



**American
Accounting
Association**

**Accounting Programs
Leadership Group**

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National Association of State Boards of Accountancy
American Institute of Certified Public Accountants
Addressed to: uaacomment@nasba.org

Thank you for the opportunity to respond to the proposed revisions to the Uniform Accountancy Act resulting from the AICPA/NASBA CPA Evolution Initiative. Our response represents the views from the American Accounting Association's Accounting Programs Leadership Group (APLG) and the Federation of Schools of Accountancy (FSA). We hope our views are helpful, and we offer our assistance as you continue to address the critical issues related to advancing the accounting profession.

Sincerely yours,

Gregory A. Sommers, Chair
Committee to Respond to CPA Evolution
Accounting Programs Leadership Group - American Accounting Association
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**Response to proposed revisions to the Uniform Accountancy Act
resulting from the AICPA/NASBA CPA Evolution Initiative**

We have organized our responses according to the May 26, 2020 letter from J. Coalter Baker, Chair – NASBA Uniform Accountancy Act Committee which included the request for input. Generally speaking, we agree that most of the principles outlined in this document are directionally correct and will be useful in guiding states as the CPA licensure model and exam evolve. However, as the two leading organizations of accounting department chairs (APLG) and graduate accounting programs (FSA) in the country, we describe a number of concerns and questions that need additional attention. We outline those concerns and questions directly following each of your original statements (in italics below).

- *A revision is being proposed to Rule 5-1 that would remove the requirement that an accounting program must be recognized by the Council for Higher Education Accreditation (CHEA); instead the program must be recognized by the Board of Accountancy. Only a few States have adopted the language in the current Model Rules that calls for CHEA recognition. Many excellent accounting programs are recognized by the Association to Advance Collegiate Schools of Business-International (AACSB), which is no longer listed by CHEA. This issue arises again in Rule 5-2(d)(7).*

We agree that the reference to the Council for Higher Education should be removed.

- *Rule 5-2(a) has proposed additions of developing skills in “critical thinking” and “professional skepticism,” as has been advocated by accounting educators worldwide.*

We agree and support that critical thinking and professional skepticism are foundational skills that should be developed.

- *Consistent with the proposed revised model of the Uniform CPA Examination, establish required accounting content that is core to the accounting profession as defined in Rule 5-2(d)(2).*

We agree that a clear delineation of the material that will be considered core vs. discipline related under the new licensure model is necessary for both schools and students. The wording of the proposed Rule 5-2(d)(2) implies that i.) Financial accounting and reporting for business organizations, ii.) Financial statement auditing, iii.) Taxation, and iv.) Accounting information systems comprise the core based on the requirement that a student must earn “a minimum of three SCH in each of the subject-matter content areas listed in Rule 5-2(d)(2)i. through iv”. A more explicit statement that this material will comprise the core on the revised exam would be beneficial to schools and students as curriculums are revised.

In the listing of subject-matter content areas in Rule 5-2(d)(2), we support the splitting of auditing and attestation services into financial statement auditing and attestation engagements as well as the additions of areas for tax and financial planning and for data analytics.

While going beyond the UAA, we encourage the clear delineation of the material to be covered in each of the proposed disciplines as well. Updating of the CPA Exam Blueprints as early as possible should be prioritized since training of the students who will begin testing under the new model in 2024 begins this fall.

Finally, the proposed changes include a change to this Rule to require a minimum of six SCH at the undergraduate level or three SCH at the graduate level of principles or introductory accounting content. We support requiring a stated number of hours beyond principles or introductory accounting content. However, we disagree with requiring 6 SCH at undergraduate. Some schools have sought to condense introductory classes in order to allow for coverage of analytics with the reclaimed hours. They find that for students continuing in further study of financial accounting via Intermediate Accounting and managerial accounting via Cost Accounting this is not detrimental to the students understanding and pass rates.

- *Pre-approval of internship programs and independent study is being advised in proposed Rule 5-1(f) and (g), to help ensure students receive valuable educational experiences.*

We agree that pre-approval of internships and independent studies will help ensure they are valuable education experiences.

- *Boards are being urged to complete transcript reviews in Rule 5-2(c), as accrediting organizations are focused on the overall quality of educational institutions, and not verifying that the content of the accounting programs meets Boards of Accountancy licensing requirements. The issue of coverage is also raised in Rule 5-2(d)(6).*

We agree that appropriate coverage of content must be ensured. In Rule 5-2(d), the Boards are being encouraged to “complete a transcript review to ascertain appropriate coverage of accounting and business content in accordance with Rule 5-2(d)”. The issue is that Rule 5-2(d) is a list of topics and does not provide sufficient details to determine what would be considered “appropriate coverage”. For example, one of the four core topics in Rule 5-2(d) is taxation but there is no guidance on what is necessary to have adequate coverage. One school’s course could cover individual taxation while another school might cover corporate taxation and it is unclear how those would be considered. Unless more detail guidance is provided on the topics in Rule 5-2(d)(2), there is the risk of Boards having different determinations of whether a particular course provides adequate coverage of a topic.

- *Changes to align requirements among states and to add data analytics and related courses to basic subject matter to be covered are found in Rule 5-2(d). Also in Rule 5-2(d), you will note reference to areas “included in the Uniform CPA Examination Blueprints” to allow for updating topics as needed.*

We agree with the inclusion of data analytics as a subject-matter content area and the flexibility allowed by referencing the Uniform CPA Examination Blueprints.

Rules 5-2(d)(2) and (4) discuss the subject matter requirements using the phrase “some or all”. Since *some* is an “unidentified amount or number” and could mean one, taken together these could be interpreted that one could take up to 36 SCH in subjects like data analytics and related subjects, or ethics since both topics are listed in each subsection. We feel that a limit upon the number hours coming from a single subject matter is appropriate. Further, since data analytics and related subjects as well as ethics are repeated on each list, it should be clarified that the same SCH cannot be used to satisfy both the requirements of both Rule 5-2(d)(2) and also Rule 5-2(d)(4).

- *To cover situations where pertinent courses are not being offered inside the business school, but are available in another college or university program, changes are being suggested to Rules 5-2(c) and (d).*

We agree with providing this flexibility within the Boards review of accounting and business courses. We feel that a maximum of six SCH should be available from outside the business school to ensure that students have a degree that includes sufficient business and accounting coverage. Most faculty outside the business school environment do not have an accounting/business background and therefore may not be contributing to the foundation in accounting and business subjects.

- *Currently, states have rules that permit three, or six, or an undetermined number of credits to be earned through internships and independent study. Changes are being proposed to Rule 5-2 (d)(7) to set the maximum number at nine credits and describe the content. This can help with education costs and add flexibility to the curriculum.*

We agree with keeping the maximum number of accounting hours and the maximum number of business hours earned via internships and independent study at 3 SCH each while increasing the total number of hours toward the 150 hour requirement to 9 SCH.

Finally, we believe the UAA should include an explicit reference to the 150 credit-hour requirement. Most, if not all, states currently have this requirement, and it has been generally accepted as an improvement to accounting education and to preparation of candidates for the CPA examination over the last 25 years. Given the changes envisioned by the CPA Evolution, inclusion of this explicit requirement will help ensure not only that candidates are well-prepared for the CPA examination from a technical perspective, but it also helps ensure that they have the mental, emotional, and professional maturity to best prepare them for entry into the profession. Moreover, given the American Accounting Association and other professional organization’s focus on maintaining accounting as a “profession” on par with law, medicine, and similar fields, explicitly requiring education beyond the approximately 120 hours necessary to earn a bachelor’s degree would help ensure accounting maintains its rightful place as a well-respected profession.