Dear Public Interest Section Members,

Please join us in the inaugural joint Mid-year meeting of the Public Interest (PI) and the Gender Issues and Worklife Balance (GIWB) Sections!

March 27-28, 2020
Capital Hilton
Washington, DC

This is the first joint meeting to be held between the PI and GIWB Sections. Both Sections view accounting as a social activity, with important consequences for accounting professionals and a variety of stakeholders. This conference seeks to bring together these two AAA sections to promote knowledge sharing and research into a broad range of issues important to the public interest and contributing to the quality of our common life. The conference will encourage interdisciplinary exchanges between scholars examining a variety of issues, including (but not limited to): social and environmental accounting, government/profession regulation, ethics, gender issues in business and the accounting profession, and programs/policies that encourage successfully combining work and family lives.

We welcome research papers on a wide variety of public interest or gender/work-life balance research topics, perspectives and methods. Papers spanning both interest areas are also encouraged. Succinct writing is appreciated, but there is no word limit for submissions to the regular meeting.

The deadline for submission of research papers for the conference is Monday, January 6, 2020 (midnight EDT).

For more information, please visit: https://aaahq.org/Meetings/2020/Public-Interest

See you in DC!
2019 Ethics Research Symposium and The Accounting Exemplar Award at the AAA

Outstanding Service Awards
Charles P. Cho, Lisa Baudot, and Dana Wallace

The 2019 Annual Meeting Section Awards

**Accounting Exemplar Award**
J. Edward Ketz

**Distinguished Service Awards**
Pamela Roush and Charles P. Cullinan

Congratulations!
Entering Uncharted Waters

Over the past two years, the PCAOB, a nonprofit corporation established by Congress, has replaced all five of its board members. Its new chairman, William Duhnke [a former Republican Senate Aide, according to Fortune Magazine], will receive a salary of $673,000 a year.

As a result of the changing of the guard, the PCAOB is now in a perfect position to look back at its accomplishments over its past seventeen years [in 2010, funding was established through annual accounting support fees assessed on public corporations and broker-dealers] and determine its correct path going forward.

This article examines whether the PCAOB, in its 17 year history, has achieved its objectives. Has it improved investor protection? Has it improved financial reporting by auditing auditor work papers? Has it been open, honest and transparent in the reporting of its results? Or was PCAOB’s establishment as a nonprofit corporation, designed to shelter its activities from the public and from FOIA requests? Other questions need to be answered. Are the deliberations by the PCAOB open to the public or held behind closed doors? Does the public know how much has been collected in penalties or settlements and even the criteria for distributing penalty funds to their merit scholarship program [students in accredited accounting programs]?

To view the entire article, please visit: https://aaapublicinterest.org/2019/11/29/entering-uncharted-waters/

Stop the Madness: We Need a New Approach to Split-Off Nonaudit Services For Audit Clients

The time has come to revisit the issue whether all nonaudit services should be prohibited for audit clients. The accounting profession continues to struggle with independence issues when both services are provided. The threats and safeguards approach in the AICPA Code does not seem to have reduced the instances of independence violations. Deficiencies in CPA firm quality controls and the failure to communicate independence issues with audit committees have exacerbated the problem. Recent examples, just in 2019, illustrate a decline in basic ethics and the failure to protect the public interest.

On September 23, 2019, PwC agreed to pay $7.9 million to settle charges that the firm violated the SEC’s auditor independence rules by performing prohibited nonaudit services during an audit engagement, including exercising decision-making authority in the design and implementation of software relating to an audit client’s financial reporting, and engaging in management functions thereby creating a self-review threat to independence. On September 10, 2019, Marcum LLP, one of the largest independent public accounting and advisory services firms in the nation, settled disciplinary proceedings with the PCAOB over advocating numerous issuer auditor clients in connection with the firm’s annual MicroCap Conference.

To view the entire article, please visit: https://aaapublicinterest.org/2019/12/26/stop-the-madness-we-need-a-new-approach-to-split-off-nonaudit-services-for-audit-clients/
As the calendar flips from 2019 to 2020, it’s easy to feel a bit depressed about the metrics that have challenged us during the past decade. The aggregate debt of the United States federal government, for instance, has exploded from $13 billion to $24 billion. Wealth inequality has also grown, and the number of American citizens without health insurance has resumed its climb after years of decline. Meanwhile, increases in sea levels, meteorological instability, and ocean temperatures have increasingly threatened our natural environment.

It’s a grim set of trends, isn’t it? But if we choose to focus on these dismal metrics, we’ll lose sight of the broader picture. There were, after all, many events that occurred during the 2010s that should encourage optimism among those who support the public interest.

At the start of the decade, for instance, the standards of the Global Reporting Initiative (GRI) merely provided a voluntary framework of reporting guidelines. But they would not remain a purely voluntary framework for long! In 2013 and 2014, the European Union issued a pair of directives on non-financial reporting. They required many of the world’s largest corporations to begin to include a wide variety of non-financial information in their annual reports, starting in 2018.

Furthermore, at the start of the decade, the Sustainability Accounting Standards Board (SASB) didn’t even exist. Launched in 2011, the SASB now promulgates detailed sets of standards for 77 industries, including sample disclosure language for inclusion in corporate annual reports. The SASB’s framework and standards, like the European Union’s directives on non-financial reporting, have served to impose sustainability reporting requirements and expectations on the world’s largest for-profit entities.

Meanwhile, the Task Force on Climate-related Financial Disclosures (TCFD) was launched by the Financial Stability Board in 2016 to recommend voluntary practices. Chaired by Michael Bloomberg, the Task Force presented its final recommendations the following year, and then remained in place to launch a Knowledge Hub, a pair of annual Status Reports, and a Consortium. The TCFD, like the GRI and the SASB, now focuses on developing and supporting private and public initiatives to enhance financial reporting practices.

The most startling development during the past decade, though, may have been the dramatic growth of the ESG investment industry. According to Fidelity, Socially Responsible Investing assets in the United States have quadrupled since 2010, rising roughly from $3 billion to $12 billion; the size of this asset market now exceeds $30 billion worldwide (see fidelity.com/viewpoints/active-investor/strategies-for-sustainable-investing).

If you believe in the power of money, this final metric may be the most impressive one of all. After all, government entities and standard setting bodies may be able to protect the public interest against public apathy and private sector opposition. However, the redirection of billions of dollars in investment funds can only occur if public opinion and the private sector support the movement.

So let’s try to maintain an optimistic perspective as we enter the next decade of the 21st Century. After all, the decade of the 2010s have produced an impressive array of positive occurrences. It is entirely possible that the upcoming decade of the 2020s will likewise give birth to many new trends that support the public interest.