

Preparing for the Future

**Presentation to the WBOA Quarterly
Board Meeting July 2021**

Navigating to the Future

- How is the profession changing?
 - Nature and demand for services
 - Specializations offered by the AICPA
 - Need for market differentiation by entrants
 - Licensee attributes
 - Populations served
- How is the public protection and licensing landscape changing as a result?
- What should be on the Board's radar screen?

Future of the Profession

- Demand for accounting is exploding
 - Societal expectations with respect to justice and equity driving expanding demands for accountability
 - E.g., ESG disclosures + SASB, Impact assessments, Diversity, Transparency
 - Accounting data is recognized as the key tying *promise to performance*
 - *Hardness* – (relatively) unambiguous, (more) objectively measured
- Scope of accounting itself is being redefined
 - Scientific and technological advances and evolving physical, social and economic environment are challenging existing definitions of **what** needs to be accounted for and to **whom**
 - Intangibles, cryptocurrency + NFTs, Community Impact statements
- Measurement and assurance require ever-expanding toolkits, skill sets, judgment
 - Affects all CPAs, whether in practice or in employment, need to "upskill", constantly to serve user expectations ... **key link to the public interest**
- Profession keenly aware that it must respond to these needs or risk being displaced by other, better-adapted, service providers
 - E.g., **CPA Evolution**: Foundational re-assessment of examination requirements
- These changes have implications for Boards – both WBOA and in general
 - Demand for licensure impacts Board activity levels, budgets and overall viability

Profession of the Future

- Who are they?
 - As or more educated + skilled, informed, aware as current CPAs at a comparable career stage
 - How many current CPAs want to take the exam *again*?
 - Greater investment in human capital
 - Inflation-adjusted cost of education has increased
 - More culturally diverse, have higher expectations from life
 - Stand to inherit trillions ... grew up in a much richer society
 - Expect to live and remain active much longer
 - Brought up to pay greater attention to own and others' personal, physical and emotional needs
 - More self-sufficient, have learned to learn, can use/make tools
 - Post latch-key generation, born surfing the web, helping grandparents download and install apps
 - Grunt-work to deal with legacy systems is a waste of time + talent ... why take the Rolls to QFC?
 - Expect to face more-complex problems, to use more sophisticated tools: 1929 vs. 2007-8
 - More focused on non-economic "value" metrics
 - Inadequate infrastructure, inequitable, divided and conflicted society, damaged environment
 - Community/social service, post-materialistic idealism or well-grounded concern for survival?
- Generalizations/mischaracterizations worth avoiding/rethinking
 - Most definitely NOT "Snowflakes", "sensitive Sauls/Sallys" or work-averse
 - Parents and grandparents didn't exactly fight WW1 in trenches w/o masks
- Alternative view: Is it sufficiently *attractive* for these folks to become and remain CPAs?

Implications

- What new demands for public protection are likely to emerge as the scope of professional services and licensee attributes evolve?
 - How does the Board plan to proactively engage with users of CPA services? with licensees?
- What Board policies and processes will need to change? Which have already modified/are in process? Which have not yet been taken up?

Some examples (illustrative)

- CPE
 - 500+ extension applications in current cycle
 - Require continuous CPE? Say 10 hrs per quarter?
 - Ex-post inspection vs. real-time feedback
- Consumer guidance
 - Compendium of "Best" or "Usual" practices to expect
 - Publication of disciplinary actions/orders
 - More education/outreach by ED/Staff ... YouTube channel, social media portals/presence aimed at both licensees and the public
- Impact of changes in demand for licensure ($\pm 10\%$)?
 - Are processes and staffing robust to potential up-spikes?
- Is the disciplinary process geared to timely address a wider variety and/or a larger volume of requests?