

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

**SPRING MEETING OF COUNCIL  
MAY 17-19, 2015  
WASHINGTON, DC**

**MINUTES OF MEETING**

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A meeting of the Council of the American Institute of Certified Public Accountants convened at 2:36PM Sunday, May 17, 2015, at the JW Marriott Hotel in Washington, DC.

Tommye Barie, Chair of the Board, presided.

### **Attendance**

A record of attendance for the Council is listed in **Appendix A** in the official minute records of the AICPA.

### **Sunday, May 17, 2015**

### **Welcome and Opening Remarks by the Chair of the AICPA Board of Directors**

Tommye Barie, Chair of the Board, began by welcoming everyone to the AICPA's 2015 Spring Meeting of Council. The Chair declared a quorum to be present, outlined the agenda for the meeting and moved to the first agenda item.

### **Election to Fill Board of Directors' Vacancies**

Ms. Barie announced the nominees selected to fill two Board vacancies.

Ms. Barie announced the appointment of J. Michael Kirkland of New York to fill the unexpired term of Dave Moynihan following his untimely passing. Upon a motion duly made and seconded, the members of Council approved the election of Mr. Kirkland to fill the vacancy for the duration of the unexpired term.

Ms. Barie announced the appointment of former U.S. Senator Mark Begich of Alaska to fill the unexpired term of former U.S. Senator Blanche Lincoln. Upon a motion duly made and seconded, the members of Council approved the election of Senator Begich to fill the vacancy for the duration of the unexpired term.

### **Election to Fill Peer Review Board Vacancy**

Ms. Barie announced the election of Alexander Schillaci, Jr. to fill an unoccupied seat with a term to expire in October 2017. Upon a motion duly made and seconded, the members of Council approved the election of Mr. Schillaci to fill the vacancy for the duration of the unexpired term.

### **Approval of the Minutes from the 2014 Fall Meeting of Council/Annual Members' Meeting**

Upon a motion duly made and seconded, the minutes of the October 19-21, 2014 meeting of Council were unanimously approved.

### **IRS Resolution Regarding Tax Administration**

Ms. Barie announced a resolution approved by the Board and proposed to Council. She introduced Troy Lewis, Chairman of the AICPA's Tax Executive Committee, who shared some background about the resolution.

Ms. Barie then introduced Jeff Porter, a Council member from West Virginia and former Chairman of the Tax Executive Committee, who moved that Council approve the resolution regarding tax administration. Upon a motion duly made and seconded, the Council resolution was unanimously approved.

### **Resolution Approved by the Board of Directors**

#### **AICPA Council Resolution Regarding Tax Administration**

WHEREAS, The Internal Revenue Service's mission is to "provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all;" and

WHEREAS, IRS Commissioner John Koskinen has indicated the IRS has provided "truly an abysmal level of service" to taxpayers this filing season; and

WHEREAS, AICPA members have expressed their deep concerns regarding their ability to effectively represent taxpayers in an environment where IRS service levels are so degraded that:

- during the 2015 tax season, the IRS answered only 38% of the telephone calls received from taxpayers seeking to speak with an assistor;
- the *average* hold time for the Practitioner Priority Service telephone line reached 47 minutes; and
- according to the National Taxpayer Advocate, the IRS's ability to process taxpayer correspondence in a timely manner declined by 16% since 2014, leaving a backlog of almost 79,000 cases; and

WHEREAS, The AICPA has a long history of serving the public interest by advocating sound tax policy and effective tax administration; now

BE IT RESOLVED, The Council urges policy makers to create an objective, bi-partisan forum to engage stakeholders to expeditiously make recommendations that enable the Internal Revenue Service to achieve its stated mission and to transform it into a modern-functioning, evolutionary, and respected federal agency for the 21<sup>st</sup> Century; and

BE IT FURTHER RESOLVED, This renewed effort to restore the public trust in tax administration be conducted under the following principles:

1. **Balanced Service and Enforcement:** Operates in a manner that appropriately balances superior service to taxpayers with effective and fair enforcement of the tax laws;

2. **Sound Tax Administration:** Administers the tax system with high integrity, and a commitment to efficiency, transparency and accountability;
3. **Stakeholder Engagement:** Recognizes the critical role of tax professionals and other stakeholders in facilitating the voluntary compliance system;
4. **Technological Advancement:** Effectively utilizes technology in a manner that is adaptive to a rapidly changing environment;
5. **Empowered Oversight:** Overseen by a Congressionally-empowered, independent, and transparent IRS Oversight Board, composed of key stakeholders, that focuses on agency responsiveness supported with stable and appropriate funding; and
6. **Protection of Taxpayer Rights:** Ensures the agency properly exercises its power in a way that protects taxpayer rights.

### **Presentation of the 2014 AICPA Public Service Awards**

Jim Curry, Chair of the Awards Committee, presented the AICPA's Public Service Award for Individuals to Terry Murphy from Michigan. Mr. Murphy thanked the AICPA and the Michigan Association of CPAs, as well as his family for their support of his public service work.

Mr. Curry continued with the presentation of the AICPA's Public Service Award for Firms to the firm DiSanto Priest & Company of Warwick, Rhode Island. Lori Conaty, a member of the firm and President of the Bentley Foundation accepted the award on behalf of the firm. Ms. Conaty thanked the AICPA and the Awards Committee.

### **Report from the Private Company Council**

Billy Atkinson, Chairman of the Private Company Council ("PCC"), provided a brief update on the Council's progress to date. He described the PCC's work with the Financial Accounting Standards Board to determine whether and when to modify U.S. GAAP for private companies. Mr. Atkinson also commented on the importance of sustaining the PCC and the private company accounting standards initiative.

### **Briefing for Capitol Hill Visits**

Mark Peterson, Senior Vice President – Governmental & Public Affairs and Ed Karl, Vice President – Taxation, gave an update on the current political environment and provided a briefing on issues of importance to the profession that AICPA Council members would be discussing during their Capitol Hill visits. They also provided an update on additional advocacy initiatives underway, including work on patent trolls, EEOC discussions, and other current tax issues.

Mr. Peterson then introduced Diana Deem and Rachel Dresen, two members of the Government Affairs Team, who discussed the importance of the Capitol Hill visits, as well as what to expect during the visits. They also answered questions from Council members regarding Capitol Hill visits.

**Strategic Plan Update**

Tim Christen, Vice Chairman – Board of Directors and Lawson Carmichael, Senior Vice President – Strategy, People & Innovation, shared AICPA's strategic planning approach for fiscal years 2016 through 2018, as well as key input and insights learned from AICPA Council members through roundtable discussions held during the regional meetings in March.

The Sunday session of the 2015 Spring Meeting of Council concluded at 5:27PM.

**Monday, May 18, 2015****Opening Remarks**

Ms. Barie opened the session by outlining the agenda for the day.

**Report from the President and CEO**

Barry Melancon, President and CEO, stated his report would touch on the theme of the AICPA Council meeting – adapt, innovate and evolve, as well as other topics; report on activities that are in process, and existing opportunities and challenges.

Mr. Melancon spoke extensively about quality in a variety of areas such as the collaborative work with state CPA societies surrounding the Department of Labor report on the study of audit quality of employee benefit plans, and the just-released six-point plan for improving quality in the profession and to improve audits specifically.

Mr. Melancon mentioned the AICPA/CIMA Competency and Learning website, the first element of which was the CGMA Competency Framework and how AICPA is focused on helping members grow their competencies.

Mr. Melancon stated peer review is a significant component of AICPA's quality commitment and is unique in the accounting profession compared to other professions. He also stated practice monitoring of the future is the next evolution of change in peer review today.

Mr. Melancon spoke about relevancy and the profession's ability to adapt to change. He outlined three points – talent, ecosystem and technology – and explained how each has evolved in the accounting profession.

Mr. Melancon reported the AICPA is piloting, through CPA.com, and in conjunction with bankers, private equity groups, and users of financial information, the creation of a clearinghouse for access to financial information for private companies.

Mr. Melancon shared an update on the launch of the not-for-profit section in May of this year, as well as the new not-for-profit certificate program.

Mr. Melancon further updated Council members on additional federal and state legislation issues – i.e., STEM, firm mobility, and definition of attest.

Mr. Melancon spoke about the National Commission on Diversity and Inclusions and highlighted its work, including the Diversity Maturity Model and pipeline issues.

Mr. Melancon then answered questions from the Council members.

### **Guest Speaker – Tony Chanmugam**

Tony Chanmugam, Group Finance Director of BT Group (Britain's National Telecommunications Services), discussed organizations thriving in disruptive times and how the expanding finance function is playing a critical role in driving business success. He then answered questions from the Council members.

### **CGMA Briefing**

Arleen Thomas, Senior Vice President - Management Accounting and Global Markets, gave a briefing on the CGMA. She reported on research that outlined the skills that are necessary today and which are ultimately found in the CGMA competency framework that will result in a change in the way business will be done in the next ten years. Ms. Thomas noted having analytical skills will truly increase employability and the growing demand within companies, as well as provide broader business acumen, global awareness and leadership skills.

Ms. Thomas discussed the CGMA exam and introduced Charles Robertson, Vice President of Products and Consolidated Analytics, from Greenville, South Carolina and TD Bank, who talked about his learning experience to prepare for the CGMA exam.

Ms. Thomas then highlighted ways the AICPA and state societies are working to develop recognition and awareness of CGMA amongst employers.

### **The Profession through the Eyes of Students & Young Members**

Kimberly Ellison-Taylor, a current Board member and Vice Chair Nominee, facilitated a panel on the Profession through the Eyes of Students and Young Members. Ms. Ellison-Taylor introduced a panel of students and young CPAs who shared their unique perspective of the accounting profession and how workforce and marketing trends, as well as changing expectations of younger generations, are evolving a profession that could look very different from previous generations. Also discussed were their influences in pursuing the CPA designation, technology, the opportunity to contribute in their firms, diversity and inclusion in the profession, and where they saw themselves in the future. Panel members included: 1) Young members:

Amy Cooper, Michael Elliott, and Elizabeth Pittelkow, and 2) Student members: Tanyeka Alexander, Gina Miani & Roberto Rosas.

### **Fair Value Measurements for Financial Statements**

Anthony Pugliese, Senior Vice President & Chief Operating Officer and Michael Ueltzen, Chair of the National Accreditation Commission, reported on the topic of Fair Value Measurements for Financial Statements, and the two proposed credentials – business and intangibles and complex finance instruments. They briefly reviewed discussions held at Regional Council Meetings in March; the feedback from the five key questions posed to Council members; the risk management process, and discussed next steps.

A resolution for the proposed credentials was then presented by Mr. Ueltzen and Mr. Pugliese. Upon a motion duly made and seconded, the resolution was approved by Council.

### **Proposed Council Resolutions**

BE IT RESOLVED, That the Council hereby ratifies development of an accreditation program for individuals involved in fair value measurements of businesses and intangible assets who are CPAs or other qualified professionals who meet eligibility requirements determined by the National Accreditation Commission and approved by the AICPA Board of Directors in a manner that takes into consideration maintaining the quality of the CPA brand, and;

BE IT FURTHER RESOLVED, That the Council hereby ratifies development of an accreditation program for individuals involved in fair value measurements of financial instruments who are CPAs or other qualified professionals who meet eligibility requirements determined by the National Accreditation Commission and approved by the AICPA Board of Directors in a manner that takes into consideration maintaining the quality of the CPA brand, and;

BE IT FURTHER RESOLVED, That the National Accreditation Commission and Board of Directors are hereby authorized to take any action necessary to implement Council's resolutions authorizing these accreditation programs; and

BE IT FURTHER RESOLVED That the Council resolution with regard to the Non-CPA Associate category is hereby amended as set out below: [Language to be deleted is stricken. New language is underlined.]

BE IT RESOLVED, That individuals who have not passed the Uniform CPA Examination or the International Qualification Exam and who are either: a) owners of, or professional staff employed by, certified public accounting firms licensed to practice public accountancy in any U.S. jurisdiction and which includes at least one AICPA regular voting member as an owner or employee of such firm, b) corporate or government finance professionals under the supervision of, or sponsored by, a regular voting member of the AICPA, c) employed by any U.S. or non-U.S. college or university in a full time business or accounting educator role, ~~or~~ d) have management or governance responsibilities with respect to an organization that is served by an industry-specific membership section of the AICPA as established by Council, or e) any individuals eligible to obtain an AICPA credential who do not qualify for regular voting AICPA membership or any other associate category shall be eligible to become non-voting Non-CPA Associates.

**Guest Speaker – Juan Williams**

Juan Williams, a political analyst for Fox News, reported on a season of intense political polarization gridlock as we approach the campaign for the White House 2016 and for control of the U.S. Senate. He then answered questions from the Council members.

**Report on Finance and Operations**

Gary Reynolds, Chair of the Finance Committee, and Anthony Pugliese, Senior Vice President & Chief Operating Officer, reported on the interim financial statements and presented the budget for next year. Mr. Reynolds discussed the current year's forecast and provided highlights on membership, operations and financial position. He gave an update on the pension plan and requested the Council's approval of the fiscal 2016 budget.

Upon a motion duly made and seconded, the budget of the American Institute of Certified Public Accountants for fiscal year 2016, as presented to Council, was approved and adopted. The financial statements are at **Appendix B** in the official minute records of the AICPA.

**Open Forum**

Ms. Barie and Mr. Melancon invited comments and answered questions from members of Council and guests.

The Monday session of the 2015 Spring session of Council adjourned at 4:47PM.

**Tuesday, May 19, 2015**

**Opening Remarks**

Ms. Barie opened the session and reviewed the upcoming day's agenda items.

**Guest Speaker – U.S. Senator Heidi Heitkamp (D-ND)**

U.S. Senator Heidi Heitkamp, Ranking Member of the Senate Banking Subcommittee on Security and International Finance, talked about lessons that she learned in her time as Tax Commissioner in North Dakota, and her perspectives as a leader of the Senate Banking Committee. She stated that CPAs are the leading indicators who often see trends before they show up in statistics, and stressed they should share that data about the American economy so that government can get ahead of it. Senator Heitkamp then answered questions from the Council members.



**CPA Exam Pipeline Research Results and Findings**

Arleen Thomas referenced future changes being contemplated for the CPA exam. She stated that the AICPA had undertaken rigorous research to understand what CPA candidates were saying and doing.

Ms. Thomas introduced Christopher Bumcrot, Founder and Partner of Applied Research & Consulting LLC who shared findings of his research, including that there was a clear understanding of the value of the CPA credential and that it could be used to pursue a number of different pathways. He then answered questions from Council members.

**Guest Speaker – U. S. Representative Paul Ryan (R-WI)**

U.S. Representative Paul Ryan, Chair of the House Ways and Means Committee, discussed two of the primary concerns and sources of uncertainty in this economy – our tax code and tax reform. He then answered questions from the Council members.

**Closing Remarks**

There being no further business, Ms. Barie thanked the members of Council and AICPA staff, and stated the Fall Meeting of Council is scheduled for October 19-21, 2015 at the Ritz Carlton, Kapalua in Maui.

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The meeting was adjourned at 10:47AM on Tuesday, May 19, 2015.