



**Connecticut Society of
Certified Public Accountants
(CSCPA)**

TO: Government Administration and Elections Committee

Testimony Concerning

**Raised Bill No. 839
“An Act Concerning Mergers and
Consolidations of Various State Agencies”**

by

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Senator Slossberg, Representative Spallone, members of the Government Administration and Elections Committee, I'm Arthur Renner, executive director of the 6,000 member Connecticut Society of Certified Public Accountants. I am here to present the society's concern with certain provisions of SB No. 839, An Act Concerning Mergers and Consolidations of Various State Agencies as it relates to the State Board of Accountancy.

As currently proposed, SB 839 would move the State Board of Accountancy within the Department of Consumer Protection and that department shall provide staff support for the Board. The CSCPA's concern is that the State Board continues to have appropriate and necessary resources to regulate the CPA profession in an effective manner.

The body of technical knowledge that CPAs must deal with is both voluminous and dynamic. The Financial Accounting Standards Board (FASB), located in Norwalk CT, is the designated body for establishing Generally Accepted Accounting Principles (GAAP).

In its 35-year history, the FASB has issued over 150 detailed new accounting standards. Just six and one-half years ago, the federal government, with the passage of the famous Sarbanes-Oxley legislation, created a quasi-public entity, the Public Company Accounting Oversight Board (PCAOB) which, among other things, establishes auditing standards that the profession must follow.

I would venture to guess that most of the members of the Government Administration and Elections Committee use the services of a paid tax preparer, such as a CPA, because of the complexity of our tax code. About half of the American public does. Accounting standards, auditing standards, federal, state and local tax regulations, a code of ethics – the list of detailed knowledge that CPAs utilize is very complex and, as I said earlier, is constantly changing. This specialized knowledge and framework requires dedicated and knowledgeable regulation both from the State Board and its support staff.

In each of the last three years the CSCPA, working together with the State Board of Accountancy in its present location and staff complement, has effected significant changes in accounting statutes and regulations, which benefit both the public both the public and the accounting profession.

In 2007, the requirements for taking the CPA Exam were changed. Since then, Connecticut has seen a 284 percent increase in the number of candidates successfully completing the rigorous Uniform CPA Examination.

In 2008, Connecticut became the 23rd state to adopt contemporary CPA practice mobility provisions allowing CPAs to serve their client organizations operating in multiple jurisdictions.

As we speak, the Connecticut State Board of Accountancy is finalizing new improved experience regulations that will enable business entities to employ greater numbers of CPAs internally than has been the case for decades.

These improvements may not have been possible if the State Board was relegated to a position within the Department of Consumer Protection, which is not designed to consider the specific technical issues involved in the changes I just described.

The CPA profession in Connecticut pays approximately \$2 million each year to the Connecticut General Fund in the form of license fees. This amount is slated to increase if the Governor's budget proposal is adopted. It is in the interest of the accounting profession and all other citizens of this state that the practice of public accounting continues to be overseen by an effective State Board of Accountancy. This requires a dedication of financial resources and staff to the effort.

The Connecticut Society of CPAs appreciates the opportunity to testify with respect to Raised Bill No. 839 "An Act Concerning Mergers and Consolidations of Various State Agencies."