications
Noel L. Allen, Esq., Legal Counsel
Patricia Hartman, Director – CPA Services

Guest

Leslie J. LaManna, CPA, President, California Board of Accountancy (Afternoon only)

3. Approval of Minutes

Secretary Odom presented the minutes of the Board of Directors' meeting on January 25, 2013. On a motion by Mr. Burkett, seconded by Mr. Parsons, the minutes were approved as presented.

4. Report of the Chair

Chair Hansen (CO) reported the Compensation Committee and the Executive Committee had met on April 18 and neither had taken any action.

NASBA and AICPA leadership held a "Summit Meeting" on February 12, 2013 in Ft. Lauderdale, FL, and agreed to move forward with proposing a change in the definition of "attest" in the Uniform Accountancy Act, Chair Hansen reported. The group also discussed firm mobility and significant concerns that the Boards of Accountancy have about such a change. At the Summit, Ms. Kasin (SD) reported on some concerns the Executive Directors had raised during their meeting in March. Chair Hansen said the NASBA leaders had told the Summit group that while firm mobility could not move forward in all states, some do want to move forward and there is a desire to do so with uniformity.

At the Summit, NASBA leaders also spoke of their concerns about classifying compilation as a non-attest service. There was some discussion of the AICPA's financial reporting standards for private companies, and the AICPA and NASBA leaders agreed to disagree on those, Mr. Hansen reported. NASBA did agree to provide AICPA with a detailed discussion of its concerns about the AICPA's Financial Reporting Framework for Private Companies. That was provided to AICPA Vice President Sue Coffey several weeks ago. The Summit Meeting's participants also discussed the unification of the Canadian profession, the status of mutual recognition agreements, and what the AICPA is doing with its CGMA credential.

Acting upon a recommendation from NASBA President Ken Bishop, Chair Hansen said he is forming a committee of CPA state society executive directors to serve in a liaison role between NASBA, the State Boards and the state societies. This will be a group of 5-7 individuals that will meet several times a year. President Bishop commented that the AICPA has a similar

communications committee made up of executive directors of Boards of Accountancy. NASBA will be talking to the AICPA about this new committee.

Chair Hansen congratulated NASBA Past Chair David Vaudt (IA) for being selected as the new chairman of the Government Accounting Standards Board. Pending their acceptance, Chair Hansen called for a motion that effective May 1, 2013, Ronald E. Nielsen (IA) be appointed as Vice Chair of the Examination Review Board (replacing Mr. Vaudt, who had resigned to take up his GASB post) to accede to be the next ERB Chair, and of Douglas E. Warren (TN) as an ERB member. Mr. Parsons so moved and, with a second from Mr. Lodden, all approved.

Mr. Hansen announced that he, Vice Chair Johnson (OK), President Bishop and Executive Vice President Conrad will meet with the members of the Public Company Accounting Oversight Board on May 1, 2013 in Washington, DC.

Since he had not received any negative comments on the Board's reformatted January agenda, Chair Hansen said he had again scheduled the April meeting in the same fashion. He thanked the Committee chairs and staff for the written summary reports they had sent in and said those Committees that had requested time to orally bring matters to the Board during the April meeting would be heard.

5. Report of the President and Executive Vice President

President Bishop announced that NASBA for the second year in a row had been named as a finalist in the "Nashville – Best in Business" competition. NASBA's Guam testing center had won an award from Prometric based on the results of its secret shopper program. Mr. Bishop also reported he had been named to the Board of Directors of Vanderbilt University's Masters in Accounting Program. He said NASBA has been formalizing its many community investments to reach throughout the organization, including support of staff members' local charitable activities.

Executive Vice President Conrad reported on the Executive Directors and Legal Counsel Conferences held March 3-6 in Tucson, AZ. Department of Labor Chief Accountant Ian Dingwall addressed the meetings and NASBA has been working to re-energize the relationship with the DOL, Ms. Conrad reported. The Legal Counsel Conference had great attendance this year, with more states being represented, she noted.

Edward Howard, senior policy advocate for California's Center for Public Interest Law, met with NASBA's staff in Nashville, President Bishop reported. He asked the CPIL for their assistance in allowing the California Accountancy Board's members to once again attend NASBA meetings.

Vice President Dan Dustin will be meeting with the Accountancy Boards in the District of Columbia, California, Virginia and Montana in the coming months, Ms. Conrad said. Mr. Dustin has been monitoring the responses received from the Boards to the Regional Directors' Focus Questions and is following up on requests for assistance.

The strategic plan is being applied to all of NASBA's operations, President Bishop said. New projects are evaluated to ascertain their alignment with NASBA's mission and strategic plan. The NASBA International Evaluation Service is a great business opportunity for NASBA, President Bishop observed. As of the April meeting, 27 jurisdictions had signed on to use the service and 11 others had expressed a strong interest in doing so. By next year it may contribute more to NASBA's bottom line than former wholly owned subsidiary Professional Credential Services, he stated.

NASBA's candidate performance products are being well received, Ms. Conrad reported. NASBA Director James Suh will speak at the American Accounting Association's Annual Meeting in August and NASBA will have a major booth at that event, she said. Vice Chair Carlos Johnson will also be in attendance at the meeting, where approximately 3,000 professors are expected. Mr. Suh also spoke on the international administration of the Uniform CPA Examination at the APLG (Accounting Program Leadership Group) meeting.

Forty-three jurisdictions are now fully participating in the Accountancy Licensee Database, Ms. Conrad reported. It is not easy for any of the remaining states to join, mainly because they do not have the necessary IT resources available, she stated. There are currently 1,906 sponsors on the NASBA CPE Sponsor Registry, including the AICPA and many state CPA societies. A conference for CPE sponsors is scheduled for September 9-10, 2013. Fields outside accounting requiring the same type of continuing professional education have inquired about using NASBA's expertise for their own registries, and this is being considered, Mr. Bishop said. A pilot program for doing a CPE audit of licensees was carried out with the Missouri Accountancy Board and went well. Another pilot program that will bring in more states is going to be done, Ms. Conrad said.

A consulting firm was called in to look at NASBA's IT resources and they recommended that NASBA go back to having a Chief Technology Officer. Cheryl Farrar, a high power CTO with lots of experience, has been brought in as an interim CTO to implement the recommendations of the consultant's report, Vice President Conrad said. An IT steering group has been created to prioritize the projects NASBA should work on. President Bishop said one of the deliverables of this effort will be a decision on what kind of systems platform is needed.

Also a human resources consultant was engaged and already improvements have been seen in that area, President Bishop said. Lisa Dampf has been promoted to interim Chief Human Resources Officer. A new appraisal and compensation process is being used. Pathways for developing high potential employees at every level of NASBA are being created. Monthly staff directors meetings, to get more synergies among the business units, are being planned, with the first such meeting scheduled for June.

More effort is being put into communications as services are being offered without charge to the State Boards. Fifteen states have requested assistance. NASBA is doing free videos, newsletters, annual reports and brochures in a professional way for the Boards, Ms. Conrad said.

The NASBA Center for the Public Trust falls within NASBA's mission and strategic plan, President Bishop observed. CPT is making good progress with establishing student chapters, 17 to date. There are challenges and they are being looked at seriously, he noted, including the need to increase outside fundraising.

A conference for Peer Review Oversight Committees has been scheduled for July 10 in Nashville and Ms. Conrad asked the NASBA Board to encourage their PROC members to attend. Mr. Bishop stated that Vice President Dan Dustin has reported that some states have advised that they do not have the resources to establish their own PROC and have asked if NASBA could provide PROC services for them. Vice President Dustin is looking into that possibility, Mr. Bishop said.

6. Report of the Nominating Committee

Nominating Committee Chair Mark Harris (LA) reported Walter Davenport (NC) had been selected as the Committee's nominee for NASBA Vice Chair (2013-2014). The Nominating Committee will convene again in Chicago on June 27. Mr. Harris said the Committee is sending a recommendation to the Bylaws Committee that a NASBA Past Chair should not be able to be either a member or alternate member of the Nominating Committee. The group supported bringing fresh faces into the Nominating Committee.

Mr. Isserman (NY) suggested the NASBA Board discuss that recommendation prior to its going to the Bylaws Committee, so that they do not waste time working on a recommendation that the Board would not approve for exposure. Chair Hansen asked the Board to discuss the recommendation now.

The Nominating Committee's recommendation was made to avoid the appearance that NASBA is working as an "Old Boys Network," Mr. Bishop said. Ms. Tish (WA) said she had served on the Nominating Committee and the experience of the former NASBA officers is important because they know many people involved in NASBA and they understand the role the NASBA Board plays. Older members introduce newer members to others and she did not think the older members should be taken out of the pool as potential Nominating Committee members. She felt the Regions should decide for themselves whether or not the past officers represented them well on the Nominating Committee. Mr. Glover (NC) agreed that the experience of Past Chairs should not be disregarded.

Vice Chair Johnson agreed that the Nominating Committee should be able to utilize the abilities of former NASBA Chairs. He said the Bylaws are constructed to not allow NASBA to be a good old boys network.

Mr. Isserman said the control is the Regions pick their own representatives to the Nominating Committee and that is working well now. Ray Johnson (OR) agreed that the Regions have thoughtful people and the system is working.

Mr. Parsons (NV) noted that a Nominating Committee has the ability to turn around the way an organization is going.

Chair Hansen said he did not hear overwhelming support for the Bylaws Committee creating a prohibition of Past Chairs serving as members or alternates to the Nominating Committee.

7. Report from the Director of Client Services

NASBA Client Services Director Patricia Hartman presented an overview of the services provided by her department. Ms. Hartman is in charge of CPAES, NCD, Licensing, Candidate Care and Accommodations, including 52 employees with nine managers.

Recent activities for the Client Services Department included: handling the closing of all the testing centers in Boston in response to the shooting; bringing all testing into compliance with the new Americans with Disabilities Act's requirements; introducing self-scheduling on-line for candidates; moving all applications on-line for Puerto Rico in January; speaking on campuses and creating webinars and videos; rescheduling candidates because of storms; and cross-training staff so everyone in the department can work with other roles. In addition, the department is coordinating its work with the Communications Department and the Human Resources Department.

Six more countries have been added to the list of those where the Uniform CPA Examination is being offered and talks are in progress with Germany, to introduce the Uniform CPA Examination into the European market, Ms. Hartman reported. Over 2,000 testing events occurred internationally this quarter, as IQEX is now the Regulations section of the Uniform CPA Examination, Ms. Hartman said. Candidates are interested in using NASBA's international transcript evaluation services, which allows transcripts to be reviewed in about four days, as opposed to the months it used to take, she noted.

Chair Hansen commented that it is a pleasure to work with Ms. Hartman as she is always quick to say, "I can help."

8. Report of the Administration and Finance Committee

Treasurer Smoll (KS) reported the Administration and Finance Committee had received management's updated projection of \$1.1 million for NASBA's operating excess, before investments, this fiscal year. That is \$100,000 greater than the January meeting projection and the overall net increase to unrestricted net assets with investment income at the budgeted amount of \$800,000 is projected at \$1.9 million. This would result in unrestricted net assets of \$31.1 million at the end of fiscal 2013. Senior Vice President and Chief Financial Officer Bryant said this year NASBA expects a \$6.4 million contribution, to produce mission-focused activity expenditures of \$5.3 million (up from \$4.8 million last year).

The A&F – Investment Committee met on April 17, 2013 with NASBA's longtime investment adviser, Jim Meek, Mr. Smoll reported. For calendar year ended December 31, 2012 NASBA had received a 12 ½% return, net of fees, on its portfolio of long-term investments.

This return was approximately 100 basis points above the composite benchmark used to evaluate the portfolio's performance. The investment adviser met with the full A&F Committee at their meeting on April 18.

NASBA was informed by the landlord of NASBA's New York City office that it needs to have the entire 17th floor of 12 East 49th Street; consequently, under the provisions of the lease, the landlord is moving the NASBA office to the 12th floor, where it is required to provide a comparable office buildout. The landlord will be responsible for all costs of the relocation, and it is anticipated that the NASBA employees are to leave the office on the 17th floor on a Friday in August and come back to work on the following Monday on the 12th floor.

In Nashville, NASBA now occupies three non-contiguous floors in the "One Nashville Place" headquarters building, with a lease that runs until 2017. Mr. Bryant reported that working with the architect and consultant of the tenant representation firm, staff is involved in a "workplace visioning" project. This begins with determining how the various departments within the organization work toward the mission of NASBA, and what space requirements and configurations most effectively support that work. Mr. Bryant said some preliminary results from the workplace visioning project include more collaborative work areas, more utilization of natural light, and larger break room areas for employees to eat lunch in the office. The employees have expressed positive feedback at having been engaged in this preliminary planning process. Director-at-Large Lodden (IA) suggested that a bigger conference room space be included in the plan as well.

Mr. Bryant reported that NASBA's IRS Form 990 for fiscal 2012 had been circulated to the Board members for review, and the comments received back from Board members were discussed with management, Treasurer Smoll and Chair Hansen. Overall there were minimal changes, he reported. On a motion by Mr. Burkett, seconded by Mr. Lodden, the Board approved the Form 990 for filing with the IRS.

9. Report of the Uniform Accountancy Act Committee

UAA Committee Chair Odom (AL) reported that the task force had agreed upon language for redefining "attest," when significant changes were introduced by AICPA Vice President Chuck Landes in February. This made it necessary for the language to go back to the task force. The UAA Committee now hopes to have an agreed upon definition of "attest" by the first week of May. Chair Hansen explained that the language needs to be resolved by the NASBA/AICPA task force, then agreed to by the joint UAA Committee, and then approved by both the NASBA and AICPA Boards of Directors to be released as an exposure draft.

Changes to the UAA to provide for firm mobility are also being worked on by a joint task force, Mr. Odom said. By the end of May they hope to have that language developed too, he said. He commented that he has reservations about sending out both the change in the "attest" definition and the firm mobility provisions in the same exposure draft; however, he sees the firm mobility effort as being fast moving.

President Bishop recalled that at the February AICPA/NASBA summit meeting it was thought that the UAA Committee was close to a definition of “attest” and that it would have come up for a vote for exposure at this meeting of the NASBA Board. There was discussion that a special May conference call for the Board of Directors would integrate the work on mobility.

Mr. Odom said he was concerned that Boards should not feel they have to make an either/or decision if a single combined exposure draft is released. Boards need to clearly see they may adopt the change in attest, and then may opt for firm mobility at a later time. He asked for guidance on what was expected from the Committee. What is to ultimately be placed in the UAA?

Chair Hansen said the confusion arises because some states already have firm mobility and some states do not. President Bishop said the UAA should provide uniform language for state interested in adopting firm mobility, even if all the states do not adopt it; just as the UAA says 150 hours of education must be required to take the Uniform CPA Examination, and many states do not require the 150 until licensure.

Ms. Kasin asked if the exposure draft is released with the mobility language and 35 states do not support firm mobility, should it be in the UAA? Mr. Odom said ultimately the UAA Committee will determine how to change the UAA, but it needs the feedback from the states.

Ms. Tish asked if firm mobility was going to be discussed by the NASBA Board. Before the UAA Committee goes to the trouble of finishing its work on mobility, it should not be shot down by the NASBA Board. She asked for an initial discussion by the Board.

Chair Hansen said this is not a one or the other answer. It is good to understand what firm mobility is about.

President Bishop observed that firm mobility already exists, as some states have taken different pathways and have it in place. When individual mobility was promoted, NASBA representatives had promised states that firm mobility would be revisited in the future.

Ms. Tish said she did not know NASBA’s viewpoint on what firm mobility is. She did not know what should go into the UAA and she believes there are different ways it could be implemented. Mr. Isserman said the topic is not appropriate for a telephone conversation and should be discussed at a full meeting of the Board of Directors. He argued that it is more important to get the concept right, even if that means missing a legislative session. He suggested that the UAA Committee should first go forward with the redefinition of “attest.”

Vice Chair Johnson said the two issues are not married to each other. AICPA had exposed the redefinition of “attest” at their spring regional meetings and had encountered no pushback.

President Bishop told the Board that it was NASBA that had suggested to the AICPA that it was time to go back to discuss firm mobility, based on requests from State Boards. Chair Hansen said, “We have to spend time with the UAA Committee.”

Mr. Allen said that the UAA Committee does not want to come out with a definition of “attest” that would need to change again to permit firm mobility. He believes there is a pathway

for doing that which could be put in an exposure draft. First the “attest” definition could be adopted and then later the firm mobility provisions could be adopted.

10. Report of the Committee on Relations with Member Boards

Committee Chair Chickering reported that at their April 18 meeting, Ms. Kasin had said that at the Executive Directors conference, the Executive Directors had voiced their lack of support for the Regional Directors’ Focus Questions. Consequently, the Committee on Relations with Member Boards discussed the relevance of the Focus Questions, if the timing and delivery should be changed, perhaps to only pose the Questions when a key issue comes up. He asked the Board to consider what should be done with the Focus Questions.

President Bishop said the responses to the Questions are sent to Vice President – Relations with Member Boards Dan Dustin and to Director of Legislative Affairs John Johnson to review for needed responses or other actions. Ms. Gray said the Regional Directors would like to be informed how NASBA responds to the issues States raise in their answers to the Questions. Dr. Ray Johnson said as a NASBA Board member he found the responses to the Focus Questions really helpful in giving him a landscape view of the states’ activities. Mr. Lodden agreed that the Focus Questions serve as an important link to the State Boards, though they may not be a perfect link. They need to be an interactive process that reaches out to the State Boards’ members. Mr. Isserman supported the process, but felt that perhaps there should be fewer questions and questions only posed when they needed to be asked, perhaps not every quarter. He suggested the Regional Directors ask those attending the Regional Meetings how they feel about the Focus Questions. In the Central Region, Mr. Lodden said they had been following up Focus Questions with a regional conference call, but that had not been done frequently in other regions.

Mr. Chickering pointed out that based on recommendations of the Regional Directors, the 2013 June Regional Meetings will include additional breakout time for the regions. Also, at the Regional Directors’ suggestion, the script for the Orientation Session’s “Not Quite Masterpiece Theater” has been revised and updated by Mr. Allen.

11. Report of the Enforcement Resource Committee

Committee Chair Parsons reported the investigator/expert witness pools have been launched, and changes are being made to the portals to make it easier for the Boards to access the pools. An investigator training series, using Brainshark, has also been made available on the NASBA Web site. The Enforcement Resources Guide is being updated, as states are providing additional information.

AuditAnalytics is a fantastic tool, Mr. Parsons said, and Boards are being sent sample reports generated by the program to see if information could be developed to specifically meet their needs. He observed that it is an expensive program to use and the Committee wants to see if the Boards will find it useful.

12. Report of the Ethics and Professional Issues Committee

Ethics Committee Chair Ray Johnson called the Board's attention to the April 15, 2013 letter from the Committee about the AICPA's new codification of its Code of Professional Conduct. He explained that many State Boards' rules have the look and feel of the existing Code of Professional Conduct; however, the codification sets up separate sections for those in public practice and those in business. The codification also adopts a threats and safeguards approach to conduct when there are no specific rules. The Ethics Committee is trying to make the Boards aware of the codification so that thoughtful comments can be submitted. The Ethics Committee is welcoming comments from all. The AICPA hopes to have a finalized code that would be effective by the end of 2014.

There had been some discussion by the NASBA Ethics Committee of suggesting that the Uniform Accountancy Act contain a rule that basically states: "The Board adopts the AICPA Code of Professional Conduct with the exception of...., or the addition of....." However, that might not be worth considering until the codification is concluded, Dr. Johnson said. The idea is to be respectful and not to override the states' rules, but not to force the states to rewrite their rules, he said. Mr. Glover commented that such a rule would step up the need for NASBA to respond to PEEC's exposure drafts.

Mr. Tredinnick (WI) reported that the Wisconsin Board had adopted a project called "write the rules." He had proposed to the Wisconsin Board that they adopt the AICPA's rules instead of rewriting everything to mirror whatever the AICPA does. He maintains it is beneficial to align the states' rules with the AICPA's.

Chair Hansen pointed out that there was a State Board task force working with the AICPA's codification process. He said that in Colorado he had been an advocate of his Board adopting the AICPA's Code and then making alterations where necessary. NASBA has told the AICPA that the Code needs to be archived so that State Boards can hold a date to which the licensees can be held accountable.

13. Report of the Education Committee

Education Committee Chair Karen Turner (CO) pointed out to the Board that their agenda material contained three abstracts of the top three research projects submitted to the NASBA Accounting Education Research Grant Program. The Committee is proposing to grant \$24,900 in total this year to these projects. These three studies cover: profit vs. not for profit college students, gender influence on CPA Examination, gender and model accounting curriculum.

Mr. Aubrey (WA) questioned if funding a study that might find gender bias would create the basis for a law suit. Mr. Allen saw no problem in collecting data and being sensitive to whatever the findings might be. President Bishop said there should be some restrictions in the contracts with the researchers as to the use and release of data and information. Dr. Turner noted that the information already produced by NASBA is in the candidate publications and the research would simply be reporting on that information. She assured the Board that Alfonzo Alexander, who serves as the Education Committee's staff liaison, is working with NASBA's attorneys on drafting the contracts.

Mr. Parsons moved to approve the proposed grants. Mr. Tredinnick seconded. The Board members continued to question the usefulness of the gender related research. Dr. Turner said more women take the Uniform CPA Examination and more men pass it. The question is: What is the reason for this difference? While accounting used to be male-dominated, now 60 percent of the students in accounting classes are women. Dr. Turner said the most important factor on approving the research is if it would be helpful to State Boards.

Questions were raised about whether the AICPA had researched this issue. Ms. Conrad said she would check with the AICPA.

The motion was approved.

14. Board Discussion - Titles and Credentials

Executive Vice President Conrad outlined several events related to titles and credentials:

(a) Canada is merging its CAs, CMAs and CGAs and using the title "chartered professional accountant" or CPA-Canada. This is being accepted province by province. Some chartered accountants are already living and working in the U.S., as has been discussed with the Association of Chartered Accountants in the U.S. (ACAUS). Japan and Australia already have a CPA credential.

(b) The ACCA has joined with the IMA in the United States to allow the members of each of the organizations to qualify for the other's credential. ACCA has requirements that are less robust than the CPA's and they are very active in China and other countries.

(c) AICPA has joined with the CMA in Europe and to offer the CGMA to both organizations' members and others. NASBA had believed someone would need to be a licensed CPA to be a CGMA in the United States. However, the AICPA is also ready to award the CGMA to those who meet the CPA's requirements even if they are not licensed as a CPA. A

NASBA Quick Poll of the State Boards found 18 of the 27 states responding indicated the use of the CGMA title by non-licensed CPAs would not be permitted in their state.

President Bishop said the AICPA had been told that NASBA would conduct this Quick Poll. According to the AICPA's research, most states do not protect the word "accountant," but according to NASBA's most do. According to AICPA leadership, the State Boards are only really regulating auditing. Mr. Allen said that his research found the single most litigated issue for State Boards is protection of the title. He observed that if a non-CPA is using the title CGMA, that is a potentially litigious issue.

It was announced at the fall 2012 AICPA Council meeting that there were over 36,000 CGMAs in the United States, Chair Hansen recalled.

Several of the Board members voiced concern about the CPAs coming from Canada being a public protection issue for the U.S. President Bishop said he did not think Canadian CPAs would knowingly come into the United States and claim to be U.S. CPAs. He thought the states' attorneys general might have opinions on this topic. He also suggested that NASBA could re-introduce language that is already in the Uniform Accountancy Act that addresses this situation by requiring disclosure of the country from which the designation is obtained.

The question was raised of what could happen if someone has his license revoked, so he is no longer under the regulation of the State Board, but continues to offer services as a CGMA. It was suggested that the credential issue be discussed during the Regional Meeting's Regional Breakout Sessions.

15. Board Discussion - Private Company Reporting Standards

Mr. Odom had attended the February 12 meeting of the Private Company Council in Norwalk, CT. He summarized the action taken at that meeting, including the first three recommendations the PCC is working on to present to the Financial Accounting Standards Board. The PCC is working on what the Financial Accounting Foundation asked them to do and it will take time, Mr. Odom observed.

Chair Hansen said that the January NASBA Board's resolution, about the AICPA's proposed Financial Reporting Framework for Small and Medium-Sized Entities, had been sent to the AICPA and it was discussed at the February NASBA/AICPA Summit Meeting. At that time the AICPA asked for a more detailed explanation of NASBA's objections to the AICPA's proposed Framework. Chair Hansen had worked with Executive Vice President Conrad on a memorandum detailing the objections, which was delivered in March to AICPA Vice President Sue Coffey and it was to be discussed with the AICPA's FRF task force.

As a member of the AICPA's FRF task force, Mr. Odom was on a call on April 16 when that memorandum was discussed. He reported that the task force members took exception to everything that was stated in the memorandum. This week the task force is supposed to get a final draft of the FRF for a final flaw review. Mr. Odom said in early June the final product is to

be released. The task force had decided no reissuance is necessary. As the AICPA says this document is non-authoritative, they believe it does not have to be reviewed, Mr. Odom reported.

Ms. Conrad said Ms. Coffey had told her the AICPA plans to indicate the FRF is an OCBOA and does not intend to provide further refinement of the definition of SMEs. Chair Hansen said that NASBA's letter made a point that if users do not have access to information from management, then the use of the FRF should be restricted.

Mr. Isserman said State Boards need to consider if a new OCBOA is in the interest of their constituency. Mr. Odom said the AICPA claims the FRF was market-driven, not driven by the AICPA. He questioned if they had research to prove that claim. He has many clients who use OCBOAs, but he did not see it would make sense to take them off the cash basis they are now using. Dr. Turner thought the public would not understand this new basis. Mr. Burkes (MS) said he did not think NASBA could do anything to stop the AICPA's release of the FRF, but the State Boards do need to do something to address it. Several other Board members agreed with him.

Chair Hansen said this would be another subject to be discussed at the Regional Breakouts during the Regional Meetings. Something like the detailed memorandum sent to the AICPA should be given to the State Boards. Mr. Isserman suggested something needed to be done before the Regional Meetings, as this project is moving too fast to wait. Dr. Ray Johnson suggested NASBA draft a rule on acceptable accounting standards to be discussed at the Regional Meetings and Mr. Isserman agreed.

President Bishop said that he thought ultimately a rule could be drafted, but guidance could be presented to the State Boards on how they could look at non-authoritative standards. Legal counsel believes there is statutory authority for the states to promulgate such rules.

Ms. Conrad noted that the AICPA is already going to the large banks to have the use of this OCBOA written into their loan agreements.

Mr. Chickering recommended that during the breakout session following the PCC update at the Regional Meetings that the FRF concerns be discussed. President Hansen agreed that they should be discussed in-depth at the Regionals. President Bishop thought the Regionals might be too late in the process.

Mr. Lodden suggested that legal counsel work on some suggestions for a course of action. Following a break, Mr. Lodden presented the following motion, as drafted by Mr. Allen, that was seconded by Mr. Burkett (SC):

"Whereas, Sarbanes Oxley Section 209 provides that state regulatory authorities "In supervising nonregistered public accounting firms and their associated persons" ...are to "make an independent determination of the proper standards applicable ..., " and,

"Whereas, the Uniform Accountancy Act and various states' accountancy statutes authorize Boards of Accountancy to "take all action that is necessary and proper" and to "adopt rules governing its administration and enforcement of this Act and the conduct of licensees" in order to protect the public.

"The NASBA Board of Directors Therefore Resolves that:

“1. NASBA leaders have, and will continue to communicate to Boards of Accountancy our concerns about the public protection implications of the issuance of any “other comprehensive bases of accounting”; and

“2. NASBA’s leadership will develop an appropriate Model Rule guidance for Boards of Accountancy to be able to control what is deemed to be accepted as an “other comprehensive basis of accounting” issued by any non-authoritative body, to be presented at NASBA’s 2013 Regional meetings.”

All approved the resolution.

16. Board Discussion – Standard Setting

Chair Hansen told the Board that Andrew Chambers talks about “regulatory capture,” that sees any profession starting out as self-regulating and then evolving so that the trade organization takes care of its members rather than the public. Who are the professional practice standard setters and what is the role of NASBA and the Boards of Accountancy in standard setting?

In the public sector standard setting – authority is rooted in laws, Mr. Hansen explained, including those set by the SEC, PCAOB, GAO, DOL, Boards of Accountancy, FASB and GASB. In the private sector standard setting and authority is based on wide acceptance – AICPA, IASB and IFAC. Only the Auditing Standards Board is directly referred to in UAA, Mr. Hansen noted.

With IFAC there is not any NASBA representation, but on the AICPA senior committees there is. IFAC’s board is subject to the Public Interest Oversight Board. IFAC has a totally independent monitoring group that also monitors IASB. IFAC’s Consultative Advisory Groups and Strategic Planning Group are open to public. On May 18, 2008 the AICPA adopted IASB without public comment, Mr. Hansen underscored.

He asked the Board: “What role should NASBA play in long-term standard setting objectives? How important are professional standards? Is IFAC an alternative? Long-term that question will be asked more frequently. Is the status quo okay? Should this be an open or closed process?”

Asked if he thought NASBA’s relationship with the AICPA was breaking down, Mr. Hansen said he believes NASBA has a very good relationship with the AICPA, but it could be improved. The Board members agreed that the State Boards and NASBA should be more proactive in standard setting. Mr. Aubrey suggested that strategic planning committee should be established to see what is happening five years from now in standards setting. Chair Hansen agreed that he would like to establish a 4-5 member committee to consider this. He said he did not know what their final recommendation would be on the structural problem that exists, but he questioned how many more disagreements could arise before the current relationships with the profession are eaten up.

17. Report on ARSC Proposals

Southwest Regional Director Gray (OK), who serves as a member of the AICPA's Accounting and Review Services Committee, reported the ARSC Compilation Clarity Task Force met on March 28. They have determined that compilation, or preparation, is not an assurance service and so independence is not required. Nothing precludes the CPA from saying whether or not the CPA is independent, but the compilation is the responsibility of management. ARSC hopes to approve an exposure draft May 12-20 and then have a 120-day comment period. Chas McElroy, the Task Force chair, will speak at NASBA's Western Regional Meeting and the Michael Brand, ARSC chair will speak at NASBA's Eastern Regional Meetings and are expected to go through the exposure draft's details in their presentations, Ms. Gray reported.

Chair Hansen said he had a concern about the independence matter and Ms. Gray responded that she had told ARSC there were several issues in the proposal with which the State Boards may have a problem. Compilations were never intended to be an assurance service, but bankers still place reliance on them, she observed.

18. Next Meeting

The next meeting of the NASBA Board of Directors will be held in Park City, Utah, on July 24, Chair Hansen announced.

19. Adjournment

On a motion by Mr. Burkett, seconded by Mr. Parsons, the Board voted to adjourn at 4:23 p.m.

National Association of State Boards of Accountancy, Inc.

**Conference Call of the Board of Directors
June 17, 2013 – Noon Eastern Time**

1. Call to Order

A special conference call of the Board of Directors of the National Association of State Boards of Accountancy was called to order by Chair Gaylen Hansen at noon on Monday, June 17, 2013. The following were on the call:

Officers

Gaylen R. Hansen, CPA (CO), Chair
Carlos E. Johnson, CPA (OK), Vice Chair
Mark P. Harris, CPA (LA), Past Chair
E. Kent Smoll, CPA (KS), Treasurer, Director-at-Large
Kenneth R. Odom, CPA (AL), Secretary, Director-at-Large

Directors-at-Large

Donald H. Burkett, CPA (SC)
Richard Isserman, CPA (NY)
Raymond N. Johnson, CPA (OR)
Telford A. Lodden, CPA (IA)
Theodore W. Long, Jr., CPA (OH)
Harry O. Parsons, CPA (NV)
Laurie J. Tish, CPA (WA)

Regional Directors

Donald F. Aubrey, CPA (WA), Pacific
Jimmy E. Burkes, CPA (MS), Southeast
Bucky Glover, CPA (NC), Middle Atlantic
Janice L. Gray, CPA (OK), Southwest
Douglas Skiles, CPA (WA), Central
Kim Tredinnick, CPA (WI), Great Lakes

Executive Directors' Liaison

Nicole Kasin (SD)

Absent

Jefferson Chickering, CPA (NH), Northeast Regional Director
Karen F. Turner, CPA (CO), Mountain Regional Director

Staff

Ken L. Bishop, President and Chief Executive Officer
Colleen K. Conrad, CPA, Executive Vice President and Chief Operating Officer

Louise Dratler Haberman, Vice President - Information and Research
Noel L. Allen, Esq., Legal Counsel

3. Proposed Changes to UAA

Chair Hansen reported that on June 12 the NASBA/AICPA Uniform Accountancy Act Committee had met and voted to make a recommendation to the NASBA and AICPA Boards of Directors that the revised definition of “attest” and related changes (as distributed to the Board in advance of this call) be released as an exposure draft.

UAA Committee Chair Odom explained that item 5 had been added to UAA Section 3(b) to cover all SSAEs other than the ones covered in 3(b)(3). He said it makes sense to him that all services done under attestation engagement standards should be covered under the definition of “attest.” The commentary identifies when a firm would need to register to provide services identified as attest service. These services would still be limited to licensees. The impetus for this change was the Auditing Standards Board’s moving the SAS 70 engagements to SSAEs, he commented. In addition, there are other services now being done under SSAEs that the UAA Committee believes should be classified as attest services.

Chair Hansen noted that with the addition of item 5 there appears to be an overlap with item 3, but he said that was done to accommodate certain state rules. Mr. Odom said that point had been given considerable discussion by the UAA Committee, but there has been commitment from the AICPA that the Committee will continue to work on the language during the exposure period. Mr. Odom said no change would be finalized that would prevent firm mobility.

Ms. Tish moved to approve the definition of “attest” as recommended. Mr. Smoll seconded.

Mr. Isserman asked if the Board was also looking at the revised definition of “report” that is included in the recommended language from the UAA Committee. He pointed out the language is wrong as there is no “assurance” in compilations. Ms. Gray asked if the definition of “report” is seeking to break out compilation.

Vice Chair Johnson said changes could be offered during the exposure period. Mr. Allen reminded the Board that they were only voting to release the draft for exposure and assured them that substantive questions are going to be raised during the exposure period. He observed the definition of “report” might be difficult to explain to a judge.

Mr. Allen asked Chair Hansen if he wanted the entire package of recommended changes to be exposed or just the “attest” definition. Chair Hansen said he thought the entire package should be exposed – including changes to UAA Sections 7 and 14, as proposed by the UAA Committee. Ms. Tish then amended her motion to cover all of the changes recommended by the UAA Committee, and Mr. Smoll seconded.

Mr. Harris asked why this call was being held on June 17 and not after the Eastern Regional Meeting? Vice Chair Johnson said the AICPA had committed that they would be holding a similar conference call. Chair Hansen noted this is for release as an exposure draft and should not be considered final language in any respect.

Chair Hansen asked for all those in favor of the motion to so indicate. Then he asked to hear from those opposed. Hearing no opposition, the motion was carried.

4. Firm Mobility

On June 19 the NASBA/AICPA UAA Committee’s Task Force on Firm Mobility will meet in Durham to develop language that will tie mobility to the “attest” exposure draft, President Bishop said. If that occurs, and then the NASBA/AICPA UAA Committee concurs, then the NASBA Board of Directors will need to have another conference call, President Bishop said. Mr. Odom said the AICPA is optimistic that language will be agreed to at the June 19th meeting. He said that at the Western Regional

Meeting some opposition was raised to firm mobility. He assured the NASBA Board that language will not be expedited that is not proper for NASBA's constituents. Mr. Odom said that while the AICPA has said they might hold up finalizing language on "attest" until firm mobility language is ready, he believes firm mobility language may take longer and there will be two documents. Firm mobility language cannot be determined until comments on the "attest" definition have been received and considered by the joint UAA Committee, he told the NASBA Board.

5. Financial Reporting Framework

Chair Hansen discussed the press release sent out by NASBA on June 13. He said NASBA sent out the press release because there was no alternative as AICPA had not responded to NASBA's request to set aside or withdraw its Financial Reporting Framework for small and medium-sized entities. It is a matter of non-authoritative frameworks and who has the authority to issue them, Chair Hansen stated. NASBA's theme is public protection.

President Bishop reported he had just been on a call with the State CPA Society representatives on the new NASBA Committee – and none had backed off being on the Committee. He reported there had been some misinterpretation of the June 13 press release. They were critical of some of the passionate terms being used, but Mr. Bishop said NASBA is passionate about its position: The PCC should be the source of those changes for the small and medium-size entities, plus the laundry list of specific concerns NASBA detailed for the AICPA. Wyoming had already asked for someone from NASBA to come to speak to their Board about NASBA's position.

AICPA should be equally concerned that anyone can come up with a framework, President Bishop. He told the Board to anticipate questions about the Framework will come up at the Eastern Regional Meeting. Chair Hansen noted that for decades there was a requirement that if you use an OCBOD you need to have substantial support; however, that requirement for support was done away with. Vice Chair Johnson reported AICPA Vice Chair Bill Balhoff had the previous week shown slides on the Financial Reporting Framework to the Oklahoma CPA Society.

Mr. Isserman asked who should be determining if OCBOA is generally accepted? Should the State Boards allow anyone to do it? Mr. Hansen said AICPA President Barry Melancon believes the market should choose. Mr. Isserman responded that was why the AICPA lost the ability to set accounting standards in 10973.

6. Adjournment

On a motion by Vice Chair Johnson, seconded by Mr. Burkett, the call was adjourned.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

Highlights of the Board of Directors Meeting

July 26, 2013 – Park City, UT

At a duly called meeting of the Board of Directors of the National Association of State Boards of Accountancy, Inc. held on Friday, July 26, 2013 at the Stein Eriksen Lodge in Park City, Utah, the Board took the following actions:

□ Approved the Awards Committee's recommendations: Diane M. Rubin (CA) will be the recipient of the 2013 William H. Van Rensselaer Public Service Award; Andrew L. DuBoff (NJ) will be the recipient of the 2013 NASBA Distinguished Service Award; and Richard C. Sweeney in (WA) will be the recipient of the 2013 Lorraine P. Sachs Award for Executive Directors. The awards will be presented at the 2013 Annual Business Meeting in October.

□ Accepted the slate of NASBA 2013-2014 officers and directors selected by the Nominating Committee as presented by Nominating Committee Chair Mark Harris (LA). The election of officers and directors will be held at the Annual Business Meeting.

□ Approved the distribution to the member Boards of the proposed Bylaws changes, as presented by Bylaws Committee Chair Jim Burkes (MS). The changes will be voted on at the Annual Business Meeting.

□ Received a report from Chair Gaylen R. Hansen (CO) on NASBA's monitoring of the Private Company Council's work. He had attended the PCC's fourth meeting, held in July, and concluded the PCC is making good progress, having already exposed four changes to GAAP for the Financial Accounting Standards Board's consideration and has also finalized the "Private Company Decision-Making Framework."

□ Heard a report from Chair Hansen and NASBA President Ken L. Bishop on recent discussions with the AICPA regarding the June issuance of their non-authoritative Financial Reporting Framework for Small and Medium-Sized Entities (FRF-SME), including the AICPA's pledge to address public protection concerns expressed by NASBA and others.

□ Approved the FY 2014 NASBA operating and capital budgets, and proposed changes to the investment policy, as presented by Administration and Finance Committee Chair E. Kent Smoll (KS).

□ Approved a memorandum of understanding between the New Zealand Institute of Chartered Accountants and the U.S. International Qualifications Appraisal Board. As presented by IQAB Chair Telford A. Lodden (IA), the MOU extends the existing mutual recognition agreement until December 31, 2016 to allow the parties sufficient time to conduct an assessment of the NZICA's new program.

□ Heard from NASBA President Ken L. Bishop that 48 states had been represented at the 2013 Regional Meetings held in June. In addition, there were 42 student leaders in attendance at the Center for the Public Trust's conference, held in conjunction with the Eastern Regional Meeting in Chicago. Mr. Bishop noted states that had been absent from recent meetings were represented, which he credited to Vice President Daniel Dustin's outreach efforts to the Boards.

□ Authorized the President and Chair to execute three examination contract documents in terms of what was described by Executive Vice President and Chief Operating Officer Colleen Conrad Clark. One is a two-party agreement between NASBA and the AICPA on the international administration of the Uniform CPA Examination to expire in 2024, a second is a three-party agreement converting a pilot agreement to a permanent one among the AICPA, NASBA and Prometric to expire in 2019 with the possibility of another five-year extension, and the third is an amendment to the existing three-party AICPA, NASBA, Prometric agreement on the domestic examination.

□ Received a report from Chair Hansen on the first meeting of the Standards Setting Study Group he had recently created, including himself, Donald H. Burkett (SC), Walter C. Davenport (NC), Raymond N. Johnson (OR), Harry O. Parsons (NV) and Laurie J. Tish (WA), plus President Ken L. Bishop, Executive Vice President Colleen Conrad Clark and Legal Counsel Noel L. Allen. The Group's charge is to: "Provide recommendations for setting professional practice standards for all entities other than those that are publicly traded. Also, to address various options Boards of Accountancy have as to the breadth and depth of their involvement in establishing standards."

□ Were introduced to NASBA's new Chief Information Officer Cheryl Farrar who explained the mission of NASBA's IT department is to "build and maintain quality systems and infrastructure that are supportable, sustainable, user-friendly, scalable and cost effective to support NASBA's business strategy and mission." An IT steering committee including the directors of five NASBA departments, and three IT department representatives, has been created to review IT requests.

□ Approved proposed Bylaws changes for the Center for the Public Trust, as presented by President Bishop. These will be presented to the CPT's Board of Directors for adoption.

□ Received a report from Uniform Accountancy Act Committee Chair Kenneth Odom (AL) that the exposure draft revising the definition of "attest" in the UAA has been sent out to the Boards and posted on the NASBA Web site. The comment period will end on October 17, 2013. Mr. Odom encouraged the Board members, NASBA committees and others to review the document and send him their comments.

The next meeting of the Board of Directors will be held on October 25, 2013 in Maui, Hawaii.

Distribution: State Board Chairs/President, Members and Executive Directors, NASBA Board of Directors, Committee Chairs and Staff Directors