Public Accounting Professional Unit and AICPA Board of Directors

Minutes of Meeting: Wednesday, July 31, 2019

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Association of International Certified Professional Accountants
Public Accounting Professional Unit and AICPA Board of Directors

Minutes of Meeting: Wednesday, July 31, 2019

A meeting of the Public Accounting (PA) Professional Unit Board of Directors was held on
Wednesday, July 31, 2019 in New York. The meeting convened at 9:00am and a quorum was
declared.

Attendance

The following Board members were present:

Anita Baker
Sheila Balzer
Mark Begich
Bruce Behn
Rick Dreher
Joe Falbo
Melody Feniks
Barry Melancon
Randy Myeroff

Mandy Nelson
Anne Northup
Joel Olbricht
Jeff Porter
Okorie Ramsey
Bill Reeb
Steve Swientozielskyj
Ron Yates

Also present:

Erik Asgeirsson, CEO – CPA.com
Michael Buddendeck, General Counsel
Deborah Curry, President – Florida Institute of CPAs
Sue Coffey, Executive Vice President - Public Practice
Bob Dohrer, Chief Auditor - Audit and Attest Standards – Public Accounting
Nate Fredrickson, Regional Vice President - Americas
Jamie Geary McNair, Manager – Governance
Ron Gitz, Executive Director & CEO – Society of Louisiana CPAs
Mark Koziel, Executive Vice President - Firm Services - Public Accounting
Report from the Chairman of the PA Board of Directors

Bill Reeb, Chairman of the PA Board/AICPA, welcomed everyone to the meeting and thanked them for their participation thus far. Mr. Reeb presented the minutes of the May 1, 2019 PA/AICPA Board of Directors meeting for approval. Upon a motion duly made and seconded, the Board approved the minutes. He presented an Elected Council vacancy for Jeff Cooper of Nevada to fill the unexpired term of Daniel Sicilliano of Nevada until May 2022. Upon a motion duly made and seconded, the Board approved the Council member vacancy.

Mr. Reeb provided a brief update on the Spring Council meeting evaluation and shared the proposed agenda for the AICPA Fall Council meeting.

Mr. Reeb also presented the Board with the Secretary’s report. Upon a motion duly made and seconded, the Board approved the Secretary’s report.

Insurance Trust Amendments

Mark Koziel, Executive Vice President - Firm Services - Public Accounting, Mark Thomas, Aon, and Kevin Morgan – Prudential, shared proposed Trust changes from the AICPA Life Insurance and Disability Plan Committee (LIDPC) for the Board’s review and approval.
Following a question and answer period with the Board, Mr. Koziel, Mr. Thomas, and Mr. Morgan asked for Board’s approval to move forward with the following resolution:

WHEREAS, The American Institute of Certified Public Accountants sponsors and maintains the American Institute of Certified Public Accountants Insurance Trust (the “AICPA Insurance Trust”), which currently makes available various types of insurance coverage to eligible individual members of the American Institute of Certified Public Accountants (“AICPA”) and the Association of International Certified Professional Accountants (“Association”); and

WHEREAS, Section 2.11 of the AICPA Insurance Trust provides that the terms, conditions, restrictions and limitations relating to this insurance coverage shall, to the extent applicable, be governed by such documents or agreements (“Plans of Insurance”) which may, from time to time, be adopted by the AICPA Board of Directors (or by the Life Insurance and Disability Plans Committee at the direction of the AICPA Board of Directors); and

WHEREAS, In order to improve claim experience over time and enable the AICPA Insurance Trust to offer an optional, more favorable contribution rate structure in the future, the Life Insurance and Disability Plans Committee has recommended that the Cost of Living Adjustment feature of the Long Term Disability Income Plan be eliminated for insureds whose coverage is first effective on or after January 1, 2020; now

BE IT RESOLVED, That, subject to approval by the applicable state regulatory authorities, the Plans of Insurance governing the Long Term Disability Income Plan be
amended to eliminate the Cost of Living Adjustment feature of the Long Term Disability Income Plan for insureds whose coverage is first effective on or after January 1, 2020; and

BE IT FURTHER RESOLVED, That the Life Insurance and Disability Plans Committee be and is hereby directed to make all changes necessary to effect these amendments to the Long Term Disability Income Plan and policy issued by The Prudential Insurance Company of America; and

BE IT FURTHER RESOLVED, That the Life Insurance and Disability Plans Committee be and is hereby vested with any and all powers necessary to direct the Trustee of the AICPA Insurance Trust to modify the Plans of Insurance governing the Long Term Disability Income Plan and policy in accordance with the above Resolutions.

WHEREAS, The American Institute of Certified Public Accountants sponsors and maintains the American Institute of Certified Public Accountants Insurance Trust (the “AICPA Insurance Trust”), which currently makes available various types of insurance coverage to eligible individual members of the American Institute of Certified Public Accountants (“AICPA”) and the Association of International Certified Professional Accountants (“Association”); and

WHEREAS, Section 2.11 of the AICPA Insurance Trust provides that the terms, conditions, restrictions and limitations relating to this insurance coverage shall, to the extent applicable, be governed by such documents or agreements (“Plans of Insurance”) which may, from time to time, be adopted by the AICPA Board of Directors (or by the
WHEREAS, In response to changing market conditions and to make product enhancements, the Life Insurance and Disability Plans Committee has recommended that the Group Variable Universal Life (“GVUL”) Insurance Plan be updated for insureds whose coverage is first effective on or after January 1, 2020; and

WHEREAS, in order to enhance the features and options for insureds whose coverage first became effective on or after January 1, 2009 through December 31, 2019, as well as for those insureds whose coverage is first effective on or after January 1, 2020, the Life Insurance and Disability Plans Committee has recommended that the Group Variable University Life Insurance Plan be updated for insureds whose coverage first became effective on or after January 1, 2009 through December 31, 2019, as well as for those insureds whose coverage is first effective on or after January 1, 2020; now

BE IT RESOLVED, That, subject to approval by the applicable state regulatory authorities, the Plans of Insurance governing the Group Variable Universal Life Insurance Plan be amended to include the following provisions for insureds whose coverage is first effective on or after January 1, 2020:

A. Guaranteed Fixed Account Interest Rate - Decreased from an Effective Annual Rate of 4% to 1%;
B. Maximum Age to Apply for Coverage – Increased from Before Age 75 to Before age 76;

C. Minimum Face Amount of Coverage – Increased from $10,000 to $50,000;

D. New selection of investments funds available to participants.

BE IT FURTHER RESOLVED, That, subject to approval by the applicable state regulatory authorities, the Plans of Insurance governing the Group Variable Universal Life Insurance Plan be amended to include the following provisions for insureds whose coverage first became effective on or after January 1, 2009 through December 31, 2019, as well as those whose coverage is first effective on or after January 1, 2020:

A. Grace Period from the contribution due date until cancellation for non-payment increased by 30 Days (from 61 Days to 91 Days);

B. New Face Amount option of $750,000 Available for Participants ages 65 – 69;

C. Optional Waiver Benefit contract language aligned with CPA Life Insurance Plan language;

D. Optional Accidental Death and Dismemberment (“AD & D”) Benefit contract language aligned with CPA Life Insurance Plan language;

E. Applicants permitted to elect a death benefit option (new “Option A” using the Face Amount or current “Option B” using the Face Amount plus the Cash Value);
F. For Certificates with death benefit “Option A” that request a withdrawal, the Face Amount will be reduced by the amount of the withdrawal and any transaction charge. Revised Face Amount will be rounded up to the next $1,000.

G. The Amount Limitation provision Face Amount calculation will be rounded up to the next $1,000.

BE IT FURTHER RESOLVED, That the Life Insurance and Disability Plans Committee be and is hereby directed to make all changes necessary to effect these amendments to the Group Variable Universal Life Insurance Plan and policy issued by The Prudential Insurance Company of America; and

BE IT FURTHER RESOLVED, That the Life Insurance and Disability Plans Committee be and is hereby vested with any and all powers necessary to direct the Trustee of the AICPA Insurance Trust to modify the Plans of Insurance governing the Group Variable Universal Life Insurance Plan and policy in accordance with the above Resolutions.

Upon a motion duly made and seconded, the motion to approve the recommendation of the Life Insurance Disabilities Plan Committee was approved.

**Annual meeting of statutory meetings of Benevolent Fund, AICPA Foundation and Accounting Research Association**

Tim LaSpaluto, Vice President – Finance, provided an update on CY 2018 activities and provided an overview of financial results and positions during the annual meetings for each of
the Accounting Research Association, Inc., the AICPA Foundation, and the AICPA Benevolent Fund, Inc.

**CPA Evolution in Preparation for the NASBA AICPA Summit**

Sue Coffey, Executive Vice President – Public Practice, presented to the Board an update on CPA Evolution, a joint project of AICPA and NASBA which seeks to evolve CPA licensure to reflect the skills and knowledge CPAs increasingly need in a technology-driven marketplace. Ms. Coffey shared the guiding principles for the development of a potential new licensure model developed jointly by AICPA and NASBA, noting the principles have been discussed with dozens of stakeholder groups and request for input has been promoted publicly, generating over 150 responses to date.

**Enhancing Audit Quality (EAQ) Update**

Carl Mayes, Associate Director - CPA Quality & Evolution, provided the Board with an update on Enhancing Audit Quality. He noted the EAQ initiatives drive greater adherence to professional standards; reforms implemented through EAQ have increased the effectiveness of the Peer Review Program; and peer reviewers are detecting more instances where firms failed to comply with professional standards thus firms are receiving remediation needed for improvement. Additionally, Mr. Mayes shared, at the same time, staff are identifying the topical areas that are creating the greatest challenges for auditors, and as a result are developing tools, resources, learning and communications to support compliance.
CGMA Associate for International Professionals

Nate Fredrickson, Regional Vice President – Americas, shared background information with the Board of the interest groups within the Americas to work with the Association to offer CGMA designation to its members, noting AICPA Council previously authorized the creation of a non-voting membership category that individuals within the Americas could join to pursue the CGMA.

After a Q&A session with the Board, Mr. Fredrickson presented the following resolution for approval:

WHEREAS, At its Spring 2011 meeting, Council authorized formation of a CGMA Associate membership category for individuals outside the United States who hold the CGMA designation or who have entered the pathway to obtain the CGMA designation, and authorized the Board of Directors to take any action necessary regarding the CGMA designation and CGMA Associates; and

WHEREAS, At its January 2017 meeting, the Board authorized qualified professionals in the United States, who are not eligible to become AICPA voting members, to become non-voting CGMA Associates and to obtain the CGMA designation but did not adopt any resolution as to individuals outside the United States with regard to the CGMA Associate category or eligibility for the CGMA designation; now

BE IT RESOLVED, That qualified professionals, who reside outside of the United States, but within the Americas, who are not eligible to become voting members of
AICPA, shall be eligible to be CGMA Associates of the AICPA and to obtain, and hold the CGMA designation as outlined in the material presented to the Board and

BE IT FURTHER RESOLVED, That AICPA staff is hereby authorized to take any action necessary to implement this resolution of the Board with regard to CGMA Associates and obtaining and holding the CGMA designation by individuals who reside outside the United States but within the Americas, who are not eligible to become voting members of AICPA but who are CGMA Associates and satisfy education, examination, and experience requirements.

Upon a motion duly made and seconded, the Board approved the resolution.

**Auditing Standards Board (ASB) Update**

Bob Dohrer, Chief Auditor - Audit and Attest Standards – Public Accounting, provided an overview of select projects currently on the agenda of the Auditing Standard Board, including as part of AICPA’s strategic initiative to “Evolve Auditing in the Future.” Mr. Dohrer shared the ASB’s interest in developing standards that are in the public interest through extended stakeholder engagement, modernization of auditing standards to make them more relevant in today’s business environment, and open standards to allow innovation to occur in both services delivered and how the objectives of those standards are achieved.

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There being no further business, the meeting adjourned at 12:05pm on Wednesday, July 31, 2019.