



# FOCUS ON THE PROFESSION

2019 OSC Financial Conference

Sharon Bryson, M.Ed., CEO  
NC Association of CPAs

December 10, 2019  
Raleigh, North Carolina

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## Today's Session

- Who is NCACPA?
- Advocacy & Awareness
  - Changes to CPE regulations in North Carolina
- Have you heard...the profession is changing?
  - Change in desired skillsets
  - Impact on demand for CPAs
  - CPA Evolution
- Resources for YOU and the profession!



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## Who is NCACPA?

The North Carolina Association of CPAs is the only statewide association for CPAs in North Carolina.

### VISION

To be the essential resource for the North Carolina CPA.

### MISSION

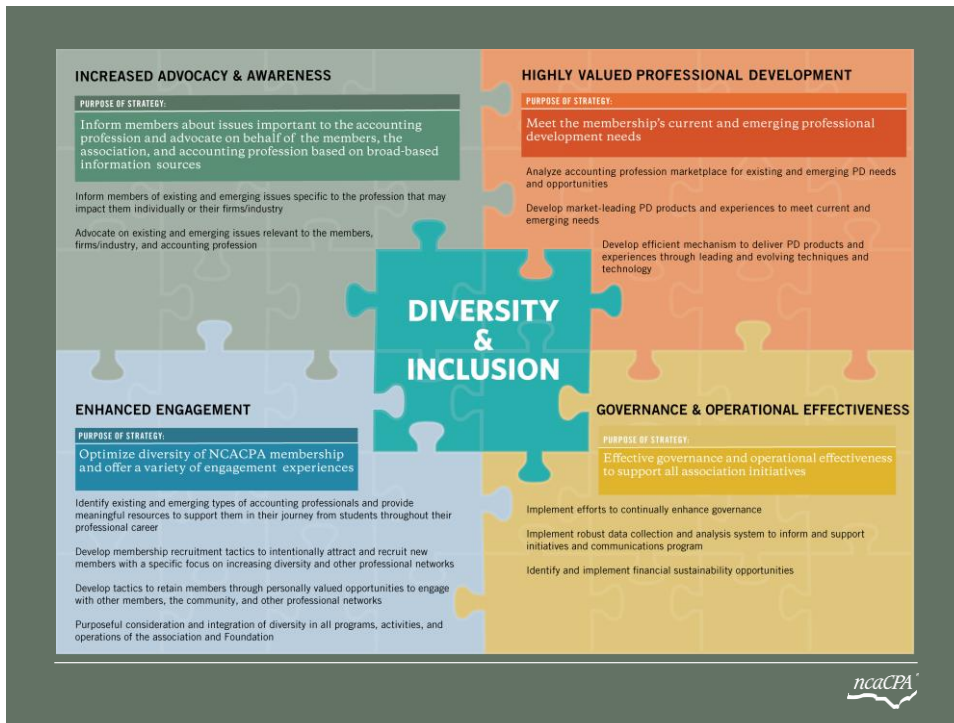
NCACPA promotes the competence, integrity, civic responsibility, and success of North Carolina CPAs.



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## Advocating for YOU

- NC General Assembly
- NC Department of Revenue
- Governor's Office
- NC State Board of CPA Examiners
- State Auditor's Office
- State Treasurer's Office



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## NC STATE BOARD of CPA EXAMINERS



Barton W. Baldwin, CPA



Bernita W. Demery, CPA



Jennifer K. Van Zant, Esq.

- State Board member appointments
- Rule-making changes
- Disciplinary matters
- CPE compliance
- Joint Task Force approach



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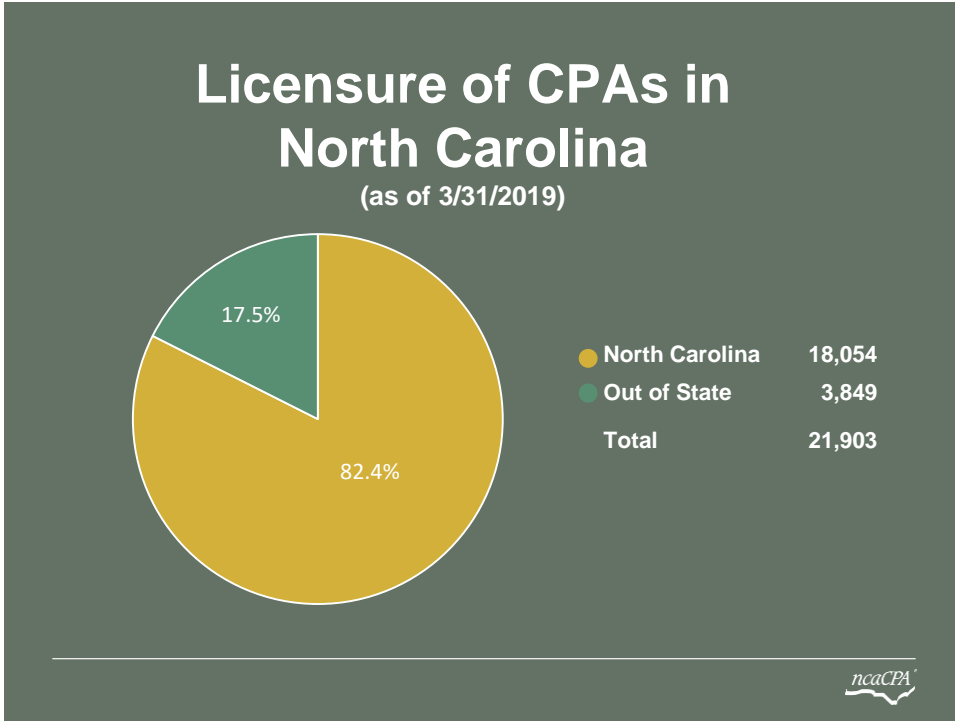
## Did someone say CPE rules are changing?



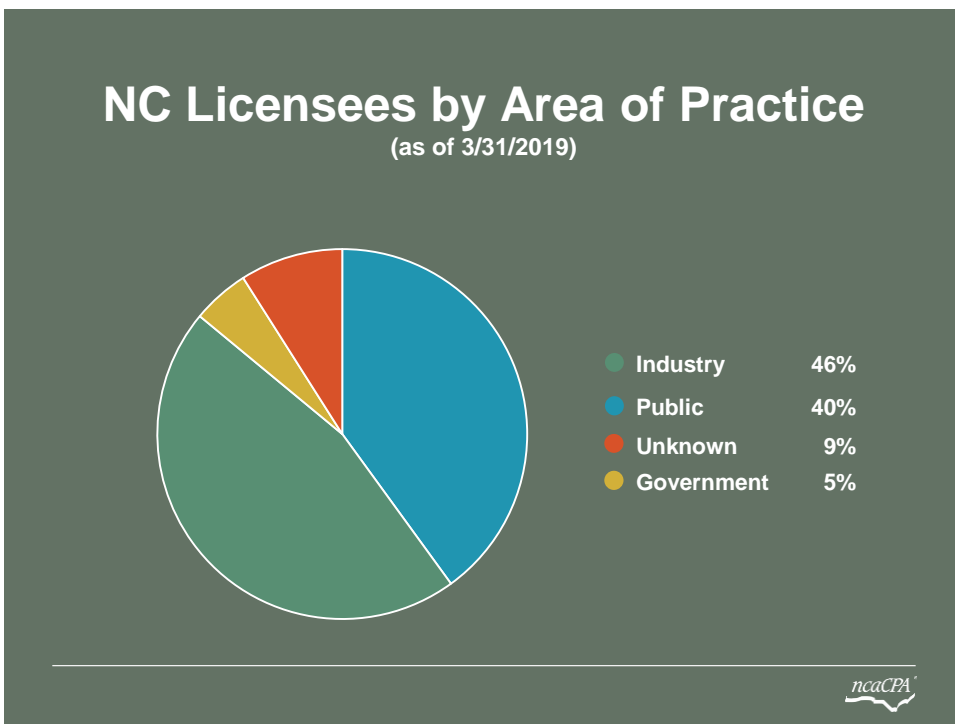
- CPE hours to contact minutes
- Ethics – from 2 to 1 hour
- Expansion to allow more educators to claim credit
- Nano learning now allowed



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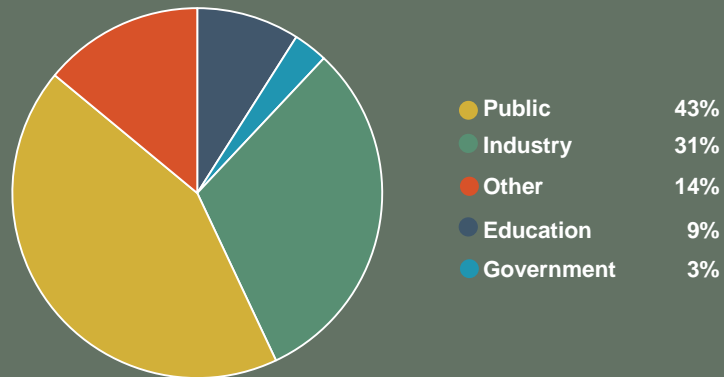


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## NCACPA Members' Area of Practice (as of 3/31/2019)



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## NC Department of Revenue

- Business Advisory Council led by Secretary Penny
  - NCACPA representatives selected:
    - Jack Schmoll
    - Ken Gibbs
    - Desmond Sheridan
    - David Oettinger
  - Analyzing issues that fall under jurisdiction of DoR

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## Legislative Updates

- ***HB 924 Teacher Contract Changes***
  - Signed into law July 8, 2019
  - Specific provision requires NC high school students to pass a course on economics and personal finance in order to graduate
  - NCACPA delivered letters to General Assembly in late April supporting passage



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## Legislative Updates

### ***Senate Bill 557: Various Finance Law Changes***

- Increases standard deduction
- ***Enacts market-based sourcing***
- Imposes state sales tax on marketplace facilitators
- Requires Revenue Laws Study Commission to study tax sunset provisions
- ***Requires Department of Revenue (DoR) to update systems to send relevant notices to taxpayers & designated power of attorney (POA)***



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## From Capital to Capitol



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## TAX ADVOCACY

- Disaster relief
- IRS Practitioner Services Division
- Fiscal State of the Nation

**“I’m aware of it.  
I’m sensitive  
to it. And I  
understand  
the need for  
it.”**

–IRS Commissioner Charles Rettig on the  
creation of an IRS Practitioner Services Division

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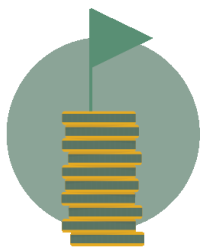
## NCACPA Advocacy – What's Next?

- Advocacy Advisory Council
  - Discussing policy priorities for 2020 NC General Assembly "short session"
- New & enhanced educational resources for members
- NC CPA Political Action Committee fundraising
- Constituent meetings with legislators in December



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**If each NCACPA member  
donated \$20.20 to the NC CPA  
PAC, we would have \$282,000.**



**Support our fundraising goal  
of \$50,000 for the 2020  
election cycle by making a  
contribution of \$20.20!**

*[ncacpa.org/nc-cpa-pac](http://ncacpa.org/nc-cpa-pac)*



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# Changes in the Profession



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Every company  
is *reimagining*  
who they are.



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## 2000 Top 10 best global brands

Source: Interbrand

According to Interbrand:

	—	Beverages
	—	Technology
	—	Business services
	—	Technology
	—	Technology
	—	Diversified
	—	Automotive
	—	Media
	—	Restaurants
	—	Telecommunications






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## 2018 Top 10 best global brands

Source: Interbrand

According to Interbrand:

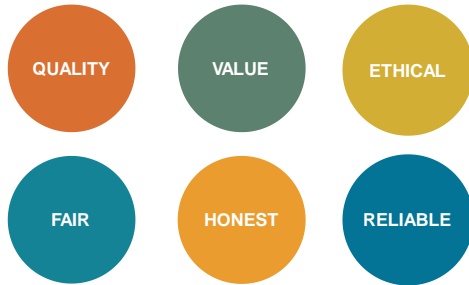
	—	Technology
	—	Technology
	—	Retail (Technology)
	—	Technology
	—	Beverages
	—	Technology
	—	Automotive
	—	Automotive
	—	Technology
	—	Restaurants

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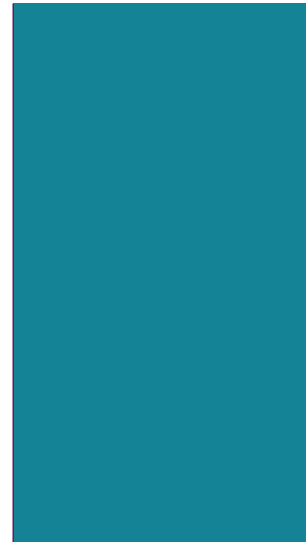
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## CPA BRAND IS STRONG

### Top perceived attributes



Source: Reputation Institute



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**DIGITAL RISK AND EMERGING ASSURANCE SERVICES**

Cyber crime damages are predicted to cost the world **\$6 trillion** annually by 2021.

**System and Organization Controls (SOC) Services:**

- Cybersecurity
- Supply chain

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## CREATING AND DEMONSTRATING VALUE

**98%** of executives believe broader **non-financial factors** are important to **long-term value** creation

Source: Black Sun, IIRC, Association

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## The job landscape in 2022

Global  
change by  
2022



Source: Future of Jobs Report 2018, World Economic Forum

### Top 10 emerging roles

1. Data analysts and scientists
2. AI and machine learning specialists
3. General and operations managers
4. Software and applications developers and analysts
5. Sales and marketing professionals
6. Big data specialists
7. Digital transformation specialists
8. New technology specialists
9. Organizational development specialists
10. Information technology services



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## U.S. public accounting firm hiring

In 2016, there were

19% ↓

fewer accounting  
graduate **firm hires** since  
2014

Source: 2017 AICPA Trends Report

In 2018, there were

29% ↓

fewer accounting  
graduate **firm hires** since  
2014

Source: 2019 AICPA Trends Report

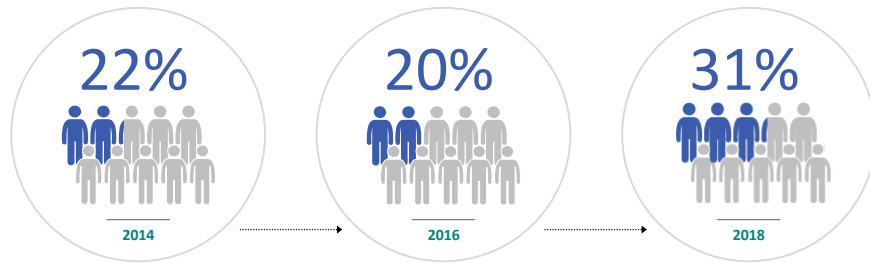


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## Non-accounting graduate degree hires



Non-accounting hires as a percentage of all new graduate hires are up 11%.



● Non-accounting graduates



# CPA Pipeline







**LEAD BY  
HAVING THE RIGHT TALENT**



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## **YOUNG CPA CONCERNS:**

- Focused on Work Environment
- Diversity
- Community
- Leaders Who Coach & Mentor
- Technology
- Flexibility



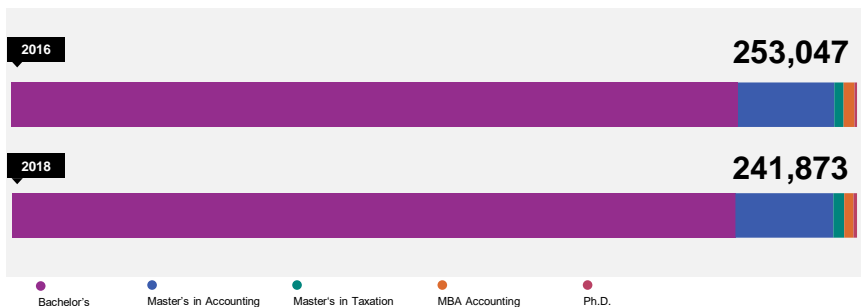
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## Accounting enrollments

Supply Demand

Total projected accounting enrollments are down 4% from the record highs of 2016 but are still among the highest.

 Total enrollments

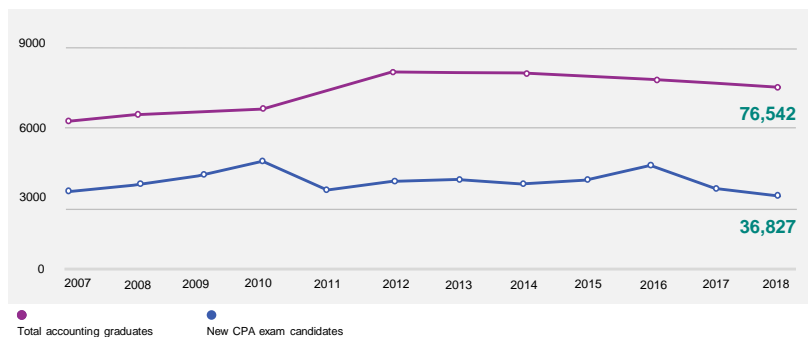


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## Accounting graduates vs. new examinees

Supply Demand

After the 2016 increase in CPA Exam candidates, attributed to new version of the Uniform CPA Exam that launched in 2017, the number has dipped to its lowest level in 10 years.



2019 Trends / The supply of accounting graduates and the demand for public accounting recruits



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5.1 Trends in number of new CPA candidates by year | 2006-18



Source: 2019 AICPA Trends Report, Section 06: Uniform CPA Examination®



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## Pipeline Behavior

### Public Accounting



85-90% sit for the CPA exam, and 85-90% of those eventually pass the exam.

### Business & Industry



15% sit for the CPA exam, and only 50% of those eventually pass the CPA exam.



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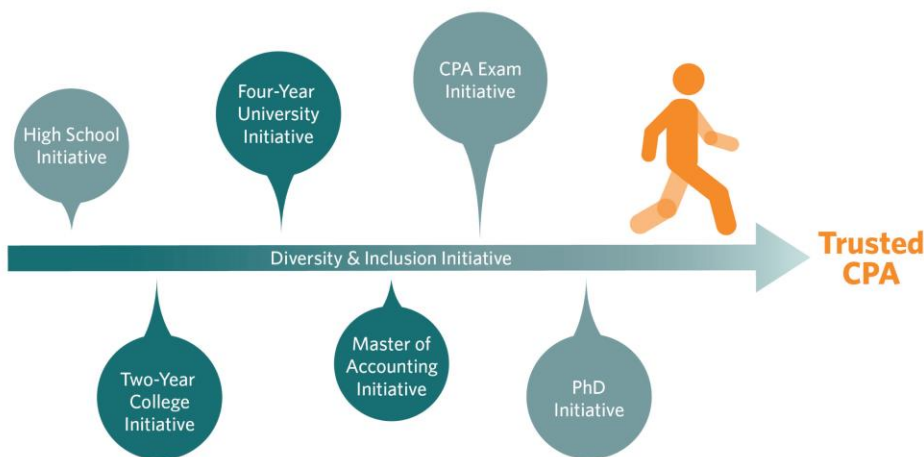
The CPA Profession is Facing a Talent Shortage,  
and these key factors are affecting our talent pool:

**Competition**      **Cost**      **Teacher Shortage**  
**Insufficient Supply**      **Diversity Deficiency**



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## The Solution Starts Now



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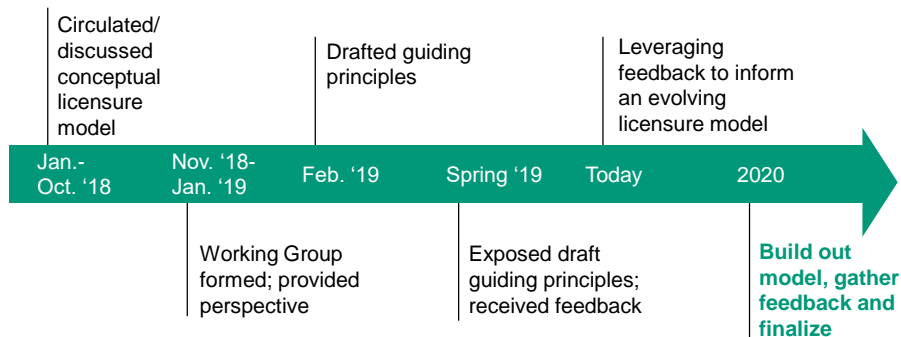
**CPA Evolution**

A combined NASBA-AICPA initiative aimed at evolving CPA licensure to reflect the skills and knowledge CPAs increasingly need in a technology-driven marketplace

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### CPA Evolution progress



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## Guiding Principles

- We must adapt quickly
- Technological expertise is essential
- Licensure requires rethinking
- We must expand our view of the CPA candidate
  - All must demonstrate core competencies
- Change should be rapid yet deliberate



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## AICPA and NASBA stakeholder outreach

AICPA Council	State CPA societies	Boards of Accountancy	General membership
Firms of all sizes	Academia	Volunteer committees	Federal regulators
Students	Technology experts	CPAs in business and industry	Young professionals



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## Support for:



Need to change



Bigger technology emphasis

## A model that will:



Position CPA for the future



Bring needed skills to the profession



Protect the public interest

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## What AICPA and NASBA heard

### Focus on...

- A core that includes accounting, auditing, tax and technology
- Education that aligns with the core
- Experience requirements that support audit quality
- Supporting existing CPAs
  - Reskilling
  - Promoting emerging services

**...while developing appropriate messaging to modify licensure in current environment**



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Body of knowledge for newly licensed CPAs is growing...



*Compared to 1980, today there are:*

**3X** as many pages in the  
Internal Revenue Code

**4X** as many accounting standards

**5X** as many auditing standards



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Body of knowledge for newly licensed CPAs is growing...



**Demands of practice require deeper skillsets**

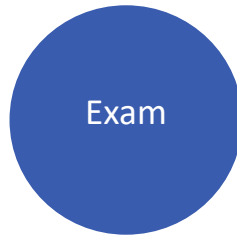
- Critical thinking
- Professional judgment/skepticism
- Problem solving
- Understanding of business
  - Systems, controls, risk
- Data management and analysis
- SOC engagements



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...but Exam stays the same size.

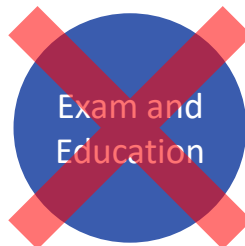


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Stretch to cover more material with less depth



**Impact**

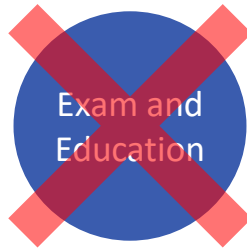
- Requirements for licensure are watered down
- Candidates know less about what matters most

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## Increase Exam and curriculum hours



### Impact

- Increases barriers to entry, impacting pipeline
- Unsustainable approach over long term



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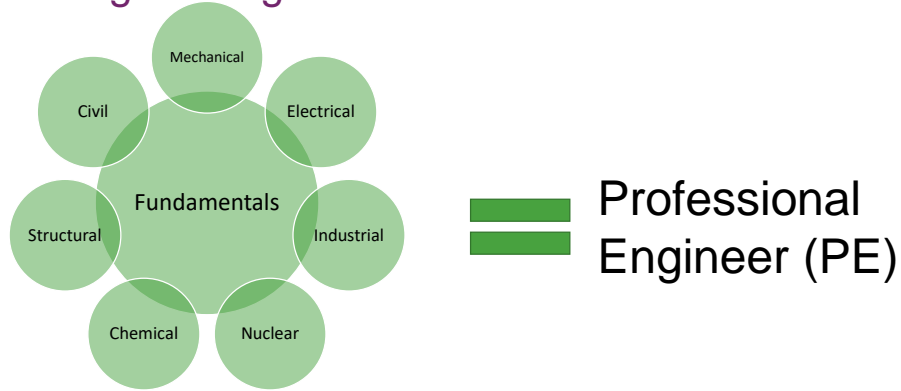
## Other models considered

- CPA – Audit, CPA – Tax, etc.
- ~~×~~Two tier
- ~~×~~Medical
- ~~×~~Legal
- ~~×~~Engineering



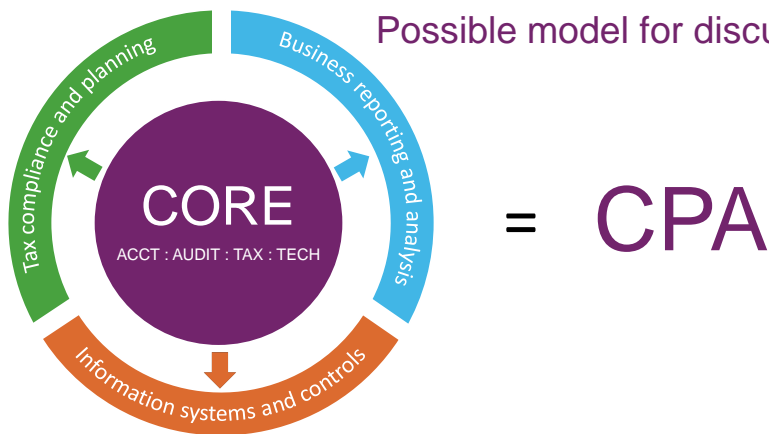
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## Engineering Model

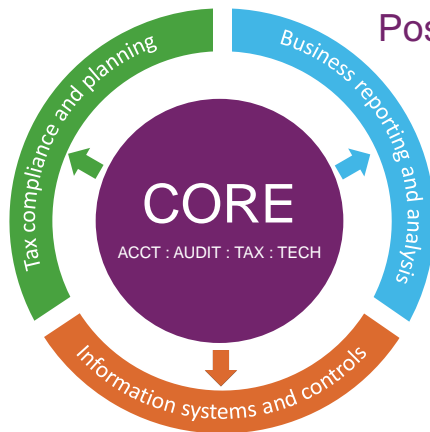


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## Possible model for discussion



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## Possible model for discussion

- Strong core with accounting, auditing, tax and technology
- Deeper knowledge in three primary disciplines
- Reflects reality of practice
- Adaptive and flexible
- One CPA license
- Enhances public protection



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## Where do we go from here?

- Build out model and continue to seek feedback
- Continuing dialogue into 2020
  - Regional Council
  - State societies and state boards
  - Spring Council
  - NASBA Regional Meetings
  - AICPA and NASBA Boards of Directors
- **Goal: Finalize model in summer 2020**
- Plan and map out implementation
- **feedback@evolutionofcpa.org**



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# Who is NCACPA?

The North Carolina Association of CPAs is the only statewide association for CPAs in North Carolina.

## VISION

To be the essential resource for the North Carolina CPA.

## MISSION

NCACPA promotes the competence, integrity, civic responsibility, and success of North Carolina CPAs.



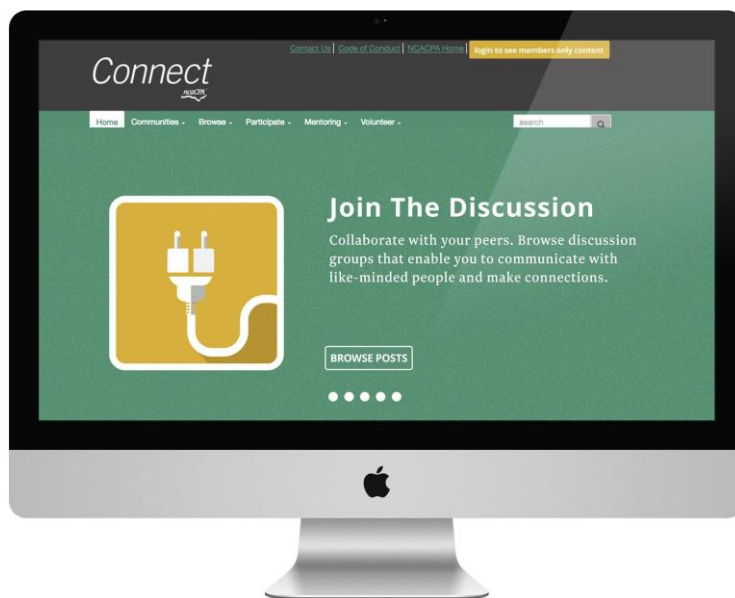
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## Here's Where We Are...

- Things are changing rapidly for everyone in the accounting profession.
- There are many, many issues – but more importantly, numerous OPPORTUNITIES on the horizon!
- We have to communicate so we can address the challenges & solve the issues together!



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So you said you were a resource, right?

<p><u>Engage</u></p> <p><b>Connect Platform</b></p> <p>Personalized Communication</p> <p>Career Center</p> <p>Affinity Partners</p>	<p><u>Learn</u></p> <p>Learn <i>your way!</i></p> <p>Current and relevant topics</p> <p>CPE Select</p> <p>Certificate Programs</p>	<p><u>Get Involved</u></p> <p>Committees</p> <p>Young CPA Cabinet</p> <p>Social &amp; Networking Events</p>	<p><u>Explore</u></p> <p>Advocacy</p> <p>NC CPA Foundation</p> <p>Blogs/Podcasts</p> <p>Social Media</p>
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*Thank You!*

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