



Accountancy
OIE Status Report
October 25, 2023

Complaints Received—01/01/2023 – 10/04/2023	67
Active Investigations	25
Pending IRC (11/7/2023)	2
Pending Investigation By Another Agency	6
Closed	14



South Carolina Board of Accountancy
ODC Status Report
As of October 17, 2023

Open Cases	Pending Hearings & Agreements	Pending Closure	Closed*	Appeals
14	2	0	0	0
		*Closed since last report (8/16/2023):	0	
		Closed since 1/1/23:	3	

**Number of Active Credentials by
Prefix and Status
Board: ACCOUNTANCY**

Credential Prefix	Credential Status	Count
AFI	ACTIVE	1305
AFO	ACTIVE	364
AP	ACTIVE	62
CPA	ACTIVE	6254
PA	ACTIVE	3
5 Items		

Number of Active Credentials by Prefix and
Subcategory
Board: ACCOUNTANCY
as of 10/20/2023

Credential	Description	Count
AFI	ACCOUNTING FIRM IN STATE	1304
AFO	ACCOUNTING FIRM OUT OF STATE	341
AP A	ACCOUNTING PRACTITIONER	50
AP E	ACCOUNTING PRACTITIONER EMERITUS	3
CPA A	CERTIFIED PUBLIC ACCOUNTANT	6268
CPA E	CERTIFIED PUBLIC ACCOUNTANT EMERITUS	273
CPA R	CERTIFIED PUBLIC ACCOUNTANT RETIRED	83
PA A	PUBLIC ACCOUNTANT	1
PA E	PUBLIC ACCOUNTANT EMERITUS	1
	Subt Total	8324

	10/18/2022	10/20/2023	
AFI	1,305	1,304	-0.1%
AFO	364	341	-6.3%
AP.A	62	50	-19.4%
AP.E		3	
CPA.A	6,254	6,268	0.2%
CPA.E		273	
CPA.R		83	
PA.A	3	1	-66.7%
PA.E		1	
	7,988	8,324	



**Expenses by Month-Line Item Detail (KSB1)
Board: Accountancy**

Cost Center	Cost Center Text	Fund	Functional Area	Data for Month Ending	Posting Month
R360DC0018	Accountancy	31350000	R360_0009	8/31/23	2

GL Category	Posting date	Vendor #	Vendor Text	Fund	GL	GL Text	Cost Center	Cost Center Text	Doc Type	Doc Number	Long Description	Functional Area	Posting Period	Fiscal Year	Amount	
CONTRACTUAL SVC	8/9/23	7000145050	VERIZON WIRELESS	31350000	5020120000	CELLULAR PHONE SVCS	R360DC0018	Accountancy	Invoice - gross	5703835723	#	R360_0009	2	2024	81.19	
	8/10/23	7000200399	NEW AGE PROTECTION INC	31350000	5021599501	SECURITY CONTRACTS	R360DC0018	Accountancy	Invoice - gross	5703836955	#	R360_0009	2	2024	84.94	
	8/15/23	7000206241	AT&T	31350000	5020077222	NCV- VOICENET	R360DC0018	Accountancy	Vendor invoice	3029645040	#	R360_0009	2	2024	173.85	
CONTRACTUAL SVC															Sum:	339.98
SUPPLY AND MATERIAL	8/1/23	7000320014	USPS-TMS	31350000	5030070000	POSTAGE	R360DC0018	Accountancy	Vendor invoice	3029595071	#	R360_0009	2	2024	34.6	
	8/1/23	7000320014	USPS-TMS	31350000	5030070000	POSTAGE	R360DC0018	Accountancy	Vendor invoice	3029595106	#	R360_0009	2	2024	301.32	
	8/7/23	7000025673	SMITH RUBBER STAMPS & SEALS INC	31350000	5030010000	OFFICE SUPPLIES	R360DC0018	Accountancy	Invoice - gross	5703833996	#	R360_0009	2	2024	19.62	
SUPPLY AND MATERIAL															Sum:	355.54
FIXED CHGS AND CONT	7/17/23	7000277296	BV DRP SYNERGY II OWNER LLC	31350000	5040060000	ST RENT-NON ST BLDG	R360DC0018	Accountancy	Invoice - gross	5703822250	#	R360_0009	1	2024	896.32	
	8/1/23	7000246456	TIERPOINT LLC	31350000	5041827000	LEASE SBITA-PRINCPAL	R360DC0018	Accountancy	Invoice - gross	5703829588	#	R360_0009	2	2024	45.93	
	8/1/23	7000246456	TIERPOINT LLC	31350000	5041837000	LEASE SBITA-INTEREST	R360DC0018	Accountancy	Invoice - gross	5703829588	#	R360_0009	2	2024	2.58	
	8/2/23	7000277296	BV DRP SYNERGY II OWNER LLC	31350000	5040060000	ST RENT-NON ST BLDG	R360DC0018	Accountancy	Invoice - gross	5703830579	#	R360_0009	2	2024	896.32	
	8/15/23	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5703840436	#	R360_0009	2	2024	6.05	
	8/15/23	7000053898	XEROX CORPORATION	31350000	5040057000	CONTINGNT RENT - IT	R360DC0018	Accountancy	Invoice - gross	5703840436	#	R360_0009	2	2024	6.22	
FIXED CHGS AND CONT															Sum:	1,853.42
TRAVEL	7/25/23	30144279	MEREDITH	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	10	
	7/25/23	30144279	MEREDITH	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	41.6	
	7/25/23	30144279	MEREDITH	31350000	5050531000	HR TRV-OUT ST-AIR	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	26.28	
	7/25/23	30144279	MEREDITH	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	3.02	
	7/25/23	30144279	MEREDITH	31350000	5050550000	OUT ST-OTHER TRANS	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	3.38	
	7/25/23	30144279	MEREDITH	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	TRAVEL	3500957551	0030144279	R360_0009	1	2024	4.2	
	8/23/23	#	Not assigned	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-10	
	8/23/23	#	Not assigned	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-41.6	
	8/23/23	#	Not assigned	31350000	5050530000	OUT ST-AIR TRANS	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-26.28	
	8/23/23	#	Not assigned	31350000	5050540000	OUT ST-AUTO MILEAGE	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-3.02	
	8/23/23	#	Not assigned	31350000	5050550000	OUT ST-OTHER TRANS	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-3.38	



Expenses by Month-Line Item Detail (KSB1)
Board: Accountancy

GL Category	Posting date	Vendor #	Vendor Text	Fund	GL	GL Text	Cost Center	Cost Center Text	Doc Type	Doc Number	Long Description	Functional Area	Posting Period	Fiscal Year	Amount	
	8/23/23	#	Not assigned	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	JV- External	6900028898	0030144279	R360_0009	2	2024	-4.2	
TRAVEL															Sum:	0
															Sum:	2,548.94



Cash Report

Board: Accountancy

Updated through: 8/31/23

For Finance Use Only		
Cost Center	Fund	Functional Area
R360DC0018	31350000	R360_0001
R360DC0018	31350000	R360_0009
R360DC0018	31350000	R360_0017

Cash Summary

Fiscal Year	Cost Center	Beginning Cash Total	Revenue	Direct Expense	Shared Services Expense	Ending Cash Total
2022	Accountancy	639,343.49	628,710	387,612.14	333,206.81	547,234.54
2023	Accountancy	547,234.54	631,005	467,190.5	366,982.52	344,066.52
2024	Accountancy	344,066.52	12,940	81,900.96	66,883.55	208,222.01

Direct Expenditure Summary

Expenditure Groups	Total
Personal Service	55,251.67
Employer Contributions	24,100.35
Contractual Service	339.98
Fixed Charges/Rent	1,853.42
MA Assets	
Supplies	355.54
Travel	0
Total:	81,900.96

Shared Services Summary

Shared Services Summary	Total
Administration Transfers	35,754.46
Immigration Transfers	1,618.96
OIE/Legal Transfers	18,691.91
POL Admin Transfers	10,818.22
Sum:	66,883.55

Indirect Expenditure Notes

- Administration Transfers-Include Administrative Services, Director's Office, Advice Counsel and Communications. Percentage of share based on board's previous FY direct expenditure as compared to all boards' total previous FY direct expenditure
- OIE/Legal Transfers-Percentage of share based on previous FY number of investigations conducted for the board compared to OIE's total investigations in the previous FY
- POL Admin Transfers-Percentage of share based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure
- Other Transfers-Payment for Immigration and OSHA Provisos (81.7 & 81.8)-Percentage share of total expenses based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure; Transfer of 10% of board's FY direct expenditures to the State General Fund per Proviso 81.3



Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

Cost Center	Cost Center Text	Functional Area	Fund	Data current Through	Reporting Month
Accountancy	R360DC0018	R360_0009	31350000	8/31/23	2

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
PERS SVC	501058	CLASSIFIED POS			
	5010580000	CLASSIFIED POSITIONS	28,194.22	55,251.67	
	501070	OTH PERS SVC			
PERS SVC		Sum:	28,194.22	55,251.67	

EMPLOYER CONTRIB	513000	EMPLOYER CONTRIB			
	5130010000	RET-SRS	6,248.43	12,215.38	
	5130080000	RET-ORP	732.48	1,464.96	
	5130310000	SOCIAL SEC-ST EMPLY	2,083.77	4,080.6	
	5130400000	INS WORKERS COMP	2,733.38	2,733.38	0
	5130610000	INS HEALTH-ST EMPLY	1,693.84	3,387.68	
	5130670000	INS DENTAL- ST EMPLY	68.07	135.47	
	5130710000	PRE-RET DTH-ST EMP	37.85	74.01	
	5130780000	PRE-RET DTH BEN-ORP	4.44	8.87	
EMPLOYER CONTRIB		Sum:	13,602.26	24,100.35	0

CAPITAL EQUIPMENT	506000	CAPITAL EQUIPMENT			
CAPITAL EQUIPMENT		Sum:			

CONTRACTUAL SVC	502000	CONTRACTUAL SVC			
	5020077222	NCV- VOICENET	173.85	173.85	0
	5020120000	CELLULAR PHONE SVCS	81.19	81.19	1,010.42
	5021599501	SECURITY CONTRACTS	84.94	84.94	825.06
CONTRACTUAL SVC		Sum:	339.98	339.98	1,835.48

FIXED CHGS AND CONT	504000	FIXED CHGS AND CONT			
	5040027000	ST RENT-COPYING EQ	6.05	6.05	30.27
	5040057000	CONTINGNT RENT - IT	6.22	6.22	61.13
	5040060000	ST RENT-NON ST BLDG	896.32	1,792.64	1,792.64
	5041827000	LEASE SBITA-PRINCPAL	45.93	45.93	514
	5041837000	LEASE SBITA-INTEREST	2.58	2.58	19.52
FIXED CHGS AND CONT		Sum:	957.1	1,853.42	2,417.56



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REGULATION

Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
SUPPLY AND MATERIAL	503000	SUPPLY AND MATERIAL			
	5030010000	OFFICE SUPPLIES	19.62	19.62	0
	5030030000	PRINTED ITEMS			481.5
	5030070000	POSTAGE	335.92	335.92	0
SUPPLY AND MATERIAL		Sum:	355.54	355.54	481.5
TRAVEL	505000	TRAVEL			
	5050510000	OUT ST-MEALS-NON-REP	-10	0	0
	5050520000	OUT ST-LODGING	-41.6	0	0
	5050530000	OUT ST-AIR TRANS	-26.28	-26.28	0
	5050531000	HR-OUT ST-AIR TRANS		26.28	0
	5050540000	OUT ST-AUTO MILEAGE	-3.02	-3.02	0
	5050541000	HR-OUT ST-AUTO MILES		3.02	0
	5050550000	OUT ST-OTHER TRANS	-3.38	0	0
	5050560000	OUT ST-MISC TR EXPEN	-4.2	0	0
	5052010000	TRVL ADVANCE			160
TRAVEL		Sum:	-88.48	0	160
		Sum:	43,360.62	81,900.96	4,894.54



Cash Report

Board: Accountancy

Updated through: 9/30/23

For Finance Use Only		
Cost Center	Fund	Functional Area
R360DC0018	31350000	R360_0001
R360DC0018	31350000	R360_0009
R360DC0018	31350000	R360_0017

Cash Summary

Fiscal Year	Cost Center	Beginning Cash Total	Revenue	Direct Expense	Shared Services Expense	Ending Cash Total
2022	Accountancy	639,343.49	628,710	387,612.14	333,206.81	547,234.54
2023	Accountancy	547,234.54	631,005	467,190.5	366,982.52	344,066.52
2024	Accountancy	344,066.52	16,710	146,511.71	122,110.48	92,154.33

Direct Expenditure Summary

Expenditure Groups	Total
Personal Service	97,461.74
Employer Contributions	42,237.48
Contractual Service	923.16
Fixed Charges/Rent	4,720.48
MA Assets	
Supplies	373.85
Travel	795
Total:	146,511.71

Shared Services Summary

Shared Services Summary	Total
Administration Transfers	65,397.62
Immigration Transfers	2,873.9
OIE/Legal Transfers	32,623.32
POL Admin Transfers	21,215.64
Sum:	122,110.48

Indirect Expenditure Notes

- 1) Administration Transfers-Include Administrative Services, Director's Office, Advice Counsel and Communications. Percentage of share based on board's previous FY direct expenditure as compared to all boards' total previous FY direct expenditure
- 2) OIE/Legal Transfers-Percentage of share based on previous FY number of investigations conducted for the board compared to OIE's total investigations in the previous FY
- 3) POL Admin Transfers-Percentage of share based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure
- 4) Other Transfers-Payment for Immigration and OSHA Provisos (81.7 & 81.8)-Percentage share of total expenses based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure; Transfer of 10% of board's FY direct expenditures to the State General Fund per Proviso 81.3



**Expenses by Month-Line Item Detail (KSB1)
Board: Accountancy**

Cost Center	Cost Center Text	Fund	Functional Area	Data for Month Ending	Posting Month
R360DC0018	Accountancy	31350000	R360_0009	9/30/23	3

GL Category	Posting date	Vendor #	Vendor Text	Fund	GL	GL Text	Cost Center	Cost Center Text	Doc Type	Doc Number	Long Description	Functional Area	Posting Period	Fiscal Year	Amount	
CONTRACTUAL SVC	9/5/23	7000247834	TAYLOR COURT REPORTING LLC	31350000	5021010000	LEGAL SERVICES	R360DC0018	Accountancy	Vendor invoice	3029705758	#	R360_0009	3	2024	238	
	9/7/23	7000206241	AT&T	31350000	5020077222	NCV- VOICENET	R360DC0018	Accountancy	Vendor invoice	3029713247	#	R360_0009	3	2024	173.98	
	9/13/23	7000145050	VERIZON WIRELESS	31350000	5020120000	CELLULAR PHONE SVCS	R360DC0018	Accountancy	Invoice - gross	5703861887	#	R360_0009	3	2024	81.19	
	9/19/23	7000200399	NEW AGE PROTECTION INC	31350000	5021599501	SECURITY CONTRACTS	R360DC0018	Accountancy	Invoice - gross	5703866548	#	R360_0009	3	2024	90.01	
CONTRACTUAL SVC															Sum:	583.18
SUPPLY AND MATERIAL	9/1/23	7000320014	USPS-TMS	31350000	5030070000	POSTAGE	R360DC0018	Accountancy	Vendor invoice	3029700167	#	R360_0009	3	2024	2.07	
	9/1/23	7000320014	USPS-TMS	31350000	5030070000	POSTAGE	R360DC0018	Accountancy	Vendor invoice	3029700199	#	R360_0009	3	2024	16.24	
SUPPLY AND MATERIAL															Sum:	18.31
FIXED CHGS AND CONT	9/1/23	7000246456	TIERPOINT LLC	31350000	5041827000	LEASE SBITA-PRINCIPAL	R360DC0018	Accountancy	Invoice - gross	5703853942	#	R360_0009	3	2024	46.05	
	9/1/23	7000246456	TIERPOINT LLC	31350000	5041837000	LEASE SBITA-INTEREST	R360DC0018	Accountancy	Invoice - gross	5703853942	#	R360_0009	3	2024	2.44	
	9/1/23	7000277296	BV DRP SYNERGY II OWNER LLC	31350000	5040060000	ST RENT-NON ST BLDG	R360DC0018	Accountancy	Invoice - gross	5703853662	#	R360_0009	3	2024	896.32	
	9/15/23	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5703864164	#	R360_0009	3	2024	6.05	
	9/15/23	7000053898	XEROX CORPORATION	31350000	5040057000	CONTINGNT RENT - IT	R360DC0018	Accountancy	Invoice - gross	5703864164	#	R360_0009	3	2024	5.45	
	9/28/23	000E550000	SFAA ADMINISTRATION	31350000	5040510000	INSURANCE-STATE	R360DC0018	Accountancy	IDT INV Paying Party	3900423441	#	R360_0009	3	2024	1,910.75	
FIXED CHGS AND CONT															Sum:	2,867.06
TRAVEL	9/12/23	7000022657	NATIONAL ASSN OF STATE BOARDS OF	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3500965632	30153509	R360_0009	3	2024	40	
	9/12/23	7000022657	NATIONAL ASSN OF STATE BOARDS OF	31350000	5050570000	TRNG-OUT-ST REG FEE	R360DC0018	Accountancy	TRAVEL	3500965632	30153509	R360_0009	3	2024	755	
TRAVEL															Sum:	795
															Sum:	4,263.55



Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

Cost Center	Cost Center Text	Functional Area	Fund	Data current Through	Reporting Month
Accountancy	R360DC0018	R360_0009	31350000	9/30/23	3

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
PERS SVC	501058	CLASSIFIED POS			
	5010580000	CLASSIFIED POSITIONS	42,210.07	97,461.74	
	501070	OTH PERS SVC			
PERS SVC		Sum:	42,210.07	97,461.74	

EMPLOYER CONTRIB	513000	EMPLOYER CONTRIB			
	5130010000	RET-SRS	9,352.52	21,567.9	
	5130080000	RET-ORP	1,098.72	2,563.68	
	5130310000	SOCIAL SEC-ST EMPLY	3,119.43	7,200.03	
	5130400000	INS WORKERS COMP		2,733.38	0
	5130610000	INS HEALTH-ST EMPLY	4,379.82	7,767.5	
	5130670000	INS DENTAL- ST EMPLY	123.33	258.8	
	5130710000	PRE-RET DTH-ST EMP	56.65	130.66	
	5130780000	PRE-RET DTH BEN-ORP	6.66	15.53	
EMPLOYER CONTRIB		Sum:	18,137.13	42,237.48	0

CAPITAL EQUIPMENT	506000	CAPITAL EQUIPMENT			
CAPITAL EQUIPMENT		Sum:			

CONTRACTUAL SVC	502000	CONTRACTUAL SVC			
	5020077222	NCV- VOICENET	173.98	347.83	0
	5020120000	CELLULAR PHONE SVCS	81.19	162.38	924.09
	5021010000	LEGAL SERVICES	238	238	0
	5021599501	SECURITY CONTRACTS	90.01	174.95	735.05
CONTRACTUAL SVC		Sum:	583.18	923.16	1,659.14

FIXED CHGS AND CONT	504000	FIXED CHGS AND CONT			
	5040027000	ST RENT-COPYING EQ	6.05	12.1	24.21
	5040057000	CONTINGNT RENT - IT	5.45	11.67	55.69
	5040060000	ST RENT-NON ST BLDG	896.32	2,688.96	896.32
	5040510000	INSURANCE-STATE	1,910.75	1,910.75	0
	5041827000	LEASE SBITA-PRINCPAL	46.05	91.98	467.94
	5041837000	LEASE SBITA-INTEREST	2.44	5.02	17.08



Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
FIXED CHGS AND CONT		Sum:	2,867.06	4,720.48	1,461.24
SUPPLY AND MATERIAL	503000	SUPPLY AND MATERIAL			
	5030010000	OFFICE SUPPLIES		19.62	0
	5030030000	PRINTED ITEMS			481.5
	5030070000	POSTAGE	18.31	354.23	0
SUPPLY AND MATERIAL		Sum:	18.31	373.85	481.5
TRAVEL	505000	TRAVEL			
	5050510000	OUT ST-MEALS-NON-REP	40	40	0
	5050520000	OUT ST-LODGING		0	0
	5050530000	OUT ST-AIR TRANS		-26.28	0
	5050531000	HR-OUT ST-AIR TRANS		26.28	0
	5050540000	OUT ST-AUTO MILEAGE		-3.02	0
	5050541000	HR-OUT ST-AUTO MILES		3.02	0
	5050550000	OUT ST-OTHER TRANS		0	0
	5050560000	OUT ST-MISC TR EXPEN		0	0
	5050570000	TRNG-OUT-ST REG FEE	755	755	0
	5052010000	TRVL ADVANCE			160
TRAVEL		Sum:	795	795	160
		Sum:	64,610.75	146,511.71	3,761.88

09/04/2023

South Carolina Board of Accountancy
110 Centerview Dr,
Columbia SC 29210

TO: South Carolina Board of Accountancy Members
CO: Susanna Sharpe, CPA Board Administrator
CC: Chris Huggins, CPA, and David Knoble, CPA

We were pleased to see the Board of Accountancy focus on the CPA pipeline during its recent meeting on August 24th. We're working closely with stakeholders nationwide to understand what's impacting people's decisions to join or leave the profession. Alongside this, we at SCACPA are very focused on reducing barriers for people to become CPAs here in South Carolina.

In talks with colleagues from the Certified Public Accountants Society Executives Association (CPA/SEA), we've heard about some promising solutions worthy of consideration. Sharing ideas and successes helps all of us do better in a profession as complex as ours.

We also believe it is crucially important to have better data. At SCACPA, we believe that the smartest decisions come from looking at real, solid, data-driven evidence. Right now, we're missing the key data detailing how many people are coming into or leaving the CPA profession. Without this information, it's difficult to understand what solutions we need to pursue and how we measure successes and failures.

We've made multiple requests to NASBA regarding candidate data and have had meaningful conversations. In the end, NASBA simply does not have the resources needed to meet our requests. Additionally, any data provided would need to be sanitized for the laws of all 55 jurisdictions. This situation leaves us without access to the information we need regarding how many people enter or leave the profession. This further demonstrates our sentiment that this data is integral to driving informed choices, evaluating results, and ensuring the profession's sustainability.

Specifically, we're interested in understanding what happens when a candidate applies to sit for the CPA exam and subsequently moves through the licensing process. As it stands, we are unsure what data is collected or by whom, making it challenging to formulate an informed request for this crucial information.

We recognize that there may be limitations on the sharing of certain types of data, but we'd like to know what if any, information can be made available to the public. A comprehensive

understanding of these processes and access to relevant data would not only more accurately inform the Board about the state of the profession but, if shared publicly, could also open the door to innovative solutions for improving the CPA pipeline.

One such innovative solution that has caught our attention comes out of the University of South Carolina. They plan to adopt a program initially tailored for military use to meet the educational criteria outlined in Section 40-1-640. Their intention is to implement this adapted program under the provision of Section 40-2-35(C)(2) in the practice act. When we discussed this program with the university, we recommended that they consult with the Board to receive proper guidance on how this addition would align with the Practice Act.

We became concerned during the August 24 Board meeting when we heard talk of 'other requests' that seemed to involve terms like 'endorsement' and 'approval.' In recent years, we've seen educational programs like the one from Western Governors University come before the Board multiple times for guidance and, eventually, approval. It's in every stakeholder's best interest to thoroughly review any proposed solutions for meeting the 150-hour education requirement.

When crafting statutes, SCACPA aims for flexibility that empowers the Board to act in the public interest. This empowerment comes with the responsibility to help the public understand how this flexibility is interpreted. Understanding this, we created Section 40-2-70(A)(14) to give the Board the authority to issue non-binding interpretations of statutes and regulations. This authority was intended to facilitate informed decisions based on a written set of facts and to help not just licensees but also the public.

The University of South Carolina sought such guidance from the Board, and the insights provided would have been valuable not only for USC but also for other parties, including SCACPA. With the national conversation increasingly focusing on educational requirements for licensure, we believe the Board's responsibility to provide guidance has never been more crucial.

The proposed solution of holding an education committee meeting will also serve the intended purpose. However, it will remain the responsibility of the full Board to vet and communicate the process of reviewing courses or programs to be considered within 40-2-35(C)(2). We hope to have a draft process to review soon so that we may consider any additional changes that may be necessary to 40-2-35(C)(2) in our current proposed amendments.

We were glad to learn that Board members are committed to increasing student awareness and engagement. SCACPA offers several programs aimed at guiding students toward CPA. We invite Board members to discuss these programs with us. Understanding that Board members can participate as individuals in various activities offers flexibility, and we may have programs you'd find particularly meaningful to support.

Our student materials already include information about the Board of Accountancy. Still, we're receptive to any suggestions for enhancement. One idea could be forming a task force consisting of former Board members who could directly convey the Board's message to students. This approach could offer a more flexible way to disseminate information and garner feedback.

We also want to emphasize the importance of involving South Carolina's Historically Black Colleges and Universities (HBCUs) in any student-related discussions. These institutions play a vital role in the future of the profession, and we must ensure their inclusion. Recent staffing changes and retirements have affected our long-standing relationships with local HBCUs. We are eager to rebuild and strengthen these partnerships and would greatly value any introductions that Board members could facilitate.

In conclusion, we appreciate the Board of Accountancy's focus on the CPA pipeline and share the urgency in addressing the challenges facing our profession. The lack of comprehensive data, educational innovations, and direct engagement with the upcoming generation of CPAs are all vital issues that warrant our collective attention.

We at SCACPA are committed to working alongside the Board, educational institutions like the University of South Carolina, and our fellow organizations in the profession to find solutions. We believe that collaboration, fueled by accurate data and flexible regulations, will drive the progress needed to secure the future of the CPA profession in South Carolina.

As we work on these initiatives, we also look forward to further discussions with the Board to explore how we can collaborate on student programs, especially those that engage and include HBCUs. We are open to and eagerly await any suggestions, introductions, or other forms of support that the Board can offer.

Thank you for your time, commitment, and partnership in these important endeavors. We look forward to our continued collaboration for the betterment of the CPA profession in South Carolina.

Chris Jenkins
CEO – South Carolina Association of CPAs



National Association of State Boards of Accountancy

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August 29, 2023

Dear Board of Accountancy Chairs and Executive Directors:

In an effort to address continuing concerns regarding the CPA pipeline, NASBA's CBT Administration Committee is recommending Boards of Accountancy consider adopting a one-time credit relief initiative. We encourage board adoption of this initiative as soon as possible and have provided recommended language below.

A task force including representatives of the CBT Administration Committee and executive directors from the Executive Directors Committee developed language, which was approved for recommendation by the CBT Administration Committee for dissemination to the state boards. This credit relief initiative is also fully supported by the NASBA Board of Directors. In addition, this general concept has been circulated with state societies and CPA firms in recent months and embraced with significant enthusiasm.

As the task force considered the initiative, it realized that some state boards have the ability to adopt such an initiative en masse for all candidates to which it applies. Other state boards must apply it on a case-by-case basis by request. Given this, two separate recommendations are provided, as appropriate:

Jurisdictions that CAN adopt en masse for candidates:

In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020⁽¹⁾ through May 11, 2023⁽²⁾, which have not been subsequently replaced by new credits for the same sections.

⁽¹⁾ The United States Department of Health and Human Services declared a national Public Health Emergency.

⁽²⁾The United States Department of Health and Human Services announced the expiration of the national Public Health Emergency.

Jurisdictions that CANNOT adopt en masse extensions for candidates:

In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will consider individual candidate requests to extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020⁽¹⁾ through May 11, 2023⁽²⁾, which have not been subsequently replaced by new credits for the same sections.

⁽¹⁾ The United States Department of Health and Human Services declared a national Public Health Emergency.

⁽²⁾ The United States Department of Health and Human Services announced the expiration of the national Public Health Emergency.

Please note that NASBA can provide lists of candidate information for those meeting the criteria established by the board. Also, NASBA will be pleased to assist boards in determining candidates who are eligible for this initiative and will develop communications, which can be used when contacting affected individuals.

Frequently Asked Questions (FAQs) and talking points for boards are currently under development and will be shared shortly, as we understand that questions regarding this initiative and its implementation are certain. NASBA will host a webinar at two different times for convenience for board members and board staff (September 7, 2023, from 10-11 a.m. CDT and September 11, 2023, from 3-4 p.m. CDT). The recommended credit relief initiative and FAQs will be discussed, and time will be allowed for questions.

We would appreciate it if you would share this communication with your board members to give them context for the recommendation before the webinars. Invitations to the webinars will be sent to all board members shortly, though we have provided registration links below for your convenience.

*September 7 Registration:
10:00 - 11:00 a.m. CDT*

Register Now

*September 11 Registration:
3:00 - 4:00 p.m. CDT*

Register Now

We do understand that some boards may choose not to adopt this initiative or may be restricted to dates other than those recommended.

If you have any questions, please contact Patricia Hartman, NASBA Director of Client Services, at [REDACTED] or [REDACTED]. Pat and other NASBA senior staff are available to attend your board meetings virtually over the coming weeks and months to answer questions and to provide further background information regarding the recommendation of the Committee if that would be helpful.

Thank you for your consideration of this matter.

Sincerely,

Gerald Weinstein, CPA
Chair, CBT Administration Committee

[REDACTED]

Cc: NASBA Board of Directors

**SC BOARD OF ACCOUNTANCY
EDUCATION COMMITTEE MEETING
THURSDAY, OCTOBER 5, 2023, 10:00AM**

The Education Committee of the SC Board of Accountancy held a meeting with South Carolina accounting educators. Attendees includes Jayne Maas, Committee Chair, Susanna Sharpe, Board Administrator, Hardwick Stuart and Mary League, Board Counsels, accounting faculty from South Carolina education institutions (see attached list) and John Johnson, Director, Legislative Affairs, NASBA.

NOTE: These minutes are a record of the information shared with educators and a brief summary of the meeting.

Jayne Maas called the meeting to order and welcomed attendees at 10:10am. The following informational updates were shared with educators:

NASBA/AICPA INITIATIVES

- 11/02/2022: CPA Evolution key dates timetable – Anticipated delays in the release of candidate scores due to necessary standard-setting analyses and activities during the period January 1, 2024, to June 30, 2025; automatic reset of CPA completion time period to 18 months for candidates in the pipeline January 1, 2024. Discussed and approved at the April 2023 meeting under the hardship provisions in Section 40-2-35 (F)(1)(a). Depending on where candidates are in the completion pipeline on January 1, this could extend the date to the 18 months in the current state law plus the additional 18-month hardship approved.
- 04/24/2023: Revisions to the Uniform Accountancy Act to extend the completion time period from 18 months to 30 months, with the time period clock commencing on the date the NASBA score is released versus the date the candidate takes the exam. Recommended UAA revisions must be enacted into law before they are effective, but this should not be an issue until June 30, 2025, when the initial hardship time period expires. Hopefully, revisions to the law will be in place by then.
- 08/07/2023: ELE (Experience, Learn and Earn) Program to ease path to CPA Licensure. Updated attendees on elements of the Tulane pilot proposal which starts in January 202, which is based on accredited and transcript hours. It's a wait and see how the pilot program goes at this point. A few schools expressed interest in getting in touch with NASBA about possibly offering such a program in our state.
- 08/29/2023: One-time credit relief for significant health, economic, education and travel disruptions. Not yet discussed or reviewed by the Board.

RECENTLY ENACTED LEGISLATION (LAST YEAR)

- Section 40-2-35 (C)(1)(b) and (c). Revision of the education requirements to sit and license – 24/24 accounting/business courses from 36/36/24 makes SC more competitive to keep candidates in the state. In addition, broadened the acceptable content areas where accounting and business courses can count (must be accredited courses on transcripts).
- Section 40-2-35 (C)(2). The board may review and accept individual courses and education programs determined to be substantially equivalent to the foregoing [accredited transcript-abled courses and programs]. This was discussed as uncharted territory that reflects the changing education environment and presumably covers nonaccredited courses and programs since everything else is already covered in the law. There are currently no guidelines on this.

- Tim Baker (USC) shared information on a proposed program that USC is considering under this section of the law. Under the USC proposal, nonaccredited programs could be offered at lower than USC's accredited-based tuition (which is controlled by the state). Since the University already has a Continuing Education/Professional Development program in place, these programs could be modified as needed to provide additional business acumen options with outcomes to CPA candidates to complete the additional 30-hour credit requirement. The program is designed to allow up to ten courses to be delivered by the School of Accountancy faculty. Each course requires the equivalent delivery and work of a three-credit hour course but will not grant credit hours for completion. The primary reason is to allow a quality program at a lower per-course rate than standard undergraduate or graduate tuition rates. The School of Accountancy understands that the program would require review from the South Carolina Board of Accountancy under South Carolina Laws stated in section 40-2-35 (C)(2).
- Section 40-2-35 (G)(1). Acceptable experience was broadened to include providing any type of advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills verified by a CPA in industry, academia or public practice with direct knowledge of the experience, eliminated the requirement that the candidates report directly to a CPA in the organizational chain.

CURRENT LAW – REMINDER TO EDUCATORS

- Section 40-2-20 (23)(b). Educators were reminded of the definition of the practice of accounting under current law since we often get questions about it. The practice of accounting includes “using or assuming the titled Certified Public Accountant” or the abbreviation “CPA” or any other title, designation, words, letters, abbreviations, sign, card or device tending to indicate that the person is a certified public accountant. For educators this is a reminder that if you are using the title CPA in any way in carrying out your duties as an educator in the state, you are in public practice under the law. You are required to be licensed as a CPA in the state.

PROPOSED LEGISLATION

- Section 40-2-35 (C)(2). This section proposed to clarify the legislative intent of the law enacted this last year. Within its regulatory capacity, the Board may approve up to thirty hours of educational credit derived from non-accredited sources, such as unaccredited courses, apprenticeships, certificates, experiential learning, or alternative educational programs. This endorsement is contingent upon the prior fulfillment of all prerequisites detailed in (C)(1) items (a), (b), and (c) and subject to the condition that the learning content from such non-accredited courses does not redundantly cover the subject matter already stipulated under accredited criteria.
- (Continuance of proposed (C)(2) language): Further, should five or more states establish and implement alternative educational requirements or programs, such requirements or programs shall be acknowledged and become operative within this State. This is a trigger provision which would mandate the Board to accept any such programs offered if 5 or more other states implement alternative requires or programs. This is a pretty controversial section of the proposed legislation which is still under debate.
- Section 40-2-35 (F)(2). Proposed to strike this provision to eliminate the requirement for 120 hours of CPE if a candidate applies for a license more than 3 years after passing the last section of the exam. Provision is believed to provide more candidate barriers, be punitive, and not present any threat to violation of public trust because the candidate is not licensed.
- Section 40-2-35 (G)(1) and (2). Proposed to clarify what direct knowledge by a CPA means in verifying candidate's experience. This experience may be supervised by a non-licensee but

must be verified by a CPA with “personal” (instead of direct) knowledge...for the duration of the qualifying experience –also getting a lot of debate. Same change for teaching experience revisions.

BOARD OUTREACH TO STUDENTS

Educators were advised that the Board would like to connect with students on some type of Board outreach and ask for their input. The following comments were received from educators:

- Greg Krippel (Coastal Carolina) suggested the students need guidance on how to plan to take the CPA exam.
- T. Greenlee (Converse) liked the idea of outreach as part of SCACPA student night and how SCACPA and SCBOA roles differ.
- C. Alvis (Retired) indicated it would be helpful to explain the role of BOA and licensees’ relationship with the board once licensed.
- T. Baker (USC) agreed with C, Alvis and T. Greenlee.
- C. Coleman (Retired) suggested schools may be interested in hearing about board decisions/cases in ethics in auditing classes or as part of a presentation.
- S. Roberson (Furman) -Making the Board outreach as part of a bigger event is a good idea. SCACPA student night or perhaps Beta Alpha Psi chapters.

Based on the feedback provided, structuring a program inside the SCACPA student night seemed to be a good first approach.

DATA COLLECTION REQUEST

- A number of data collection requests were made when the Education Committee meeting notice was distributed to attendees. No specific information was provided at the meeting, but Susanna Sharpe spoke briefly about the importance of gathering CPA exam and candidate statistics. Several colleges expressed the same views. NASBA provided an update to indicate that various exam statistics and data would become available (at no charge) once the new exam is launched in January 2024 exam release.

PUBLIC COMMENT

Katharine Keller from SCACPA provided public comment to thank educators for their continued support.

A motion was made and second to adjourn the meeting at approximately 12:00pm.

NAME	REPRESENTING
Jayne Maas	SC BOA
Deltrease Hart-Anderson	SC BOA
Greg Kripple	Coastal Carolina
Charles Alvis	Retired
Charles Randle	Winthrop
John Johnson	NASBA
Robert Hogan	College of Charleston
Tanya Greenlee	Converse College
Tara Saracina	Clafin
Angela Williams	Limestone
Anissa Truesdale	Benedict
Cindy Bolt	Citadel
Gail Moore	Lander University
Jenny Bem	Wofford
John Duncan	North Greenville
Nadine Russell	USC Beaufort
Phebe Davis-Culler	Clemson University
Roger Daniels	College of Charleston
Whitney Lewis	SCACPA
Katie Phillips	LLR
Tim Baker	USC/SCACPA/AICPA
Clarence Coleman	Retired
Katharine Keller	SCACPA
Sandy Roberson	Furman
Kelly Prestby	USC Beaufort

DRAFT 8-POINT PLAN TO ADDRESS THE CPA PIPELINE
EXECUTIVE SUMMARY

Introduction

An intentional and consistent effort is required to encourage many talented people to become CPAs. Ensuring that the pipeline of students is robust enough to meet market needs requires a collective effort to address systemic hurdles to entry, including attractiveness, cost, time, and reward.

What follows is a draft package of initiatives designed to better position students and the system for success. This draft plan will continue to grow and evolve through this phase of discussion and will become even more impactful through input from key stakeholders.

Initiatives outlined in brief here will align with the ongoing profession-wide, multi-stakeholder efforts to attract students to the accounting profession, educate and prepare them for licensure, and ready them for careers in accounting.

1. Integrated Education and Experience Program

- The Integrated Education and Experience Program (IEEP) is an AICPA and NASBA sponsored program that would provide university students on a CPA career pathway an opportunity to work at a firm and gain a mix of work experience, study time, and affordable college credit hours after a bachelor's degree is earned and before 150 credit hours of education has been achieved.
- The program is designed to be one of many ways to bridge the gap between education and practice. (Other ways include traditional internships, advance placement high school credits, dual credit high/school college programs, CLEP, community college courses)
- IEEP is a cost-effective, flexible, and scalable alternative route for the student/employee to earn up to 30 hours of academic credit.
- The program is being developed by AICPA and NASBA with input from firms, students, young professionals, academics, state CPA societies, and state boards of accountancy.
- IEEP will increase accessibility to and affordability of entry into the profession for a diverse pool of candidates. The program will benefit both candidates and firms by recruiting more students into the pipeline and helping them reach their CPA licenses.
- Success will mean a pilot program by the Fall 2023.

2. 30-hour Communication Campaign

- While prescriptive guidance on the additional educational hours required for licensure would diminish flexibility students often need, powerful examples of how to achieve 150 hours could eliminate uncertainties among students and further align candidate coursework with firm and employer needs in their new hires.
- This effort will focus on showcasing students using their 30 hours in creative ways that help with career readiness.
- Content for students and their influencers will include presentations, talking points, and other deliverables, informed by survey data from firms on desired skills.
- Success will mean content released at the start of Q2 2023.

3. Extending the 18-month Exam Window for Candidates

- Given the increased work demands on CPA candidates by firms amid other social and external pressures on the candidates, the 18-month window for a CPA candidate to pass all 4 sections of the CPA Exam is viewed as being too restrictive. Greater flexibility is needed to provide additional time for candidates to complete the Exam process.
- We will increase our efforts to work with NASBA and state boards to extend the 18-month window for candidates.
- Work has been done already as part of the launch of the CPA Evolution CPA Exam. CPA Evolution provides an opportunity to pilot this program on January 1, 2024, and NASBA and the state boards are already studying the impact on expanding the testing window post launch of CPA Evolution.
- Adjusting the 18-month period should focus on “high-potential” candidates that have completed over half of the CPA journey, ensuring an additional 1,000 – 3,000 or more licensed CPAs annually.
- Success will mean both an increase in the number of newly licensed CPAs annually and potentially an increase in the percentage of candidates staying in the pipeline through CPA licensure.

4. Consider and Address Jurisdictional Barriers to Initial Licensure

- For decades the profession has worked on uniformity across state lines through the mobility and substantial equivalency provisions contained in the Uniform Accountancy Act (UAA).
- To further advance uniformity and eliminate state specific challenges CPA candidates experience when applying for the CPA Exam and initial licensure, we will work with NASBA and state boards to address the challenges to the licensure path in states that confuse and frustrate CPA candidates, leading to eventual departure.
- This effort will examine how we can streamline and align the regulatory and legal environments and their impact on the journey to the CPA license.
- Success will mean significant reduction in state-by-state regulatory and legal barriers to entry, providing a more transparent and efficient route to the CPA across the U.S.

5. High School and College Strategies

- The AICPA will explore, develop, and execute numerous inter-related strategies to strengthen the pipeline at the high school and college levels.
- At the high school level, the work includes promotion of dual-credit curricula and programs and assessing whether and how to develop an Advanced Placement (AP) course that will provide college credit.
- At the college level, efforts include promotion of dual-credit curricula and programs, customized strategies for online universities, and a prioritized focus on minority serving institutions and HBCUs.
- Success will mean an increase in the 66,000 annual bachelor's and master's graduates in accounting and a return (followed by an increase) to 50% of accounting graduates, or 33,000, becoming first-time CPA candidates.

6. STEM Recognition

- Accounting curricula, particularly at the college and university level, have evolved to reflect the profession's role as a technology driver. Recognition of accounting as a STEM field will reflect how accounting has changed in recent years.
- Legislation introduced in 2021 would allow STEM K-12 grant funding to be used for accounting awareness and education, with a focus on increasing access to underrepresented groups. Further, AICPA nominated accounting and five other curricula (Classification of Instructional Program codes) to be designated as STEM by the Department of Homeland Security.
- In addition to seeking this federal legislation and direct designation of accounting as a STEM field, we are working with colleges and universities to expand their accounting curricula to include additional technology-focused courses to meet the profession's current and future needs.
- Success will mean passage of federal STEM legislation in 2023, designation of one or more accounting curricula fields as STEM by DHS, and greater adoption of STEM curricula and existing STEM CIP codes by college and university accounting programs.

7. Endowment / The AICPA Foundation

- The AICPA Foundation is shifting its strategy to a laser focus on accepting donor contributions and funding students and CPA candidates in financial need in their journey to the CPA or CPA-PhD. The renewed strategy of the Foundation has been approved by the Board of Trustees and 2023 is the transition year.
- In addition to providing financial support, we are in a unique position to work with firms to provide students with access to internships, fellowship, mentorship, and financial scholarships.
- Success will mean growth both in assets and in the number and amount of focused scholarships and internship placements.

8. Stakeholder Calls to Action

- The CPA pipeline is being adversely impacted by a variety of factors. While the rigors of entry into a profession necessarily include certain hurdles – education, exam, and experience – the challenges extend into the broader ecosystem around these three areas.
- We will address the system of attractiveness, cost, time, and reward as a barrier to entry into the profession.
- In this spirit, we will assess and call for changes in the broader ecosystem that result in meaningful and comprehensive solutions to the CPA pipeline concerns. This includes CPA firms, universities, and the regulatory community.
- Success will mean developing dialogue on the broader issues impacting the attractiveness of the CPA profession and creating positive and measurable change across these fronts.

Susanna Sharpe

From: Dan Dustin [REDACTED]
Sent: Friday, January 20, 2023 9:06 AM
To: Dan Dustin
Subject: AICPA 8-Point Plan
Attachments: AICPA Draft 8-Point Plan Summary.pdf

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Executive Directors,

The AICPA has created a draft 8-point plan to address the CPA pipeline issue and it is my understanding the AICPA has shared and discussed this plan with State Society CEOs. In December, the AICPA shared a copy of their draft plan with NASBA for comment and feedback. At that time, the AICPA requested that NASBA not disseminate the draft plan to the Boards of Accountancy but has now agreed to let us share with state boards. The draft plan includes eight topic areas the AICPA suggest align with ongoing profession-wide, multi-stakeholder efforts to attract student to the accounting profession.

During initial discussions with the AICPA, NASBA leadership pointed out that some of the items discussed in the draft plan were not covered in sufficient detail. NASBA also expressed a concern about the specific order of the eight items. For example, significant factors that most recognize as potential barriers to the profession are salary and work-life balance. When NASBA asked about these two issues, we were directed to a bullet on the last page of the draft plan under the eighth point, *Stakeholder Calls to Action*. Specifically, NASBA was referred to the third bullet in that section which states: "We will address the system of attractiveness, cost, time, and reward as a barrier to entry into the profession." NASBA pointed out that this generic statement did not adequately highlight salary and work-life balance concerns or speak to AICPA's plan to address such issues.

NASBA also expressed concern that the draft 8-point plan placed excessive focus on regulatory reasons for decreased pipeline, as opposed to more impactful issues, as noted above. Though there is always room to improve uniformity amongst states for exam and licensure requirements, and NASBA will continue to work with Boards to encourage uniformity, NASBA expressed concern that regulatory barriers to entry were of undue primary focus over other areas of concern and warranted focus.

The topics discussed in the 8-point plan include the IEEP (Integrated Education and Experience Program), communication on alternative ways to obtain the additional 30 hours of education, an examination of the 18-month conditional credit window, possible jurisdictional barriers, high school and college strategies, STEM recognition, additional funding through the AICPA's Endowment and Foundation and stakeholder calls to action. I recently discussed the IEEP program and the 18-month conditional credit window on the January executive director monthly Zoom meeting. Several of the other topics, such as STEM and high school and college outreach have been discussed in other venues.

There is no one single solution that will resolve the CPA pipeline issue. Collectively, all stakeholders have a role to play in attracting students to the profession. The AICPA's 8-point plan is an attempt to provide their constituents with ideas of how to address the pipeline.

Please share this information with your board members. NASBA wanted to share AICPA's plan with the Boards as soon as possible, but also felt that NASBA's feedback to AICPA also should be conveyed. As always, do not hesitate to contact me with any questions.

Daniel J. Dustin, CPA
Vice President, State Board Relations

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January 24, 2023

TO: Interested Parties at the AICPA and NASBA
RE: DRAFT 8-POINT PLAN TO ADDRESS THE CPA PIPELINE

We appreciate the opportunity for our board members to review the DRAFT 8-POINT PLAN TO ADDRESS THE CPA PIPELINE, EXECUTIVE SUMMARY you provided to Chris Jenkins, our CEO, on the week of January 1st, 2023. This letter represents our official response to your draft document.

We agree that the pipeline to becoming a CPA is at a critical point and that the pipeline volume must be increased quickly. We also agree that changes made to increase the pipeline must be well thought through and well-measured to determine if the changes are impactful. Lastly, they must be long-term changes.

Integrated Education and Experience Program

While this initiative could ultimately lower the candidate cost for the remaining 30 hours, we feel strongly that it will not adequately address pipeline compression. We do not believe this approach removes barriers to entry, but instead places additional strain on those seeking to join the profession. As such, we have no confidence in this proposed solution.

When we extrapolate the communicated implementation timeline, this solution would require three years or more to realize and measure success and more than a decade for full implementation. A solution must be implemented more quickly and provide much faster measurements to address the current pipeline problems.

Furthermore, this initiative, as described, does not provide a pathway for licensure for candidates working through smaller CPA firms, industry organizations, governmental entities, or not-for-profits. Smaller CPA firms do not typically have the capital (monetary or human) necessary to implement this type of initiative. Yet, these same small firms are more than adequate in providing the experience necessary for today's licensure path.

The AICPA, NASBA, and CAQ have indicated that the additional 30 hours are a barrier to licensure, and there is significant support for that statement. We also believe that mobility and reciprocity are critical to the sustainability of the profession. We recommend that the AICPA collaborate with all states to establish a dual path to licensure that accomplishes faster implementation and measurement of success. We also suggest that NASBA consider revising the definition of substantial equivalency, which would accomplish both goals.

Three criteria, education, experience, and the exam, are used for licensure qualification, with none regarded more than the others. Education and experience build a candidate's knowledge of practice, and the CPA Exam tests those skills. Experience is the bridge between educational learning and becoming a trusted advisor. Increasing experience to offset a reduction in required education hours does not roll the profession back. Instead, it is a necessary evolution with the changes in how CPAs work. Supporting a balance of experience and ongoing education are continuing trends in many finance and technology roles. Based on the draft plan, we agree that a second path to licensure is imperative, however, we disagree on the method. We believe that for the CPA profession to be competitive with other verticals, the second path should consist of reducing the educational requirement to 120 hours and extending the experience requirement. We believe this addresses the pipeline issues more directly.

The pace of change challenges any curriculum to remain relevant to business needs, much less one designed for the diversity of skills required of today's and future CPAs. Offering two options (150 hours with one year of experience and 120 hours with additional experience) as substantially equivalent paths (1) addresses current pipeline needs, (2) removes a known barrier to first-generation students, (3) reduces the cost of licensure and (4) aligns with the workforce directives of the South Carolina legislature. In fact, we believe the latter path immediately qualifies a large population of potential candidates for licensure (pending passage of the CPA Exam). This has a powerful, immediate, and measurable impact on the pipeline. This should not be seen as a regression in qualifications but as affirming that existing CPAs with 120 hours of education and additional experience are equally as competent as the 150 hour CPAs.

For these reasons, we cannot support the Integrated Education and Experience Program as drafted. We welcome an opportunity to work with all stakeholders, consider all ideas, and find the best solution both nationally and for South Carolina. Additionally, we adamantly support updating the UAA definition of substantial equivalency to include the dual-path model detailed above.

30-hour Communication Campaign

Currently, the path to CPA needs clarification. We appreciate the AICPA's efforts to offer students a roadmap to guide their journey. However, we are concerned about the difficulty of capturing various jurisdictional differences. Again, engaging state associations in this process would lead to a more successful solution.

Overall, we support this initiative even though we believe the IEEP initiative requires modification first.

Extending the 18-month Exam Window for Candidates

As a board, we agree with extending the CPA Exam window for candidates. We believe the next generation engages in lifestyles that would benefit from an extended period to pass the exam, which would result in some additional CPAs contributing positively to the pipeline.

Further, post-collegiate candidates could benefit from additional time given their varied levels of work-life integration. We will consider our decision based on the best interests of South Carolinians and work within our statutes to make those adjustments at the appropriate time, along with any other necessary statute adjustments for licensure.

Consider and Address Jurisdictional Barriers to Initial Licensure

SCACPA completed this effort during our state's 2022 legislative session. Changes in our comprehensive Accounting Practice Act update (Senate Bill 812, signed into law on May 16, 2022) aligned our state requirements with the Uniform Accountancy Act (UAA). Having completed this exercise, we understand the difficulties and the work required to update each state's practice act.

Additionally, this presents another reason a flexible, agreed-upon path to CPA licensure is crucial. As states update their statutes for alignment, updating the substantial equivalency definition could be effortlessly accomplished in the same legislation.

Overall, we support this initiative.

High School and College Strategies

We support these initiatives and look forward to activities that will complement our continued local efforts.

STEM Recognition

We support these initiatives and believe this solution is long overdue.

Endowment / The AICPA Foundation

We support this initiative.

Stakeholder Calls to Action

We support your efforts and recommend that you include State Associations in your list of stakeholders. State associations have a history of positive impact and support for pipeline initiatives at the state and local levels.

We look forward to collaborating with the AICPA to improve the pipeline and finding a workable solution for removing barriers to licensure nationwide. Balancing education and experience requirements through dual-path opportunities meets the goal of ensuring a sustainable pipeline for the near and distant future.

Signed by the Executive Committee of the South Carolina Association of CPAs, on behalf of the Board of Directors.

Chair: Brad Ledford, CPA
AICPA Member Since 1998

Vice Chair: David Knoble, CPA, CGMA, MAC
AICPA Member Since 1994

Immediate Past Chair: Lesley Kelly, CPA
AICPA member since 1999

Treasurer: Michelle Gneisig, CPA, CGMA
AICPA Member Since 2012

CEO: Chris Jenkins, CAE, CCNA, CISSP



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

January 25, 2023

Executive Committee of the South Carolina Association of CPAs
c/o Mr. Chris Jenkins, CEO
South Carolina Society of CPAs
1300 12th Street, Suite D
Cayce, SC 29033

Sent via email: [REDACTED]

Dear Mr. Jenkins:

We recently received a letter from the Executive Committee of the South Carolina Association of CPAs (Executive Committee) suggesting that NASBA has indicated that the additional 30 hours of education are a barrier to licensure.

We believe that it is important for the Executive Committee to understand that NASBA does not perceive the 150-hour education requirement to be a barrier to entry to the profession. At its meeting last week, the NASBA's Board of Directors voted unanimously in continued support of the 150-hour education requirement.

Earlier this month, NASBA wrote a letter to the President and CEO of the Minnesota Society of CPAs (Minnesota Society) when we learned that they were contemplating the introduction of a bill that would create multiple pathways for licensure. I have attached a copy of that letter so that the Executive Committee understands the potential impact that the enactment of such legislation in South Carolina may have on its being designated substantially equivalent and the resulting impact it may have on South Carolina licensed CPAs and public accounting firms.

As noted in our letter to the Minnesota Society, the guidelines for the substantial equivalency standard are set out in Appendix B of the Uniform Accountancy Act. Specifically, Section A. Substantially Equivalent States provides "*the criteria for determining whether a state's CPA qualification requirements are substantially equivalent to the UAA include: ... completion of the 150 hour education requirement, passage of the Uniform CPA examination and compliance with a one year general experience requirement.*"

Should any jurisdiction adopt legislation, rules or regulations which alter their licensing requirements in a manner that is not compliant with the UAA requirements (150 semester hours of education with accounting concentration, at least one-year acceptable experience, and successful completion of the Uniform CPA Examination), that jurisdiction will be found to be non-substantially equivalent by the National Qualification Appraisal Service.

As outlined in the letter to the Minnesota Society, if South Carolina enacts legislation that does not comply with these requirements, South Carolina will lose its substantial equivalency status. Should this occur, it would have the following impact on South Carolina CPAs and public accounting firms:

- South Carolina CPAs would no longer be able to practice in another jurisdiction under mobility and would instead first need to obtain a CPA license or temporary practice permit to practice in another jurisdiction.

With the enactment of substantial equivalency across the 55 jurisdictions, many, if not all, jurisdictions eliminated the temporary practice permit provision from their laws and rules and as a result, CPAs from non-substantially equivalent jurisdictions would need to obtain a CPA license to practice in another jurisdiction.

- Because South Carolina would no longer be considered substantially equivalent, a South Carolina CPA would not be able to apply for a license under reciprocity without first undergoing a review of his/her college transcripts to verify that the CPA has met the 150-hour education requirement. The Uniform Accountancy Act provides that individuals who personally meet the substantial equivalency standard may apply to the National Qualification Appraisal Service if the jurisdiction in which they are licensed is not substantially equivalent to the UAA.
- South Carolina public accounting firms would no longer be able to use the firm mobility provisions to practice in those jurisdictions that have adopted the firm mobility provision because their CPAs would no longer be eligible to practice in another jurisdiction under substantial equivalency.

As a result, a South Carolina public accounting firm would need to obtain a practice permit before providing any professional services in any other jurisdiction, including those that have adopted firm mobility.

- Practicing in another jurisdiction without a license or permit could subject a South Carolina CPA or public accounting firm to disciplinary action for performing professional services without a license or firm permit.

Given the significant impact that legislation lowering the education threshold for licensure may have on South Carolina licensed CPAs and public accounting firms, we ask you to carefully consider the need for such legislation.

If you have any questions, please feel free to contact Dan Dustin, Vice President State Board Relations, at [REDACTED]

Sincerely,

[REDACTED]

Ken L. Bishop
President & CEO

c: South Carolina Board of Accountancy
State Boards of Public Accountancy
AICPA

Attachment



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

January 5, 2023

Ms. Linda Wedul, President and CEO
Minnesota Society of CPAs
1650 West 82nd Street, Suite 600
Bloomington MN 55431

Sent via email: [REDACTED]

Dear Ms. Wedul:

We recently learned that the Board of Directors of the Minnesota Society of CPAs (Society) approved the drafting of legislation that would provide for multiple education pathways for licensure. It is our understanding that the proposed legislation may include three education pathways: 150 semester credit hours of education with one-year of experience; 120 semester credit hours of education with two-years of experience and a yet to be defined third hybrid pathway.

We believe that it is important for you and the Board of the Directors of the Society to understand the potential impact that the enactment of such legislation may have on Minnesota's being designated substantially equivalent and the resulting impact it may have on Minnesota licensed CPAs and public accounting firms.

The guidelines for the substantial equivalency standard are set out in Appendix B of the Uniform Accountancy Act. Specifically, Section A. Substantially Equivalent States provides "*the criteria for determining whether a state's CPA qualification requirements are substantially equivalent to the UAA include: ...completion of the 150 hour education requirement, passage of the Uniform CPA examination and compliance with a one year general experience requirement.*"

Should any jurisdiction adopt legislation, rules or regulations which alter their licensing requirements in a manner that is not compliant with the UAA requirements (150 semester hours of education with accounting concentration, at least one-year acceptable experience, and successful completion of the Uniform CPA Examination), that jurisdiction will be found to be non-substantially equivalent by the National Qualification Appraisal Service.

If Minnesota enacts legislation that does not comply with these requirements, Minnesota will lose its substantial equivalency status. Should this occur, it would have the following impact on Minnesota CPAs and public accounting firms:

- Minnesota CPAs would no longer be able to practice in another jurisdiction under mobility and would instead first need to obtain a CPA license or temporary practice permit to practice in another jurisdiction.

With the enactment of substantial equivalency across the 55 jurisdictions, many, if not all, jurisdictions eliminated the temporary practice permit provision from their laws and rules and as a result, CPAs from non-substantially equivalent jurisdictions would need to obtain a CPA license to practice in another jurisdiction.

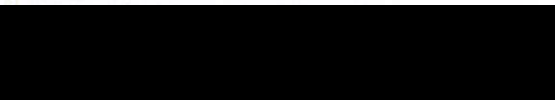
- Because Minnesota would no longer be considered substantially equivalent, a Minnesota CPA would not be able to apply for a license under reciprocity without first undergoing a review of his/her college transcripts to verify that the CPA has met the 150-hour education requirement. The Uniform Accountancy Act provides that individuals who personally meet the substantial equivalency standard may apply to the National Qualification Appraisal Service if the jurisdiction in which they are licensed is not substantially equivalent to the UAA.
- Minnesota public accounting firms would no longer be able to use the firm mobility provisions to practice in those jurisdictions that have adopted the firm mobility provision because their CPAs would no longer be eligible to practice in another jurisdiction under substantial equivalency.

As a result, a Minnesota public accounting firm would need to obtain a practice permit before providing any professional services in any other jurisdiction, including those that have adopted firm mobility.

- Practicing in another jurisdiction without a license or permit could subject a Minnesota CPA or public accounting firm to disciplinary action for performing professional services without a license or firm permit.

Given the significant impact that legislation lowering the education threshold for licensure will have on Minnesota licensed CPAs and public accounting firms, we ask you to carefully consider the need for such legislation.

Sincerely,



Maria-Lisa Caldwell, Esq.
Chief Legal Officer

c: Minnesota State Board of Accountancy
Charles Selcer, Board Chair
Doreen Johnson, Executive Director

Summary of changes:

1. **40-2-20(23)(B)** was modified to align with the proposed regulations.
2. **40-2-20(33)** was modified to mitigate risk and create future flexibility with regard to CPAs licensing via reciprocity, or utilizing mobility.
3. **40-2-30(E)** was modified to adjust for an updated definition of attest and include compilation as a service.
4. **40-2-35(C)(2)** was modified to provide greater discretion to the Board when examining various programs that could be approved or adopted to meet the educational requirements.
5. **40-2-35(F)** addresses lifestyle changes by expanding the CPA exam window from 18 months to 36 months.
6. **40-2-35(G)** The following section was modified to align with the proposed regulations. Additionally, the removal of a service not applicable reported by the Board Administrator.
7. **40-2-40(B)** was modified to adjust for an updated definition of attest and include compilation as a service.
8. **40-2-40(C)(3)** corrects a reference error.
9. **40-2-80(B)(1)** removes the in-state experience requirement for the CPA investigator.
10. **40-2-240(A)** ensures CPAs from any jurisdiction can be hired by South Carolina CPA firms, updated for workforce development initiatives.
11. **40-2-240(B)** ensures a candidate seeking a reciprocal license holds an active license, removes the historical CPE reporting requirement.
12. **40-2-245(A)** adjusted for workforce development initiatives, ensures any business can hire a CPA regardless of that CPAs licensing jurisdiction.

Proposed Language Changes:

1. **40-2-20(23)(B)** using or assuming the title 'Certified Public Accountant' or the abbreviation 'CPA' or any other title, designation, words, letters, abbreviation, sign, card, electronic file, metadata tag, or any other device tending to indicate that the person is a certified public accountant.
2. **40-2-20(33)** "Substantial equivalency" or "substantially equivalent" is a determination by the board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed the completion of, a baccalaureate or higher degree in an accounting concentration and additional instruction that together is that includes analogous to ~~of~~ one hundred fifty semester hours of education, at least one year of acceptable experience, and successful completion of the Uniform CPA Examination. Any jurisdiction found to be substantially equivalent by NASBA's National Qualification Appraisal Service is considered to be substantially equivalent to this State. In ascertaining substantial equivalency as used in this chapter, the board or its designee shall take into account the qualifications without

regard to the sequence in which experience, education, or examination requirements were attained.

3. **40-2-30(E)** A firm may not provide attest or compilation services or assume or use the title 'Certified Public Accountants', 'Public Accountants' or the abbreviation 'CPAs' and 'PAs', or any other title, designation, words, letters, abbreviation, sign, card, or device indicating the firm is a CPA firm unless:
4. **40-2-35(C)(2)** The board may ~~review and accept individual courses, and~~ certify, apprenticeship, experience or other educational programs determined to be substantially equivalent analogous to the foregoing.
5. **40-2-35(F)(1)** A candidate may take the required test sections individually and in any order. Credit for any test section passed is valid for ~~eighteen~~ at least thirty-six months from the actual date the candidate took that test section, without having to attain a minimum score on any failed test section and without regard to whether the candidate has taken other test sections.
 - (1) A candidate must pass all sections of the Uniform CPA Examination within a rolling ~~eighteen~~ thirty-six month period, which begins on the date that the first test section is passed. The board by regulation may provide additional time to any applicant on active military service. The board also may accommodate any hardship which results from the conditions of administration of the examination.
6. **40-2-35(G)**
 - (1) at least one year of accounting experience, which must include providing a service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills verified by a CPA in industry, academia, or public practice or verified by a valid report from NASBA's Experience Verification. This experience may be supervised by a non-licensee but must be verified by a CPA with direct personal knowledge of the experience who is licensed to practice accounting in some state or territory of the United States or the District of Columbia for the duration of the qualifying experience;
 - (2) teaching experience to include at least twenty-four semester hours of teaching courses that are applicable to a baccalaureate, masters, or doctoral degree and which may cover subject matter areas such as financial accounting, taxation, and auditing, taught at the intermediate accounting level or above. This experience may be supervised by a non-licensee but must be verified by a CPA with direct personal knowledge of the experience who is licensed to practice accounting in any state or territory of the United States for the duration of the qualifying experience; or
 - (3) ~~submitting Substantial Equivalency Evaluation report from the NASBA National Qualification Appraisal Service verification that his CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA and NASBA Uniform Accountancy Act; or~~
7. **40-2-40(B)**

- (1) a firm with an office in this State performing attest services as defined in Section 40-2-20(2), or performing compilation services as defined in 40-2-20(6), or engaging in the practice of accounting as defined in section 4-2-20(23);
 - (2) a firm with an office in this State that uses the title 'CPA' or 'CPA firm'; or
 - (3) a firm that does not have an office in this State but performs attest services described in Section 40-2-20(2), or performs compilation services as defined in 40-2-20(6), in this State, unless it is exempt from registration pursuant to Section 40-2-30(l).
8. **40-2-40(C)(3)** For firms registering under subsection (B)~~(1)(a) or (b)~~, there must be a designated resident manager in charge of each office in this State who must be a certified public accountant licensed in this State.
 9. **40-2-80(B)(1)** An investigation of a licensee pursuant to this chapter must be performed by an inspector investigator who has been licensed as a certified public accountant ~~in this State~~ for at least five years. The inspector investigator must report the results of his investigation to the board no later than one hundred fifty days after the date upon which he initiated his investigation. If the inspector investigator has not completed his investigation by that date, then the board may extend the investigation for a period defined by the board. The board may grant subsequent extensions to complete the investigation as needed. The inspector investigator may designate additional persons of appropriate competency to assist in an investigation.
 10. **40-2-240(A)** The board shall issue a license to an applicant who holds an active certificate, license, or permit issued under the laws of any state or territory of the United States or the District of Columbia or any authority outside the United States upon a showing that:
 - (3) submits to the board evidence that he has passed the CPA Examination and, within the ten years prior to applying, has acquired ~~four~~ two or more years of experience of the type described in Section 40-2-35(G). ~~after passing the examination upon which the applicant's certificate, license, or permit was issued.~~
 11. **40-2-240(B)**
 - (1) identify all jurisdictions, foreign and domestic, in which the applicant has applied for or holds an active designation to practice public accountancy or in which any applications have been denied; and
 - (2) ~~demonstrate the completion of eighty hours of qualified continuing professional education within the last two years; and~~
 12. **40-2-245(A)** An individual whose principal place of business is outside this State is presumed to have qualifications either substantially equivalent or comparable to this state's requirements and may exercise all the privileges of licensees of this State without the need to obtain a license under Section 40-2-35 if the individual holds a valid and active license as a certified public accountant from a ~~substantially equivalent~~ another jurisdiction ~~as set out in Section 40-2-20(33)~~ and can lawfully practice in the jurisdiction where privileges have been granted.



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

May 3, 2023

Mr. Chris Jenkins, CEO
South Carolina Association of CPAs
1300 12th Street, Suite D
Cayce, SC 29033

Sent via email: [REDACTED]

Dear Mr. Jenkins:

Thank you for sharing a copy of your draft legislation and your request that NASBA provide any comments, suggestions, or concerns.

We believe that it is important to understand the potential impact that some of the proposed amendments may have both from a legal standpoint and on South Carolina's being designated substantially equivalent, and the resulting impact it may have on South Carolina licensed CPAs and public accounting firms.

An over-arching concern is the use of subjective language and terms that are not typically used in regulatory legislation. Words like "analogous", "similar", and "comparable" are subjective and can be interpreted differently and should not be used to determine the benchmarks for licensing. Further, the use of such terms, when not clearly defined, could result in the South Carolina Board of Accountancy (Board) becoming subject to litigation for being arbitrary and capricious in its application of its licensure requirements. Under the proposed legislation, should a CPA from another state apply for a reciprocal license in South Carolina, the Board would have to determine that the education, examination, and experience requirements contained in the statutes and administrative rules of the other jurisdiction are "comparable to, or exceed" the completion of, a baccalaureate or higher degree in an accounting concentration and additional instruction that together "is analogous to" one hundred fifty semester hours of education, at least one year of acceptable experience, and successful completion of the Uniform CPA Examination. Without specific guidelines as to what facts should be considered in making such determinations, the Board would be faced with significant operational challenges and potentially subject to litigation and numerous appeals. Such legal challenges could result in judges determining what education, examination and experience requirements are

needed to obtain a reciprocal license. Those legal determinations could then open the door to legal challenges to the current initial licensing requirements in South Carolina to the extent that the “comparable” education, examination and experience requirements were different than South Carolina’s initial licensing requirements.

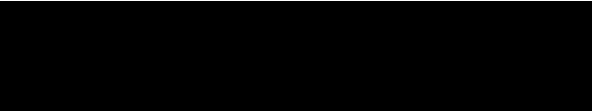
In an email from South Carolina Association of CPAs (Association) Chair Elect David Noble, dated March 29, 2023, he stated “that this proposed law does not alter how CPAs obtain their initial license in South Carolina and that was the result of a direct intention to remain substantially equivalent in the eyes of NASBA.” However, the guidelines for the substantial equivalency standard are set out in Appendix B of the Uniform Accountancy Act. Specifically, Section A. Substantially Equivalent States provides “*the criteria for determining whether a state’s CPA qualification requirements are substantially equivalent to the UAA include:... completion of the 150-hour education requirement, passage of the Uniform CPA examination and compliance with a one year general experience requirement.*” The draft legislation potentially creates a new path to licensure that while determined by the Board or a judge to be “comparable” or “analogous” to South Carolina’s initial CPA license qualifications would not necessarily meet the definition of substantial equivalency and therefore, provide grounds for (i) other states to determine that South Carolina is not a substantially equivalent jurisdiction or (ii) NASBA’s National Qualification Appraisal Service to list South Carolina as not being a substantial equivalent state, or with an asterisk as having a non-SE pathway on the NASBA National Qualification Appraisal Service Substantial Equivalency chart. Either situation could negatively impact CPA mobility for all South Carolina CPAs and CPA firms.

The draft legislation also impacts CPA mobility. The proposed changes to Section 40-2-245(A) effectively remove all education, examination and experience requirements for the availability of CPA mobility in South Carolina, as the only remaining requirement is that the CPA from another state holds a valid and active license from another jurisdiction regardless of what the actual CPA licensing requirements of that jurisdiction are currently or are modified to in the future. This is a sweeping departure from the previously adopted CPA mobility provision which provided some measure of the CPA licensing requirements of the home jurisdiction by stating that CPA mobility applied only to CPAs from substantially equivalent jurisdictions.

Finally, the proposed language increases the conditioning time to 36 months versus the recently amended UAA Model Rule provision of 30 months. While this difference would not impact the substantial equivalence status of South Carolina, it would be detrimental to South Carolina candidates as several states have indicated that they would not accept score transfers from a state that allows a longer conditioning time. This could make South Carolina candidates’ (that used the extended period) examination scores ineligible for initial and possibly reciprocal licenses in those states.

Given the legal implications of using subjective language in the statute and the impact that the legislation could have on South Carolina licensed CPAs and CPA firms by potentially lowering or eliminating the education threshold for individuals seeking licensure through reciprocity in South Carolina, we ask you to carefully consider the need for such legislation.

Sincerely,



Maria L. Caldwell, Esq.
Chief Legal Officer and Director of Compliance Services

- c: David Knoble, CPA, Chair Elect, South Carolina Association of CPAs
South Carolina Board of Public Accountancy
Ken L. Bishop, President and CEO, National Association of State Boards of Accountancy, Inc.

Susanna Sharpe

From: Marta Zaniewski [REDACTED]
Sent: Tuesday, May 16, 2023 10:48 AM
To: Chris Jenkins
Cc: Jada W. McAbee; [REDACTED]
[REDACTED] Susanna Sharpe; Joseph Epting
Subject: RE: SCACPA Statute Taskforce Recommendations Title 40 Chapter 2

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Good morning, Chris

Thank you for the opportunity to review and provide feedback to the society's taskforce regarding future legislation. From our perspective, we have a few questions, which are noted below.

- Throughout the bill you're noting language such as comparable vs. analogous – How are these being defined? Is there a distinct difference in legal language?
- In section 40-2-35(C)(2), will a certificate or apprenticeship be defined? Or will parameters be placed on what type of certificates will be approved?
- Is there a definition for "personal knowledge"? In the UAA we try to make the point that it's the work the CPA does and not who the CPA knows, what is the intent with this language?
- What's the goal for the compilation language? Is it to distinguish firms who do compilations in state vs. out of state?
- For the 2 in 10 experience language, how is this experience being defined? If at all?
- For CPE, with the 80 hours stricken out, is there intent to have no CPE requirement?
- What kind of experience would equal accounting and business concentration? How are these being defined?
- What kind of certificate and/or experience is analogous to what's already in statute? How will the BOA implement?

We look forward to your answers, and please keep us posted on next steps. See you next week in DC!

Marta

Marta Zaniewski
Vice President, State Regulatory & Legislative Affairs
[Association](#) | [AICPA](#) | [CIMA](#)

Susanna Sharpe

From: David Knoble [REDACTED]
Sent: Wednesday, May 17, 2023 11:15 AM
To: Susanna Sharpe; Joseph Epting
Cc: Jada W. McAbee; Chris Jenkins; [REDACTED]
Subject: SCACPA - Proposed Legislation in Accountancy Act 2023-2024 - Process Communication

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All,

We wanted to communicate our process to you to prepare for continued work on our proposed legislation.

We have received some comments and our deadline for comments is May 29th. While we are beginning to think through these comments, we believe the most efficient approach will be to take all comments into consideration and prepare any changes as well as responses to the commenters in one iteration.

At that time, we will distribute to the Board of Accountancy our revisions, the comments received, and our return comments.

We believe this is a very important piece of legislation and while it may not have the volume of changes like S.812, the impact is the same or greater than S.812. As a result, we are purposefully being slow and thoughtful.

We appreciate the ability to work with you and look forward to ongoing conversations with you. Please feel free to share this with your Board and feel free to call me with any questions!

My Best!

David M. Knoble, CPA, CGMA
[REDACTED]

Susanna Sharpe

From: Chris Jenkins [REDACTED]
Sent: Sunday, August 20, 2023 12:20 PM
To: Susanna Sharpe
Cc: Christopher S. Huggins; David Knoble
Subject: Submission of Proposed Amendments to Title 40 Chapter 2
Attachments: 2023-08-20 Submission of Ammendments from SCACPA Chair.pdf; 2023-08-18 Response to NASBA Comments.pdf; 2023-08-16 Analysis of the UAA and State Laws.pdf; 2023-08-04 Proposed Changes to Title 40 Chapter 2.pdf

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08/20/2023

TO: Members of the South Carolina Board of Accountancy
CO: Susanna Sharpe, CPA

The leadership, members, and staff of the South Carolina Association of Certified Public Accountants (SCACPA) extend our gratitude for your unwavering dedication to the profession and public safety. Regrettably, David and I cannot attend your upcoming public meeting due to scheduling conflicts. Although we would have preferred a face-to-face interaction, we're providing this information electronically. We have taken care to detail our message and, for easier readability, divided it into separate attachments. Here's an overview of the attachments and their respective purposes:

1. David Knoble, CPA, the current Chair of the SCACPA Board of Directors, has furnished a memo for your consideration. Those familiar with Mr. Knoble's work on previous legislative drafts may find this a recap of our established process. For those new to it, David offers a comprehensive insight into how we developed our current draft and our anticipated next steps.
2. On May 3 this year, Maria L. Caldwell, Esq., Chief Legal Officer and Director of Compliance, delivered NASBA's feedback on our proposed legislation. We uphold a principle of transparency and typically streamline feedback from out-of-state stakeholders before consulting the Board of Accountancy. Noting that members of the Board of Accountancy were copied on NASBA's feedback, we believe it's equitable to share our response with you. Our detailed reply to NASBA's concerns is attached.
3. Following NASBA's recommendations, we examined the UAA and Appendix B, leading to an analysis of the UAA and various state laws. Our findings revealed that the UAA's intent is to grant states flexibility, and this flexible approach is frequently adopted by states nationwide. Many concepts we initially perceived as unique are indeed practiced by our peers across the country. Armed with this understanding, we believe there's considerably less risk in advancing our proposed legislation. The final analysis is attached for your review.
4. Lastly, we present the revised version of our proposed changes, accompanied by explanatory notes. Although the Board didn't submit formal feedback, our initial draft was discussed at a prior Board of Accountancy

meeting. We've integrated these observations, along with feedback from various stakeholders, into the draft attached to this communication.

The Board of Accountancy plays an essential role in safeguarding the public and licensing South Carolina CPAs. We highly value and welcome your insights on these proposed legislative modifications. Rest assured, the leadership and staff of SCACPA will prioritize your feedback through any method you find suitable.

Chris Jenkins
Chief Executive Officer
South Carolina Association of CPAs

P: [REDACTED]
C: [REDACTED]
Website: www.scacpa.org



Looking for time to chat? [Click here](#) to see my calendar and schedule a quick meeting.

08/20/2023

SC Board of Accountancy
110 Centerview Dr,
Columbia SC 2921

TO: Members of the South Carolina Board of Accountancy
CO: Susanna Sharpe, CPA

SUBJECT: Submission of proposed amendments to Title 40 Chapter 2

I am writing you today because I will be out of the country and unable to attend Thursday's Board of Accountancy meeting. Given the timely nature of the subject at hand, I did not want to delay sharing our proposed amendments to Title 40 Chapter 2.

When drafting any legislation, SCACPA's approach is to solicit feedback from external parties prior to seeking input from the Board. We received comments from both the AICPA and NASBA that helped us draft the proposed amendments. Significant adjustments were made, and I believe the proposal is much clearer and a better work product. My hope in doing this is that you spend less time reviewing iterations and instead provide comments, additions, and questions for consideration before we send everything to the legislature.

We understand that the contents of this package will require significant review. We would value the opportunity to explain and explore your considerations and feedback in an in-person setting. While that could be during the October meeting of the Board, we are open to other mutually agreeable solutions.

In addition to the document containing proposed language additions and deletions, we have included an analysis that I've performed of the UAA and existing state legislation. The analysis of the UAA includes the preface, introduction, UAA model language, and Appendix B.

This analysis was used to determine if we believed NASBA would still consider South Carolina Substantially Equivalent. In addition, we used existing state law analysis to help us review our proposed changes and determine whether our changes were new or consistent with other existing laws.

While it will be important to have a personal dialogue about the proposed law and the analysis, our conclusion was very promising. We did not change the initial path to licensure but provided clarification to an existing section. Thus, we believe we must still be substantially equivalent. We also confirmed that our change to mobility, which was necessary to allow the Board of Accountancy to better protect the public, is already being used in another state's law.

Secondly, I wanted to let you know about two initiatives that are in different stages, both of which should enhance the CPA pipeline. First, I am happy to announce that Winthrop University partnered with SCACPA to provide South Carolina's first accounting dual enrollment program with the area high schools. We have committed over \$12,000 to this initiative and will work towards self-funding as the pilot program is moved throughout the state.

The other program we find interesting is developing within the University of South Carolina. Using a combination of current coursework and new learning environments, the accounting department is working on an innovative solution to address the cost of the additional 30 hours of education. This program could fall under the Executive Education offerings within the university, greatly reducing the cost to non-traditional CPAs, first-generation college students, and others who may need a more affordable path to success. I understand that the Chair of the Accounting department at USC has requested time on the upcoming agenda to present their idea and seek additional guidance.

Understanding the critical need to address CPA licensure's pipeline challenges and acknowledging the Board's authority to approve educational programs equivalent to the final 30 licensing hours 40-2-35(C)(2), we have a request. Would the Board provide guidance on the process for external groups to seek approval for comparable programs? While we recognize that not every proposal may be accepted, constructive feedback would be valuable for necessary adjustments and future planning.

Many thanks for all you do to protect the public and the CPA profession. I look forward to discussing these important issues and the proposed law changes we have provided here.

David Knoble, CPA
Board Chair, South Carolina Association of CPAs

August 8, 2023

TO: NASBA

CO: Maria L. Caldwell, Chief Legal Officer and Director of Compliance Services
150 Fourth Ave. North Suite 700
Nashville, TN 37219-2417

Mrs. Caldwell:

We appreciate your reply to our call for comments. Our initial objective was to make as few changes as possible. Thanks to your insights, we discovered that a comprehensive review and rewrite of entire portions of the statute resulted in a much more straightforward draft with less ambiguity around definitions. This communication is designed to be thorough and contains various sections. The structure of the communication is as follows.

1. This document is the direct response to your comments on May 3, 2023.
2. Analysis of the UAA and State Laws is provided as the first attachment.
3. The updated proposed changes are contained in the second attachment.

In your response, you highlight the possible effects of the proposed amendments. NASBA has not yet outlined the concrete impacts these changes would have on any given jurisdiction. Furthermore, despite your considerable emphasis on the potential effects on CPA firms in South Carolina, any discussion concerning how NQAS actions will affect jurisdictional authority and public safety is conspicuously absent.

Mobility, characterized by its "no notice, no fee, and no escape" framework, presents certain challenges that warrant attention. If any state loses its substantial equivalency, CPAs within that state would no longer operate under the standard mobility provisions, undermining the local jurisdictional oversight they once had. This poses a significant risk to public protection. Therefore, refining the criteria for substantial equivalency, mobility, and reciprocity is paramount. Such proactive measures are crucial to safeguard the public and ensure the continued viability of the CPA profession in South Carolina.

We remain dedicated to maintaining integrity by ensuring the South Carolina Board of Accountancy can effectively carry out its public protection role. While our suggested mobility changes might seem like a major shift, they're crucial for public safety. At least one other state has such a provision.

We acknowledge your apprehension regarding the subjective nature of terms like 'analogous,' 'similar,' and 'comparable.' Yet, our concerns are mitigated given the extensive usage of such terms in state statutes today. Notably, while not statute itself, the UAA employs the term

'comparable' twice when defining 'Substantial Equivalency.' We maintain that subjective terms are acceptable and common practice when placed within a clearly defined context.

Extending your argument, we could classify terms like 'education,' 'experience,' and 'good' as subjective since they also depend on context for conveying their true intent. The intent and execution of substantial equivalency defined in Appendix B of the UAA implies a degree of flexibility in construing these guidelines. Furthermore, we can show with fact-based evidence that this flexibility exists among jurisdictions today and has for multiple years.

For the sustainability of our profession, it's critical that we embrace inherent flexibility and empower our state boards to utilize their informed judgment in applying these terms while ensuring public protection, enhancing workforce development in our state, and upholding the integrity of the CPA. Our steadfast goal is to set basic standards in statute and equip the Board with the agility to adapt to a constantly evolving and complex business environment.

Your assertion that the *"draft legislation potentially creates a new path to licensure"* is inaccurate. The current statute 40-2-35(C)(2) — *"The board may review and accept individual courses and educational programs determined to be substantially equivalent to the foregoing"* — was reviewed by both NASBA and the AICPA before it was enacted into law in May of 2022. The proposed language clarifies the existing statute and creates no new pathway. Rather, the language empowers the Board to use its discretion when evaluating potential solutions to meet the 150-hour requirement, thus future-proofing the current licensure path.

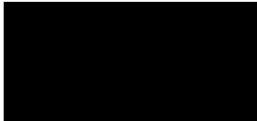
Moreover, 40-1-640 compels the Board to interpret military education, training, and experience in the manner most beneficial toward fulfilling the qualifications for the desired license, offering another route to licensure. It's important to note that South Carolina isn't unique. Several states provide seldom used but reasonable accommodations for licensure across various paths, and none of these states have ever faced queries about their substantial equivalency.

Your reply mentions the proposed language regarding the length of the exam window. As a key stakeholder, we have consistently promoted the principle of public safety, balanced with any burden to licensees in any statute or regulation implemented in South Carolina. This requirement is at the behest of the South Carolina Governor and our legislature. We've frequently sought data on licensees, keen to make policies grounded in evidence.

To date, NASBA has not provided any data or substantiating materials to confirm that a 30-month examination period offers enhanced public protection. In the absence of such evidence, we're unpersuaded of the need for a stricter policy and have set the minimum permissible time at 36 months, giving the Board the discretion to extend further if desired. As with all our proposed changes, this solution is rooted in the idea that the Board should be trusted by the

profession and empowered to enact significant changes to licensing requirements as necessary for the public good.

After receiving your correspondence, we discussed this proposal with various parties. While they would not allow a candidate to receive an initial license using more than 30 months, they would recognize the CPA for the purpose of mobility and allow reciprocity once obtaining a South Carolina license. This further demonstrates our commitment to ensuring the most beneficial outcomes. Furthermore, we've sought multiple legal perspectives, all of which concur that the exam windows – 18 months, 30 months, or 36 months - do not influence substantial equivalency. NASBA has supplied no fact-based evidence to date that would cause us to arrive at a different conclusion.



Chris Jenkins – CEO of SCACPA

On behalf of the Executive Committee of the South Carolina Association of CPAs.

Analysis of the Uniform Accountancy Act and State Accountancy Laws

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EXECUTIVE SUMMARY

The South Carolina Association of CPAs (SCACPA) is committed to fostering an esteemed, vibrant, inclusive, and resilient future for the CPA profession. We champion a cooperative and transparent approach to resolving issues and believe the best solutions arise from shared insights across stakeholders.

Acknowledging the fluidity of our profession, we strive to promote professional mobility and reciprocity for CPAs. It's vital that the proposed laws we draft uphold the rights of all CPAs, whether they work within South Carolina or elsewhere. This approach bolsters our profession's quality and enhances South Carolina's economic strength by attracting and retaining top talent from all regions.

South Carolina Legislative Mandates

SCACPA understands that public interest and robust workforce development are paramount when advancing legislation in South Carolina. Moreover, SCACPA supports dual-purpose legislation for Certified Public Accountants (CPAs). Such laws should not only advance South Carolina's interests but also ensure seamless operation across state borders.

Historic Agreements and the UAA

The UAA, a result of joint efforts between the AICPA and NASBA, provides crucial guidance for state-level laws and regulations. Appendix B specifically outlines the requirements for the NASBA National Qualification Appraisal Service's (NQAS) review process for a jurisdiction's licensing requirements, seeking to establish "substantial equivalency," while the preface material provides context for the drafted rules within the UAA.

SCACPA is aware of the precise use of language in the UAA. Words such as "should" or "may" suggest flexibility, while "shall" or "must" indicate mandatory obligations. We have carefully considered these semantics in our understanding and application of the UAA.

By aligning our actions with the UAA's guidelines and respecting the historical context of the language in Appendix B, we ensure the legislation we propose adequately safeguards public interest, fosters workforce development, and ensures our CPAs remain competitive and compliant across multiple jurisdictions.

Existing Laws

In addition to the UAA, the existing laws in states outside of South Carolina hold significant importance for the practice of CPAs in various jurisdictions. At present, all 55 jurisdictions are recognized as substantially equivalent. This implies that the standards for initial licensure in any state are likely to be conceptually acceptable and yield similar outcomes across all jurisdictions.

The principles of professional mobility and reciprocity have proven successful in this regard, promoting seamless cross-state practice for CPAs. Except for Hawaii, which currently lacks mobility laws, the remaining 54 jurisdictions all enjoy the benefits of professional mobility.

[Focus and Alignment with the UAA and Existing State Laws](#)

SCACPA's proposed modifications to our state laws focus on two crucial areas: initial CPA licensure requirements, including education, experience, and exam prerequisites; and amendments enhancing professional mobility and reciprocity. We have compared these proposals against the UAA guidelines and the existing accountancy laws in other states, modifying them as needed to ensure alignment with broader standards. These combined efforts resulted in our confidence that the NASBA NQAS must recognize South Carolina as substantially equivalent, allowing continued professional mobility should these proposed changes be enacted.

Furthermore, we anticipate that other states and jurisdictions would also acknowledge South Carolina's substantial equivalence. Although some states might not honor all initial licenses under specific conditions (like using a full 36 months to pass the CPA exam if their laws only acknowledge 30 months), we believe they would accommodate both mobility and reciprocity following initial licensure in South Carolina. The North Carolina Board of CPA Examiners, through conversations with the NCACPA, has directly confirmed this stance.

[Pipeline Population Targeted](#)

Our intention is not to dilute the value or rigor of the CPA license but rather to identify and implement less expensive alternatives for individuals who, with the exception of financial constraints, would otherwise pursue this profession.

We firmly believe in the necessity of maintaining robust thresholds for education, experience, and examination in the process. However, we also acknowledge the data that clearly shows cost as a significant impediment to aspiring CPAs, particularly first-generation college students, single parents, and individuals considering a second career.

By addressing this financial barrier, our aim is to foster a diverse CPA profession, ensuring today's high standards of competence and ethical conduct associated with the CPA designation are preserved.

[Results](#)

Our analysis validates alternative pathways to CPA licensure that are substantially equivalent both exist and can maintain the rigor of the currently promoted pathway, in some cases surpassing it.

ANALYSIS OF UNIFORM ACCOUNTANCY ACT PREFACE

The eighth edition of the Uniform Accountancy Act (UAA), published in 2018, explains the historical context of legislation and regulation surrounding Certified Public Accountants (CPA). It acknowledges the *“differing requirements for CPA certification, reciprocity, temporary practice, and other aspects of state accountancy legislation”* across the *“55 American licensing jurisdictions”* (pg. UAA-I-2). The UAA underscores the need to remedy these disparities and remove the barriers they create to the effective practice of CPAs under modern conditions.

In this light, the concept of *“substantial equivalency”* and provisions for enhanced *“mobility”* were introduced, aiming to eliminate differences and *“the barriers that they pose to effective practice of CPAs under modern conditions”* (pg. UAA-I-2). Further, mobility and *“enforcement enhancements”* were added *“that can assure stronger and more efficient state board enforcement”* related to cross-border work by CPAs *“in which state lines are often blurred”* (pg. UAA-I-2).

The introduction to the UAA continues by confirming that not only are interstate transactions commonplace with CPAs but that we must have laws in each jurisdiction that do not inhibit that interstate flexibility. Additionally, confirmation is provided that the UAA is intended to be both a replacement law that could be adopted but is also intended to be a set of provisions that can be added to laws instead of an entire replacement.

Many of the organizations requiring the professional services of certified public accountants transact business on an interstate, and even on an international, basis; as a result, the practice of CPAs typically extends across state lines, and often international boundaries as well. Thus, there is compelling need for the enactment of uniform state accountancy laws that foster rather than inhibit interstate professional practice and for laws that provide appropriately for international practice.

This UAA is provided as a single comprehensive piece of legislation that could be adopted in place of existing state laws. Because there is an accountancy law now in effect in every jurisdiction, however, the UAA is also designed to the extent possible with severable provisions, so that particular parts of this Act could, with appropriate amendments, be added to existing laws instead of replacing such laws entirely. In the interest of uniformity and to promote mobility through the substantial equivalency standard, the AICPA and NASBA strongly urge states to adopt the entire UAA. (pg. UAA-I-2)

Statements by NASBA and AICPA emphasize the need for all jurisdictions to amend laws to facilitate interstate practice and the importance of adhering to Appendix B to maintain *“substantial equivalency”* with other states and jurisdictions. This is evident from the fact that *“Appendix B sets out guidelines as to the substantial equivalency standard”* (pg. UAA-I-2) and a

statement from Maria L. Caldwell, Esq., Chief Legal Officer and Director of Compliance Services, addressed to Chris Jenkins, CEO of SCACPA, dated May 3, 2023, asserting that "*the guidelines for the substantial equivalency standard are set out in Appendix B of the Uniform Accountancy Act.*"

ANALYSIS OF UNIFORM ACCOUNTANCY ACT INTRODUCTORY COMMENTS

The Uniform Accountancy Act's introductory comments, following the preface, shed light on the "*fundamental principles that should govern the regulation of Certified Public Accountants,*" as mentioned on page UAA-I-3. These principles embody the "*fundamental principles of the AICPA's and NASBA's legislative policies*" (pg. UAA-I-3). Although characterized as "*relatively few,*" there are nine detailed legislative policy principles of the AICPA and NASBA listed on pages UAA-I-3 to UAA-I-6 and summarized as follows:

1. Statutory regulation of CPAs is justified only by considerations of the public interest
2. Appropriately designed regulation of CPA's serves to protect the public welfare in two principal ways: a) providing a reasonable assurance of competence, and b) preventing deception of the public regarding the level of competence reasonably expected of a given CPA
3. The service affected by considerations of confidence more than any other is the attest function
4. To show such competence for reserved services should be employed by two means: a) licensure requirements to perform such services, and b) meet demonstration of knowledge through examination, education, and experience requirements
5. Disallow persons not meeting requirements and obtaining licensure from representing to the public they have done so
6. To meet principle 2, regulate the conduct of licensees
7. To meet principle 2, require the maintenance of competence through ongoing continuing education
8. To the maximum extent feasible, there be uniformity among jurisdictions
9. Enhance the mobility for individual CPAs and CPA firms, which remains essential

The ninth and last principle is the most critical for today's discussions surrounding potential legislative changes around the country with respect to licensing CPAs. Below is the full text of the ninth principle, followed by an analysis:

Ninth, and finally, it is essential that mobility for individual CPAs and CPA Firms be enhanced. With respect to the goal of portability of the CPA title and mobility of CPAs across state lines, the cornerstone of the approach recommended by this Act is the standard of "substantial equivalency" set out in Section 23. Under substantial equivalency, a CPA's ability to obtain reciprocity is simplified, and they have the privilege to practice in another state without the need to obtain an additional license in that state

unless it is where their principal place of business is located, as determined by the licensee. Individuals are not denied reciprocity or practice privileges because of minor or immaterial differences in the requirements for CPA certification from state-to-state.

Substantial equivalency is a determination by a Board of Accountancy, or NASBA, that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the Uniform Accountancy Act. If the state of licensure does not meet the substantial equivalency standard, individual CPAs may demonstrate that they personally have education, examination and experience qualifications that are comparable to or exceed those in the Uniform Accountancy Act. (pg. UAA-I-6)

So first, the “cornerstone” of mobility is the standard of “*substantial equivalency set out in Section 23,*” noting that Appendix B is foundational for the creation of Section 23. Furthermore, “*Individuals are not denied ... practice privileges because of minor or immaterial differences in the requirements for CPA certification from state-to-state.*” Thus, the first paragraph of this principle is clear that the AICPA and NASBA believed that states would not have exactly the same law, and so differences, at some level, are acceptable for CPAs to be considered the same state-to-state.

The second section clearly puts the determination of substantial equivalency in the hands of “*a Board of Accountancy, or NASBA*” to ensure “*that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed,*” the same in the Uniform Accountancy Act. Thus, the AICPA and NASBA clearly intended for the state Boards of Accountancy to be in control of the determination that laws were “*comparable.*”

The May 3, 2023, letter from Maria L. Caldwell, Esq., Chief Legal Officer and Director of Compliance Services, to Chris Jenkins, CEO of SCACPA, states:

The draft legislation potentially creates a new path to licensure that, while determined by the Board or a judge to be ‘comparable’ or ‘analogous’ to South Carolina’s initial CPA license qualifications, would not necessarily meet the definition of substantial equivalency and, therefore, provide grounds for (i) other states to determine that South Carolina is not a substantially equivalent jurisdiction or (ii) NASBA’s National Qualification Appraisal Service to list South Carolina as not being a substantially equivalent state, or with an asterisk as having a non-SE pathway on the NASBA National Qualification Appraisal Services Substantial Equivalency chart (pg. 2).

Proposed updates to South Carolina statute 40-2-35(C)(2) prompted this response. The initial proposed changes did not create a new path to licensure. Rather modifications to section (C)(2)

clarify that the board may accept any “*courses, certificates, apprenticeship, experience or other educational programs*” they determine to be comparable to the initial licensure. This pathway currently exists within South Carolina statutes, and NASBA NQAS has already determined that South Carolina is substantially equivalent, including this current pathway. Thus, adding this clarifying language is in direct alignment with the introductory comments of the UAA, and Ms. Caldwell’s comments directly contradict the introductory comments of the UAA.

ANALYSIS OF APPENDIX B OF THE UAA – SUBSTANTIAL EQUIVALENCY

Appendix B is included as one of only two appendices of the UAA, the first being the AICPA/NASBA Statement on Standards for Continuing Professional Education Programs. Thus, the importance of this appendix cannot be overstated. The introduction to Appendix B clearly states that the purpose is to “*set out guidelines with regard to the substantial equivalency standard that will be administered by the NASBA Qualification Appraisal Service*” (pg. Appendix B-1).

The introduction continues by giving some basic principles surrounding substantial equivalency. These principles align with the Preface and Introductory Comments in the UAA. For example, “*In determining whether there is substantial equivalency, the keynote is flexibility*” (pg. Appendix B-1). Further, the concept leaves no doubt that exact verbiage quoting the UAA is not the point, further indicating that the UAA is a single suggestion for a solution and that other adequate solutions exist. However, the comparison is to the UAA language, as Appendix B states, “*The criteria are whether the broad outlines and concepts in this Act have been satisfied rather than a ‘checkmark’ approach that examines whether the state’s law includes all of the detailed provisions in the UAA*” (pg. Appendix B-1).

Even more importantly, Appendix B language says this flexibility is paramount over all specific language because “*any other approach would not carry out the intention of the historic agreement reached by the AICPA and NASBA with regard to the substantial equivalency standard*” (pg. Appendix B-1). Moreover, “*the goal is to promote mobility for qualified CPAs*” (pg. Appendix B-1). Parsing that phrase, we see the terms “*promote*” and “*qualified*.” This indicates CPAs that obtain their license using equivalent guidelines in the UAA are considered equally qualified as other CPAs, and state laws should use mobility provisions to allow seamless work between jurisdictions for those CPAs.

Appendix B also provides a level of predictability from NASBA’s NQAS in that any state or jurisdiction that has a path or paths for initial licensure that are equivalent will be noted by the NQAS as substantially equivalent. This predictability allows jurisdictions to create laws without fear of harming the mobility of their CPAs. However, the concept in Appendix B also shows NASBA’s NQAS has no state-based or federally granted authority. The service is simply to provide a list of states that are substantially equivalent. Thus, because all states are substantially equivalent at the time of this writing, any state law for initial licensure can be

repeated in another state without fear of reprisal from the NQAS. State law analysis is completed in the next section.

Subpart A. Substantially Equivalent States

Criteria are provided in subpart A of Appendix B that further enhance the predictability about whether a state's laws will enable them to be substantially equivalent. The criteria defined in Appendix B "includes" the following (pg. Appendix B-1):

- *Good character*
- *Completion of 150-hour education requirement*
- *Passage of the Uniform CPA Examination*
- *Compliance with a one-year general experience requirement*

Given that the UAA is now in its eighth edition, the specific wording chosen holds significant weight. Although the UAA's proposed model language prescribes an education requirement of 150 "semester" hours, it's noteworthy that Appendix B excludes the word "semester." Additionally, certain states are legally restricted from using terms like "good" or "moral" character as a barrier to licensure. This highlights the inherent need included in the UAA for adaptability and flexibility to accommodate various state-specific legal nuances and contexts.

The guidelines for substantial equivalency serve as recommendations rather than strict mandates. There's no directive that insists on adhering precisely to the standards and phrasing of the UAA. Instead, the emphasis is on achieving a level that is "substantially equivalent." Several terms can be viewed as synonymous or consistent with "substantially equivalent," which include:

- Closely similar
- Functionally equivalent
- Almost the same
- Largely equivalent
- Approximate match
- Functionally interchangeable

Thus, when evaluating state statutes and regulations pertaining to the foundational criteria for initial licensure, it's essential to recognize and embrace their alignment with the UAA's central pillars – education, examination, and experience. Rather than being identical, the emphasis mandated in Appendix B should be on ensuring these regulations meet the spirit of the UAA, allowing for flexibility and accommodating minor variations that cater to each state's unique needs and context.

OTHER STATES WITH EXISTING STATUTES THAT SHOW UAA FLEXIBILITY

Each state or jurisdiction holds the sovereign authority to draft its own laws, independent of the preferences of other states or external organizations. This principle, often referred to as "state's rights," has led to a diverse tapestry of laws, with all 55 jurisdictions having their own

unique legislation. There isn't a centralized repository available to SCACPA that offers a comprehensive comparison of all 55 jurisdictions' accountancy laws. Considering this, SCACPA undertook an extensive review of specific accountancy laws across the United States by delving into state statutes and regulations. Presented below is a summary of key findings that bolster the rationale for the changes proposed by SCACPA and support the UAA's flexibility.

Mobility Disconnected from Substantial Equivalency

While the UAA does touch upon mobility, it largely refrains from detailing it beyond example regulations, emphasizing only that minor and immaterial differences shouldn't prevent CPAs from practicing in other states. Moreover, there's a potential vulnerability in the UAA's section 23 – Substantial Equivalency. If any of the 55 jurisdictions were to lose their status of substantial equivalency, this could pose a significant public protection issue.

Under section 23(3), only those *“individual licensee[s] of another state exercising the privilege afforded under this section [23]”* consent to the concepts that they agree to be bound by the state's laws in the jurisdiction practice occurred. Meanwhile, the remote board also lacks jurisdiction as the mobility practice falls outside of their regulatory authority. Without effective methods of discipline, the public is no longer protected. This must be fixed for potential future CPAs that are not substantially equivalent. The most effective solution is to remove substantial equivalency from the definition necessary to practice using mobility. Then all CPAs fall under the proper jurisdictional authority based on the clients served.

Alabama is one state that removed the mobility law. Alabama state law section 34-1-7 provides the rules for practice privilege for nonresident certified public accountants and appears to be edited as recently as 2009. The law contains only a subpart (a) and (b). Subpart (b) lists the conditions with which a CPA may work using mobility in Alabama, including abiding by Alabama law and being subject to the disciplinary authority of the board and courts of Alabama. Subpart (a) indicates, subject to subpart (b),

a person who is licensed as a certified public accountant in another state whose principal place of business is not in this state shall have all the privileges of a certified public accountant in this state without the need to obtain a certificate or permit under this chapter or to notify or register with the board and may offer or render professional services in this state, whether in person or by mail, telephone, or electronic means, without any notice, fee or other submission under this chapter. (Alabama, Section 34-1-7(a))

There is no substantial equivalency requirement and no requirement for specific education, examination, or experience. The requirement is that the person be licensed as a CPA in their home state. Furthermore, while not directly connected to mobility, Alabama is a substantially equivalent state, so Alabama enjoys mobility in other jurisdictions.

North Carolina General Statutes section 93-10(a) has a similar provision. The requirement is that the individual *“holds a valid and unrevoked”* certificate (93-10(a)(1)) or license (93-10(a)(2)). However, there is no requirement for substantial equivalency to practice using mobility.

Alaska is another state with flexible mobility standards. Alaska statute Sec. 08.04.420. Practice privileges notes that an *“individual who does not have a license in this state, but who is licensed to practice public accounting in another state and whose principal place of business for the practice of public accounting is in the other state, may”* practice as a CPA in Alaska, if either the requirements for section (1) consisting of education, examination, and experience, are met; or the *“individual’s qualifications are substantially equivalent to the requirements”* of section (1). Alaska, therefore, does not tie mobility to a state that is listed as substantially equivalent through NASBA but rather looks at the individual CPA to determine if they meet the Alaska definition of substantially equivalent.

Interestingly, Alaska statute Sec 08.04.075. Substantial equivalency indicates that in all cases, the *“board shall determine”* whether items are substantially equivalent to a national standard or to another standard established by the board. The UAA is not referenced in this Alaska statute.

Thus, while Alaska does not remove substantial equivalency, per se, the board in Alaska will establish substantial equivalency. This allows Alaska the flexibility to indicate that a state is substantially equivalent to Alaska, which NASBA might say is not substantially equivalent.

[Experience and Substantial Equivalency](#)

The education component of the CPA licensure process is the area most under debate in national discussions as of this writing. Yet, before analyzing the idea of the education component, some aspects of the experience component should first be reviewed to determine how the states’ laws fit with the UAA model laws and the concepts in the UAA. Then, these same concepts can be applied to education, excluding bias of a specific outcome.

In general, we believe other state laws that are effectively the same or more restrictive are substantially equivalent to a home state’s law. So, it would be no surprise that many of the states require one year’s experience to obtain an initial CPA license. Yet, in state law, there is disparity on what constitutes *“one year”* because some states calculate hours required for experience, and some states have multiple avenues to reach experience.

Hawaii state statutes Section 466-5 License of certified public accountant allows either two years of experience as defined in Section 466-3 or the *“completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice.”* Interestingly, Hawaii has no definition of experience in Section 466-3. However, 1,500 hours is just under 43 weeks at 35 hours per week (1,500 hours / 35 hours/week = 42.8 weeks).

New York state Education Law, Article 149, Public Accountancy, section 7404(2) indicates that in lieu of the professional requirements in Section 7404(1).2 Education and 7404(1).3 Experience, *“fifteen years in the practice of public accountancy satisfactory to the board may be accepted by the department.”* Thus, New York, while not creating an ambiguity of experience terms, allows a second path to licensure that only uses experience and NO education. Note that New York is a substantially equivalent state according to NASBA NQAS.

North Carolina administrative rule, Subchapter 08F Section .0400 Experience requires one year of experience at a minimum of 52 weeks at 30 hours or more of work. This equates to 52 weeks x 30 hours / week = 1,560 hours. In addition, North Carolina General Statutes section 93-12 Board of Certified Public Accountant Examiners allows accounting experience that does not have direct supervision by a CPA. Section 93-12(5)(c) requires experience using one of five different choices. Subsection (1) uses *“One year’s experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States or the District of Columbia.”* Section (3) uses *“Four year’s of experience in the field of accounting.”*

Several important points result from the North Carolina statute. First, substantial equivalency is not required to supervise a CPA candidate. Thus, a non-substantially equivalent CPA may supervise a candidate who then licenses in North Carolina. Second, a path exists for experience in the accounting field, without any direct supervision. Chapter 5 of the UAA suggests the need for one year’s experience *“verified by a licensee”* (pg UAA-5-2).

Arkansas Board Rule 16 Experienced Required adds a numerical amount of hours not defined in the Arkansas state statutes. Rule 16(c) requires the 1 year of experience to include *“no fewer than 2,000 hours of performance of services.”* This is 25% more hours required than North Carolina or Hawaii.

Thus, differences exist in the experience requirements, and some states focus on audit experience specifically. Because experience is part of the initial licensure process, the fact that all jurisdictions are substantially equivalent indicates that these differences are considered minor. Important to note is that differences arise in both amount and content of experience throughout the jurisdictions. This aligns with the UAA concepts that minor differences do not deny practice and shows that flexibility has two avenues – amount and content.

Examination

In terms of minimum education requirements needed to take the CPA Exam, North Carolina General Statutes section 93-12 Board of Certified Public Accountant Examiners allows under 93-12(5) the board to allow a candidate to take the exam without a Bachelor’s degree noting:

The Board may, in its discretion, waive the education requirement [for the exam] of any candidate if the Board is satisfied from the result of a special written examination given the candidate by the Board to test the candidate's educational qualifications that the candidate is as well qualified as if the candidate met the education requirements specified above. The Board may provide by regulation for the general scope of such examinations and may obtain such advice and assistance as it deems appropriate to assist it in preparing, administering and grading such special examinations.

Thus, North Carolina allows an exam to be given in lieu of 120 semester hours of education, which is clearly an additional path to licensure. North Carolina is substantially equivalent according to the NASBA NQAS, showing this path meets the minor differences test.

Education

As noted in the UAA front piece analysis, one of the AICPA and NASBA guiding principles was the allowance of differing state laws and ensuring the individual practice of CPAs could transcend state boundaries even with the differences in state law. Appendix B of the UAA provides four criteria that should function similarly between states.

Thus far, ignoring “good character,” which many states have outlawed conditional usage for licensure, the “minor” differences that are acceptable include the following:

- A single year of experience consisting of a minimum of 1,500 hours (Hawaii) to 2,000 hours (Arkansas)
- Experience that does not require direct supervision by a CPA (North Carolina)
- Education replacement with 15 years of experience (New York)

Each of these differences come from states that the NASBA NQAS has said are substantially equivalent, meaning the differences are “minor” or functionally the same. Thus, this analysis shows that differences of up to 25% of required hours for one year’s experience are considered functionally the same. Experience at a ratio of 4:1 when not directly supervised by a CPA is considered functionally the same. Fifteen years of experience instead of 150 hours of education is considered functionally the same.

Because of differences in state laws, not all CPAs that take these existing routes are able to practice with mobility. While the UAA, Section 23(a)(1) does allow any CPA following one of these paths to be mobile, not every state used the exact same language as Section 23(a)(1). The UAA’s suggested test for mobility is, first, the state level. If the state is “substantially equivalent,” then any CPA from that state can practice with mobility. Thus, the New York CPA that used 15 years of experience for the education component can practice using mobility in any state that accepted the UAA proposal. Some states chose instead to list the education, exam, and experience requirements for a CPA to use mobility. In those cases, the same CPA

from New York would not be able to practice using mobility in that state. This continues to show the complexity of differing state laws but also the need for flexibility.

The education requirement in Appendix B states 150 hours of education, while the UAA suggests a more stringent requirement of 150 hours of education on a transcript. The 55 jurisdictions require a bachelor's degree with specific accounting courses and business courses to sit for the CPA exam. The list of courses is not universal, but the bachelor's degree and concentrations in accounting course topics and business topics is universal. This is the original requirement prior to the 150-hour requirement. Simple mathematics tells us that once 120 hours as noted on a bachelor's degree, with a transcript showing the accounting and business courses has been obtained, that the additional 30 hours of education can be in any topic and obtained in any manner.

However, the UAA also provides for experience in lieu of education. Section 6 of the UAA covers reciprocity requirements. The comments in this section state:

COMMENT: Subsection 6(c)(1) of this section offers a means of providing for reciprocal recognition of licensees of other states who are not eligible under the substantial equivalency standard set out in Section of this Act. Paragraph 6(c)(1)(B) requires a determination that the certificate of the other state has been issued on the basis of education and examination requirements comparable to those of this state, but makes allowance for an experience requirement as a substitute for these. (pg. UAA-6-2)

Again, this specific language supports the foundation laid out in Appendix B for flexibility.

Functionally equivalent education could consist of undergraduate or graduate-level courses that are not noted on a transcript. It should not need explaining that the difference between a course from a nationally known university that is listed on a transcript and the same course at the same university not listed on a transcript but provided as executive education is equivalent. Furthermore, it should also be evident that obtaining coursework to further accounting or business skills without transcript reporting for the last 30 hours is more beneficial to protecting the public than 30 hours of non-accounting, non-business coursework that appears on a transcript.

Moreover, South Carolina general statute 40-1-640 compels the Board to interpret military education, training, and experience in the manner most beneficial toward fulfilling the qualifications for the desired license, offering another route to licensure. Historically for CPA licensure, both training and experience are equivalent to education.

Other functionally equivalent items to 30 hours of non-accounting and non-business coursework include CPE courses used for license renewal, experiential internships with educational institution oversight, online business programs, seminars, courses designed to help

study for the CPA exam, and other similar types of work. Some state laws allow for their board of accountancy to determine that other items outside of the core detailed requirements are substantially equivalent and acceptable for licensure. South Carolina has such existing laws and is considered substantially equivalent.

Alaska is one state that has a “nebulous” statute regarding education. Alaska state statute AS 08.04.120(a) Education and experience requirements says: *“The education and experience requirements for an applicant are a baccalaureate degree or its equivalent conferred by a college or university acceptable to the board and additional semester hours or post-baccalaureate study so that the total educational program includes at least 150 hours, with an accounting concentration or equivalent as determined by the board by regulation to be appropriate.”* The key term here is additional *“post-baccalaureate study”* so that the “total educational program includes at least 150 hours.” Alaska is one state that does not use the term 150 “semester” hours but specifically removes that descriptor. They also specify an *“educational program,”* which logically includes certificate programs and other programs without transcripts.

CONCLUSION

The UAA, having evolved through eight editions, represents a continually refined standard. While the UAA offers a cohesive model, both its preface and introduction underscore that alternative solutions can coexist. This flexibility is evident in the UAA's design: it can serve as a complete replacement for a state's laws or be adopted in parts, integrating specific sections as needed. Indeed, this modular application has been predominantly embraced across 55 jurisdictions.

The introductory remarks of the UAA set forth guiding principles aimed at ensuring public protection while fostering a population of skilled and educated CPAs. Central to these principles is the *“mobility enhancement”* concept, underscoring the importance of transcending *“minor”* discrepancies between jurisdictions. This adaptability and collaboration are vital for the sustained growth and success of the CPA profession.

Appendix B of the UAA explicitly acknowledges that there will be variations in the initial licensure criteria – encompassing education, examination, and experience – across different jurisdictions. However, both AICPA and NASBA have concurred that these differences should not be impediments to achieving substantial equivalency among the jurisdictions.

State laws reveal notable disparities in initial licensure requirements across jurisdictions, yet NASBA's NQAS deems these states as substantially equivalent. Currently, NASBA identifies all 55 accountancy boards as substantially equivalent as of this writing (source: [NASBA website](#)). Despite the NASBA website pointing out that CPAs from New York and Ohio following some legacy pathways may not be eligible for mobility privileges in other SE states, the UAA

contradicts this. According to the UAA, the primary criteria for mobility is that a CPA originating from a substantially equivalent state is inherently deemed substantially equivalent. This means all New York and Ohio CPAs can practice under mobility in any state that adopts the UAA's mobility framework without any exceptions.

South Carolina has proposed several law changes, all of which fit the principles and concepts outlined by the UAA preface, introductory comments, model laws, appendices, and existing state laws.

1. South Carolina is proposing allowing candidates 36 months to pass the CPA exam. While some states may not provide an initial license to a candidate that took more than 30 months (currently supported by NASBA), those state boards have indicated that once the South Carolina candidate has received a license, they will be considered mobile and can receive a reciprocal license.
2. South Carolina is proposing the removal of substantial equivalency from the requirement to practice through mobility. Alabama has a current law with the same removal of substantial equivalency and is essentially the same as the South Carolina proposal. Thus, this is not a new concept in jurisdictional law.

South Carolina also proposed changes to existing statutes that were part of S.812, passed in 2022. Because South Carolina is a substantially equivalent state today, these changes, which do not alter the existing law, but augment it, must also be substantially equivalent.

One such change is to describe certain items that the South Carolina Board of Accountancy can accept as substantially equivalent to the education component of initial licensure. This list includes, for example, a certificate program. The UAA specifically suggests that a state board of accountancy be able to make this determination, and it is in existing South Carolina law. The support in the UAA for flexible education provides adequate direction for the South Carolina Board of Accountancy to accept a certificate program as comparable to the 30 hours necessary for licensure above the hours required for a bachelor's degree.

While it is possible that a state or states may decide of their own volition that South Carolina CPAs should not be lawfully allowed to practice in their state, the NASBA NQAS should still find South Carolina as substantially equivalent.

Furthermore, the laws being proposed are already in effect in other jurisdictions. Consequently, any shift in perspective resulting from South Carolina's proposed changes would necessitate a corresponding shift regarding states that have already implemented similar laws. We believe the likelihood of such a perspective shift to be minimal.

Proposed Amendments

Title 40 Chapter 2 Accountants

Revision 2.0
Dated: 08/04/2023

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PREFACE TO PROPOSED CHANGES:

In the professional and occupational licensing world, the Certified Public Accountant (CPA) profession stands unique. Governed at the state level, a license enables national practice rights, thus forming an interesting interplay of local and national jurisdictions. It is within this juncture that we propose revisions to Title 40, Chapter 2 of South Carolina's laws, which pertain to the regulation of this profession.

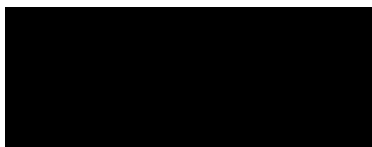
Three primary objectives drive the proposed legislative amendments:

1. Correcting minor errors in content and references to ensure absolute accuracy and consistency in the statutory language. This is fundamental for clear interpretation and application of the law.
2. Creating flexibility in our licensing framework to adapt to external changes in licensure. The dynamic nature of today's economic and professional landscape necessitates a system capable of evolving in response to changing circumstances.
3. Ensuring the South Carolina Board of Accountancy (SC BOA) maintains jurisdictional authority over any CPA providing services to South Carolina clients. This provision aims to uphold the highest standards of professional conduct, regardless of geographical barriers, and protect the interests of citizens.

Our proposals are the outcome of in-depth research, widespread consultation, and thoughtful deliberation. We recognize that changes to the licensing system have broad implications. They affect not only the CPAs who are directly licensed by the system but also all those who rely on the services of these professionals. Specific consideration was given to public protection and the role financial professionals play in workforce development.

The revisions are intended to strike a balance between ensuring rigorous professional standards and promoting accessibility and efficiency in the licensing process. They aim to modernize our regulatory framework, adapting it to the evolving demands of our economic and professional landscape while retaining the critical protections provided by our legal system.

The proposed changes are documented on the following pages. We thank you for your time in reviewing these proposed changes and welcome any questions or feedback you may offer.



Chris Jenkins – CEO of SCACPA

On behalf of the Executive Committee of the South Carolina Association of CPAs.

SECTION 40-2-20. Definitions.

COMMENT: Corrections are needed for a reference error in 40-2-20(2)(a)(v).

(2)

(a) "Attest" means providing the following services:

- (i) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
- (ii) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);
- (iii) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE);
- (iv) any engagement to be performed in accordance with Public Company Accounting Oversight Board (PCAOB) Auditing Standards; or
- (v) any examination, review, or agreed upon procedure to be performed in accordance with the SSAE, other than an examination described in subitem (iii) ~~(e)~~.

(b) Any standards specified in this definition shall be adopted by reference by the board pursuant to rulemaking and shall be those developed for general application by national accountancy organizations, such as the AICPA or the PCAOB.

COMMENT: Changes were made to Item 40-2-20(23)(b) to include common digital communication techniques. The updated wording considers the possibility of non-licensees exploiting digital tools and strategies to skew search engine results, which could potentially misguide the public.

(23) "Practice of accounting" means:

- a) issuing a report on financial statements of a person, firm, organization, or governmental unit or offering to render or rendering any attest or compilation service. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by a nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports; or
- b) using or assuming the title "Certified Public Accountant" or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, electronic file, metadata tag, or any other device ~~or device~~ tending to indicate that the person is a certified public accountant.

COMMENT: The core purpose of 'substantial equivalency' as per 40-2-20(33), outlined in Appendix B of the UAA, is to promote professional mobility for proficient CPAs. Given that this concept of substantial equivalency is based on the standards detailed in the UAA, it also acts as a protective measure for the public's wellbeing. However, the current legal definition of 'substantial equivalency' or 'substantially equivalent' is somewhat restricted, mainly addressing the comparison of an individual's proficiency with the licensing requirements of another jurisdiction,

South Carolina Code 40-2-20 applies 'substantial equivalency' or 'substantially equivalent' in scenarios not captured within Appendix B, and that extend beyond the explicit wording of the UAA. For example, the phrase in section 40-2-35(C)(b) "at least twenty-four semester credit hours, or the substantial equivalent..." suggests that these credit hours could be replaced with an alternate (substantially equivalent) solution.

Moreover, this legal definition is cited in multiple sections of the statute, making it difficult to remove. The real challenge lies in harmonizing the various applications of these terms while preserving the fundamental objectives laid out in Appendix B. This language is an attempt to broaden this definition to allow for additional use.

(33) "Substantial equivalency" or "substantially equivalent" is a determination by the board or its designee that the education, examination, ~~and~~ or experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed the completion of, a baccalaureate or higher degree in an accounting concentration that includes one hundred fifty semester hours of education, at least one year of acceptable experience, and successful completion of the Uniform CPA Examination. this State's requirements. Any jurisdiction found to be substantially equivalent by NASBA's National Qualification Appraisal Service is considered to be substantially equivalent to this State. In ascertaining substantial equivalency as used in this chapter, the board or its designee shall ~~take into account~~ consider the qualifications without regard to the sequence in which experience, education, or examination requirements were attained.

SECTION 40-2-30. Licensing or registration requirement; form for issuance of report by person other than CPA or PA; use of titles CPA and PA; exemptions.

COMMENT: The amendment was proposed by former Board of Accountancy member, Ellen Adkins, to align with the revised definition of 'attest' and to incorporate 'compilation' as a separate service. Compilation services, as defined, do not fall within the primary definition of 'attest' but have their own distinct definition. Additional changes in the statute will be needed for consistency.

(E) A firm may not provide attest or compilation services or assume or use the title 'Certified Public Accountants', 'Public Accountants' or the abbreviation 'CPAs' and 'PAs', or any other title, designation, words, letters, abbreviation, sign, card, or device indicating the firm is a CPA firm unless:

- (1) the firm holds a valid registration issued under this chapter or is exempt from the registration requirement by operation of subsection (I);*
- (2) ownership of the firm is in accordance with Section 40-2-40(C) and implementing regulations promulgated by the board, unless the firm is exempt from the registration requirement by operation of subsection (I); and*
- (3) owners who are not certified public accountants must be permitted to use the titles "principal", "partner", "owner", "officer", "member", or "shareholder" but must not hold themselves out to be certified public accountants.*



SECTION 40-2-35. Requirements for license to practice; fulfilling education, examinations, and experience requirements.

COMMENT: Item (C)(2) is amending the existing statute to clarify the nature of educational programs and the Board's power to adopt them. Item (C)(3) is designed to protect workforce development, ensuring that South Carolina continues to attract skilled professionals in case a consortium of five or more states chooses to modify educational requirements.

(C)

(1) *To meet the educational requirement as part of the one hundred fifty semester hours of education needed for licensure, the applicant must demonstrate successful completion of:*

- (a) *a baccalaureate, masters, or doctoral degree;*
- (b) *at least twenty-four semester credit hours, or the substantial equivalent, of accounting courses that are applicable to a baccalaureate, masters, or doctoral degree and that cover some or all of the following subject matter content, excluding principles or introductory accounting courses: financial accounting for business organizations, financial statement auditing and attestation services, taxation, accounting information systems, financial accounting for government and not-for-profit entities, managerial or cost accounting, mergers and acquisitions, accounting based data analytics and interrogation techniques, financial planning, fraud examination, internal controls and risk assessment, financial statement analysis, accounting research and analysis, tax research and analysis, accounting professional ethics, and other areas approved by the board taught at the junior level or above; and*
- (c) *at least twenty-four semester credit hours, or the substantial equivalent, of business courses, other than accounting, that are applicable to a baccalaureate, masters, or doctoral degree and that cover some or all of the following subject matter content: business law, economics, management, marketing, finance, business communications, statistics, quantitative methods, data analytics, data interrogation techniques, business data acumen, information systems or technology, business ethics, and other areas approved by the board and which may include semester credit hours, or the substantial equivalent, in accounting content not used toward meeting the requirement in subitem (b).*

(2) ~~*The board may review and accept individual courses and educational programs determined to be substantially equivalent to the foregoing. Within its regulatory capacity, the Board may, by regulation or ruling, approve up to thirty hours of educational credit derived from non-accredited sources, such as unaccredited courses, apprenticeships, certificates, experiential learning, or alternative educational programs. This endorsement is contingent upon the prior fulfillment of all prerequisites detailed in (C)(1) items (a),(b), and (c) and subject to the condition that the learning content from*~~



such non-accredited sources does not redundantly cover the subject matter already stipulated under accredited criteria.

- (3) Should five or more states establish and implement alternative educational requirements or programs, such requirements or programs shall be acknowledged and become operative within this State. This validation only applies to jurisdictions that have adopted comparable educational standards, ensuring the robustness and integrity of the educational foundation of licensure.

COMMENTS: Alterations to item (F) stem from our conviction that the existing 18-month examination period does not provide any public safeguards, yet it does impose an undue burden on candidates. We have ascertained that while the UAA committee does recommend a 30-month exam window, a jurisdiction's examination duration doesn't influence the determination of substantial equivalency. Our requests for evidence to justify the 30-month timeframe have not been responded to.

We are of the opinion that the 2024 CPA evolution's extension of 18 months (the exam reset) establishes a new standard of a 36-month period beginning January 1, 2024. Without data supporting a shorter duration, our preferred option is to maintain the newly defined exam window, and we have proposed changes to the statute to enshrine this current practice. We've also given due consideration to future needs, allowing the Board to provide future extensions if required.

Additionally, we believe that the 120-hour Continuing Professional Education (CPE) requirement is excessively demanding for candidates and offers no further protection to the public. The certificate date is determined by the licensure date, not the exam date, so there's no public confusion about the date of licensure.

(F) To meet the exam requirement, a candidate must pass all sections of the Uniform CPA Examination.

(1) A candidate may take the required test sections individually and in any order. Credit for any test section passed is valid for ~~eighteen months~~ thirty-six (36) months from the actual date the candidate took that test section, without having to attain a minimum score on any failed test section and without regard to whether the candidate has taken other test sections.

(a) A candidate must pass all sections of the Uniform CPA Examination within a rolling ~~eighteen-month~~ thirty-six (36) month period, which begins on the date that the first test section is passed. The board by regulation or ruling, may provide additional time to applicants. ~~on active military service~~. The board also may accommodate any hardship which results from the conditions of administration of the examination.

(b) ~~A candidate who applies for a license more than three years after the date upon which the candidate passed the last section of the Uniform CPA Examination~~



~~must also document one hundred twenty hours of acceptable continuing professional education in order to qualify, in addition to all other requirements imposed by this section.~~

- (2) A candidate may arrange to have credits for passing sections of the Uniform CPA Examination under the jurisdiction of another state or territory of the United States transferred to this State. Credits transferred for less than all sections of the examination are subject to the same conditional credit rules as if the examination had been taken in South Carolina.

COMMENT: Item (G) has been revised to coincide with the suggested regulations. Furthermore, a service that was deemed irrelevant, as reported by the Board Administrator, has been removed.

(G)

- (1) at least one year of accounting experience, which must include providing a service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills verified by a CPA in industry, academia, or public practice or verified by a valid report from NASBA's Experience Verification. This experience may be supervised by a non- licensee but must be verified by a CPA with direct personal knowledge of the experience who is licensed to practice accounting in some state or territory of the United States or the District of Columbia for the duration of the qualifying experience;
- (2) teaching experience to include at least twenty-four semester hours of teaching courses that are applicable to a baccalaureate, masters, or doctoral degree and which may cover subject matter areas such as financial accounting, taxation, and auditing, taught at the intermediate accounting level or above. This experience may be supervised by a non- licensee but must be verified by a CPA with direct personal knowledge of the experience who is licensed to practice accounting in any state or territory of the United States for the duration of the qualifying experience; or
- (3) any combination of experience determined by the board to be substantially equivalent to the foregoing.
- (3) ~~submitting Substantial Equivalency Evaluation report from the NASBA National Qualification Appraisal Service verification that his CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA and NASBA Uniform Accountancy Act;~~

SECTION 40-2-40. Grant or renewal of registration to practice as firm; qualifications for registration; changes in identities of partners or officers.

COMMENT: Modifications to item (B) are necessary to incorporate compilation services, as they are not encompassed within the foundational definition of attest.

(B)

- (1) a firm with an office in this State performing attest services as defined in Section 40-2-20(2), or performing compilation services as defined in 40-2-20(6), or engaging in the practice of accounting as defined in section 4-2-20(23);*
- (2) a firm with an office in this State that uses the title 'CPA' or 'CPA firm'; or*
- (3) a firm that does not have an office in this State but performs attest services described in Section 40-2-20(2), or performs compilation services as defined in 40-2-20(6), in this State, unless it is exempt from registration pursuant to Section 40-2-30(1).*

COMMENTS: The modifications in item (C) are designed to rectify a reference mistake found in the previous updates to the statute.

(C)

- (3) For firms registering under subsection (B) ~~(1)(a) or (b)~~, there must be a designated resident manager in charge of each office in this State who must be a certified public accountant licensed in this State.*



SECTION 40-2-80. Investigations of complaints or other information suggesting violations; report.

COMMENT: The modifications to (B)(1) have been made at the behest of the Director of the LLR to assist in staffing matters. The suggested alterations would maintain the prerequisite for a CPA investigator with five years of experience but would eliminate the requirement for this experience to have been gained within this State. (B)

(1) An investigation of a licensee pursuant to this chapter must be performed by an inspector investigator who has been licensed as a certified public accountant ~~in this State~~ for at least five years. The inspector investigator must report the results of his investigation to the board no later than one hundred fifty days after the date upon which he initiated his investigation. If the inspector investigator has not completed his investigation by that date, then the board may extend the investigation for a period defined by the board. The board may grant subsequent extensions to complete the investigation as needed. The inspector investigator may designate additional persons of appropriate competency to assist in an investigation.

SECTION 40-2-240. Licensing of persons licensed in another state.

COMMENT: This section of the statute pertains to the procedure for granting licenses through reciprocity. If any jurisdictions lose their status of substantial equivalency, South Carolina would stop recognizing the affected licensees as qualified CPAs. Although alternative pathways exist outside of a state's substantial equivalency (such as individual substantial equivalence), these can considerably burden both the applicant and the Board of Accountancy staff. This form of restriction to reciprocity can negatively impact CPA firms and local businesses, especially those looking to recruit out-of-state staff into their local firms.

Given the changing dialogue surrounding licensing requirements across various states, refining our language is crucial. This preemptive step would ensure that any individual, who holds an active license and is lawfully authorized to practice in their home jurisdiction, can obtain a South Carolina CPA license.

[STRIKE CURRENT LANGUAGE AND REPLACE]

SECTION 40-2-240. Reciprocity the licensing of persons licensed in another state.

(A) The board shall issue a license to an applicant who:

- (1)** possesses an active certificate, license, or permit issued under the laws of any state, territory within the United States, the District of Columbia, or any foreign authority, the latter being recognized by the International Qualifications Appraisal Board (IQAB) and subject to Mutual Recognition Agreements (MRAs); and
- (2)** is legally authorized to practice in the jurisdiction where the existing license is held; and
- (3)** certifies that they are in compliance with the Continuing Professional Education (CPE) requirements as determined by the jurisdiction where the existing license is held.

(B) To apply for a license pursuant to this section, an applicant must:

- (1)** disclose all domestic and foreign jurisdictions where the applicant has either applied for or holds a designation to practice public accountancy or where any such applications have been denied; and
- (2)** submit an application to the board and remit the requisite application fee as prescribed by the board.

(C) Each licensee awarded a license under this section must notify the board in writing within thirty days following any issuance, denial, revocation, or suspension of a designation or initiation of any disciplinary or enforcement action against the licensee by any jurisdiction.

SECTION 40-22-45. Requirements to practice if licensed out of state.

COMMENT: This section of the statute provides CPAs, whose principal place of business is outside South Carolina, the privilege to practice within the State. Often referred to as "mobility," this section not only grants privileges but also vests the Board with the power to exert subject matter jurisdiction and disciplinary oversight over CPAs exercising mobility. Notably, the existing language uses the concept of "substantial equivalency," as defined by NQAS (a division of NASBA), as the assessment metric for mobility.

There's a trend among jurisdictions aiming to broaden access to CPA qualifications for non-traditional candidates. NASBA's reaction, both in written and verbal communication, indicates that any additional licensure routes could endanger a state's status of substantial equivalency. This statement from NASBA triggers significant concerns about public protection.

If states were to lose their status of substantial equivalency and mobility, the influence on the profession would be significant. Additionally, the associated risk to the jurisdictional authority of the South Carolina Board of Accountancy and the safeguarding of our citizens is severe and requires mitigation. If NASBA, through the NQAS, were to implement its stated intentions, the South Carolina Board of Accountancy could lose its subject matter jurisdiction and disciplinary authority over CPAs from states no longer classified as substantially equivalent. As a result, the Board would be forced to yield control to the South Carolina Administrative Court as specified in 4-2-210.

[STRIKE CURRENT LANGUAGE AND REPLACE]

SECTION 40-2-245. Mobility requirements to practice if licensed out of state.

- (A) *Individuals whose principal place of business is outside this State, possessing an active certificate, license, or permit issued under the laws of any state, territory within the United States, the District of Columbia, or any foreign authority recognized by the International Qualifications Appraisal Board (IQAB) and subject to Mutual Recognition Agreements (MRAs), are presumed to have qualifications equivalent to this state's requirements. Such individuals may exercise all the privileges of this State's licensees without obtaining a license under Section 40-2-35, provided they are lawfully authorized to practice in their licensing jurisdiction.*
- (B) *Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means pursuant to this section, is granted practice privileges in this State subject to the requirements of subsection (C). No notice, fee, or other submission may be required of the individual.*
- (C) *By exercising the privileges under this section, an individual licensee or holder of a permit to practice from another jurisdiction and the firm employing that licensee inherently consent to:*



- (1) The personal and subject matter jurisdiction, as well as the disciplinary authority of the board;*
 - (2) Compliance with the regulations and provisions of this section;*
 - (3) Cease offering or rendering professional services in this State individually or on behalf of a firm, if their license from their principal place of business is no longer valid; and*
 - (4) Have an administrative notice of hearing served on the board in the individual's principal state of business in any action or proceeding by this board against the licensee.*
- (D) A licensee of this State offering or rendering services or using his or her CPA title in another state is subject to disciplinary action in this State for an act committed in another state for which the licensee would be subject to discipline for an act committed in the other state. The board shall investigate any complaint made by the board of accountancy of another state.*



October 2, 2023

Christopher S. Huggins, Chair
Susanna Sharpe, CPA, Board Administrator
South Carolina Board of Accountancy
110 Centerview Drive
Columbia SC 29210

Dear Mr. Huggins and Ms. Sharpe:

On behalf of the American Institute of CPAs (AICPA), we appreciate the opportunity to express our concerns regarding changes to South Carolina's accountancy statute proposed by the South Carolina Association of CPAs (SCACPA). These changes in South Carolina would lower the professional bar for CPA licensure in South Carolina. Furthermore, the proposed legislation would hinder any new licensed CPA in South Carolina to practice freely without additional bureaucratic barriers in another jurisdiction. Ultimately, the proposed changes are contrary to the public interest, would potentially harm South Carolina's financial systems, and pose a significant threat to the profession's national mobility model.

The AICPA is the world's largest member association representing the CPA profession, with approximately 415,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. AICPA sets ethical standards for its members and U.S. auditing standards for private companies, not-for-profit organizations, and federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives continuing education to advance the vitality, relevance and quality of the profession.

Currently, candidates in South Carolina must complete 150 credit hours including a bachelor's degree, obtain one year of profession experience and pass the Uniform CPA Examination to meet the state's requirements for initial CPA licensure. The legislative changes proposed by the SCACPA would lower the standard for licensure – or eliminate the standards altogether – in three ways.

First, the proposal would allow candidates to replace 30 credit hours from an accredited college or university with 30 hours of unaccredited courses that lack rigor or any academic standards. The language in the proposed bill would allow any "experiential learning" to count towards initial CPA licensure. Although we appreciate the flexibility the SCACPA is trying to achieve, we believe this proposal lacks the nuance and methodology necessary to ensure proper education

standards are met for CPA licensure. Due to the countless options associated with the categories of unaccredited courses, it is unclear as to how the South Carolina Board of Accountancy (the Board) would determine which options would count towards initial licensure.

Second, the proposed changes would allow for alternate pathways for initial licensure should five or more states establish and implement “alternative educational requirements or programs.” While the language of the proposal is not crystal clear, the SCACPA seems to be proposing, in essence: if five other states lower their standards for licensure, South Carolina *shall* lower its standards in the same way. There is a reference to “comparable standards” in those five other states, but it is unclear as to what the comparable standards are as this provision does not exist in any other jurisdiction, if these comparable educational standards would supplant South Carolina’s existing requirements for initial licensure, or how these standards would be reconciled with the existing requirements. The changes also do not specify which entity would be granted the authority to determine if and how these standards are comparable. Our concern is that South Carolina would be forced to adopt a standard for licensure that it has not evaluated or debated internally.

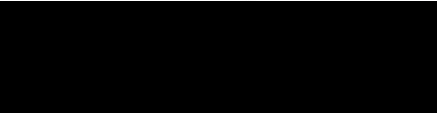
Third, existing South Carolina law requires the Board to grant a reciprocal license to an individual licensed in another licensing jurisdiction so long as the other licensing jurisdiction has substantially equivalent licensing requirements. The proposed language deletes the substantial equivalency requirement and, instead, would require the Board to grant a reciprocal license to anyone with a license in any jurisdiction regardless of the standards for licensure in those jurisdictions. Consider the consequences: if California were to require only a high school diploma to practice public accounting, and a California licensee moved to South Carolina, the Board would be required to issue a South Carolina CPA license to that individual with only a high school diploma. We do not believe the proposal is in the best interests of South Carolina consumers, and we do not believe the Board should surrender completely to other states its authority to set standards for CPA licensure. Here again, no state in the country has adopted a framework like the one proposed by the SCACPA.

In sum, the SCACPA proposes – in particular, with the second and third changes discussed above – that the requirements for CPA licensure in South Carolina be the loosest in the country. The proposed changes have another significant consequence. Individuals who become South Carolina CPAs through one of the alternative licensure pathways outlined above would face difficulty in obtaining a reciprocal CPA license in another state. For example, Florida requires individuals holding a CPA license from another state to present evidence of the completion of a bachelor’s degree and 150 hours of education from an accredited institution and for those accredited courses to show up via a college transcript for CPA licensure. Under the SCACPA’s proposal, a South Carolina CPA who tries to gain a reciprocal license in Florida would be turned

away for not meeting the necessary education standards. Simply stated, these South Carolina candidates would lose the ability to practice, either in-person or virtually, in states such as Florida as their education would no longer be equivalent to that required of Florida CPAs. The SCACPA's proposal would have the unintended consequence of blocking CPAs originally licensed in South Carolina from practicing in other jurisdictions while, at the same time, letting any CPA licensed in some other jurisdiction – regardless of that jurisdiction's standards – into South Carolina to practice.

We hope the South Carolina Legislature and the Board continue their support of South Carolina's existing licensing framework and substantial equivalency until the CPA profession coalesces around a unified approach to solving the pipeline challenges currently being faced. The profession is currently working on various national solutions to the pipeline challenge without risking the current mobility model, and ensuring quality work and high standards are met for the public it serves. If we can assist the Board in its consideration, please contact Marta Zaniewski, AICPA's vice president of state regulatory and legislative affairs at

Sincerely,



Michael J. Buddendeck
General Counsel



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

October 2, 2023

Mr. Chris Jenkins, CEO
South Carolina Association of CPAs
1300 12th Street, Suite D
Cayce, SC 29033

Sent via email: [REDACTED]

Dear Mr. Jenkins:

On behalf of the National Association of State Boards of Accountancy (NASBA), I thank you for sharing your thoughts regarding our analysis of the draft legislation you shared earlier this year, as well as your analysis of the Uniform Accountancy Act (UAA) and state laws, along with the proposed revised changes to Title 40 Chapter 2 and your request that NASBA provide any comments, suggestions, or concerns.

As you know, the UAA is a model act maintained by the American Institute of Certified Public Accountants (AICPA) and NASBA and serves as a regulatory framework regarding important topics like CPA licensing requirements, providing an opportunity for boards to work together to allow mobility of CPAs from jurisdiction to jurisdiction without undue burden or unnecessary paperwork. We believe it is important to understand the potential impact that some of the proposed amendments may have from a legal standpoint on South Carolina's designation as substantially equivalent, and from a practical standpoint on South Carolina licensed CPAs and public accounting firms.

As discussed in our May 3, 2023 letter, we reiterate our overarching concern regarding the impact of eliminating the objective measures of the education, examination, and experience requirements for licensure as defined in the UAA and currently included in the South Carolina rules with subjective terms and alternate pathways that are subject to interpretation. The use of subjective terms, when not clearly defined, could result in the South Carolina Board of Accountancy (Board) becoming subject to litigation for being arbitrary and capricious in its application of its licensure and regulatory authority and potentially result in the courts determining the specific requirements for licensure rather than the South Carolina legislature or the Board.

In addition, some of the proposed amendments would *require* the Board to issue a license to an out-of-state CPA regardless of another jurisdiction's licensure requirements and allow any out-

of-state CPA to practice under mobility in South Carolina. These provisions essentially cede the South Carolina legislature's and Board's authority to establish rules for licensing CPAs and severely limit the Board's ability to protect the public interest in South Carolina.

SECTION 40-2-20. Definitions.

(33) "Substantial equivalency" or "substantially equivalent" definition.

Removing the collective objective measures of the education, examination, *and* experience requirements for licensure from this definition makes it unclear what the standards are for this determination so that they can be consistently applied by the Board. The reference to "this State's requirements" also fails to indicate the timing of such comparison. Would the Board be looking at the most current rules or rules at the time the out of state CPA was first licensed? These issues could lead to the Board being subject to litigation for inconsistent application of the vague and changing standard and insert the courts into the licensing process.

SECTION 40-2-35. Requirements for license to practice; fulfilling education, examination, and experience requirements.

Section 40-2-35. (C)(2) provides that within its regulatory capacity, the Board may approve up to 30 hours of educational credit derived from non-accredited sources, such as unaccredited courses, apprenticeships, certificates, experiential learning, or alternative educational programs.

This provision is absent of any objective standard by which the Board would assess the educational credits listed in this provision. How and by what standard would non-accredited sources be objectively assessed by the Board? Would the Board be making these determinations on an ad hoc basis? Without an objective standard by which to measure non-accredited sources, this provision could again subject the Board to litigation for being arbitrary and capricious in its application of its licensure authority and provide an opportunity for courts, rather than the legislature or the Board, to determine what type of education and courses would be permissible. The UAA requires education to be obtained from an accredited institution and thus adoption of this provision would result in South Carolina losing its substantially equivalent designation. Such a determination would have a significant negative impact on South Carolina CPA firms and individually licensed CPAs seeking to perform professional services in other jurisdictions.

*SECTION 40-2-35. (C)(3) provides that should five or more states establish and implement alternative educational requirements or programs, such requirements or programs **shall be acknowledged and become operative** within this State.*

This provision does not indicate that five or more jurisdictions adopt the same alternative educational requirements or programs. Would this provision become effective if five jurisdictions adopted five distinct alternative educational requirements or programs, or would five or more states have to adopt the same set of alternative educational requirements or programs? Adoption of this provision again would cede the Board's authority and responsibility to protect the public and establish requirements for CPA licensure by automatically making the alternatives of other jurisdictions operational in South Carolina. If this provision was triggered by alternative educational requirements or programs that do not comply with the UAA, then South Carolina would lose its substantially equivalent status with the same negative impact cited above.

SECTION 40-2-35(F)(1) increases the conditional credit from eighteen (18) months to thirty-six (36) months.

As you know, the UAA Model Rules were amended in April to provide for a thirty (30) month conditional credit window. As of October 2, 2023, 47 of the 55 jurisdictions have implemented, or are in the process of implementing a thirty (30) month conditional credit window, including all states that border South Carolina. The remaining 8 jurisdictions have not acted on a possible amendment to their conditional credit laws or rules. We have attached a map that depicts the status of the adoption of the conditional credit window among the 55 licensing jurisdictions. Since CPA Exam scores are transferable, it is important to consider the impact on South Carolina candidates should any jurisdiction that adopts the thirty (30) month conditional credit window not recognize a longer conditional credit period provided in South Carolina. It is possible that South Carolina candidates may be required to re-take exam sections for which the conditional credit window extends beyond the thirty (30) month window.

SECTION 40-2-240. Licensing of persons licensed in another state.

SECTION 40-2-240 (A)(1)(2) and (3) requires the Board to license an individual who possesses an active license in another jurisdiction.

While we understand the commentary that accompanies the amendment, this provision removes any ability of the Board to determine if another jurisdiction's licensure requirements meet an acceptable threshold to grant a South Carolina license creating a situation where initial licensees in South Carolina could have more stringent requirements for licensure than those applying through reciprocity. If this outcome was challenged in court, it opens the door for the court to determine if the initial licensing requirements set by the Board should be lowered to those available through reciprocity. If this were to occur, South Carolina would be deemed to not be substantially equivalent to the UAA , thus creating the negative consequences for South Carolina CPAs and firms stated above.

SECTION 40-22-45. Requirements to practice if licensed out of state.

SECTION 40-2-245 (A) allows out-of-state CPAs licensed in any jurisdiction to practice in South Carolina under mobility regardless of the other jurisdiction's CPA licensure requirements.

Should a jurisdiction adopt licensure requirements that are significantly less than South Carolina's licensure requirements, this provision would allow those out-of-state CPAs to practice in South Carolina. This situation could create the same imbalance in licensing requirements as stated above in our commentary on Section 40-2-240 with a similar potential result of court intervention. While we are and have been proponents of CPA mobility, we also believe that a critical component of mobility is that all 55 licensure jurisdictions maintain licensure requirements that are substantially equivalent to those set forth in the UAA.

We appreciate the opportunity to review and comment on your draft legislation. If you would like to schedule a meeting to discuss your proposed legislation or the contents of our letter in greater detail, please contact NASBA President and CEO Ken Bishop, or NASBA's Vice President of State Board Relations, Dan Dustin.

Sincerely,

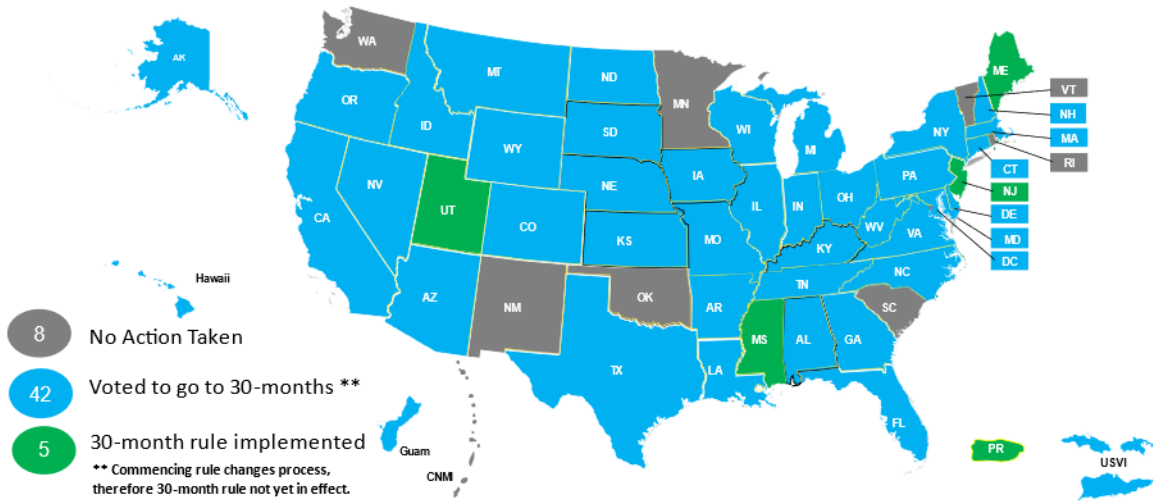


Maria-Lisa Caldwell, Esq.
Chief Legal Officer and Director of Compliance Services

cc: David Knoble, CPA, Chair, South Carolina Association of CPAs
Susanna Sharpe, Administrator, South Carolina Board of Public Accountancy
Ken L. Bishop, President and CEO, NASBA

Status of Credit Period Decisions by Jurisdiction

As of 10/2/2023



October 5, 2023

Christopher S. Huggins, Chair
Susanna Sharpe, CPA, Board Administrator
South Carolina Board of Accountancy
110 Centerview Drive Columbia SC 29210

Mr. Huggins and Ms. Sharpe:

We respect the efforts put forth by Michael J. Buddendeck and the Association of International Certified Professional Accountants (AICPA). However, we have identified certain assertions in their recent communication that we believe are misleading and, in some cases, factually incorrect. The proposed modifications to the accountancy statute have been meticulously crafted to ensure public protection and enhance South Carolina's workforce development.

As the premier organization exclusively committed to protecting and advancing the CPA profession in South Carolina, the South Carolina Association of Certified Public Accountants (SCACPA) consistently bases its approaches on empirical evidence, prioritizing verifiable facts over hypothetical conjectures.

SCACPA recognizes a potential risk to the jurisdictional authority of the South Carolina Board of Accountancy if states modify their path to licensure. South Carolina 40-2-245 currently utilizes substantial equivalency and adopts a framework of no fee, no registration, and no escape. Specifically, through SC 40-2-245(C), an out-of-state CPA comes under the jurisdiction and disciplinary purview of the Board.

Should one or more jurisdictions lose their 'substantial equivalency' designation, it would preclude CPAs from those jurisdictions from practicing under the mobility framework. Assuming this would dissuade these professionals from offering services in South Carolina is both shortsighted and risky. Without the mobility structure in place, the South Carolina Board would be devoid of critical oversight mechanisms, hampering its ability to supervise and, when necessary, take disciplinary actions against these CPAs. Instead, the Board could be forced to request intervention from the Administrative Law Court.

Given this context, the inherent imperative to safeguard the Board's jurisdictional authority crystallizes. Equipped with this understanding, we are better positioned to address the individual points raised in the AICPA's communication.

The AICPA's first point is built around changes to "40-2-35(C)(2) *The board may review and accept individual courses and educational programs determined to be substantially equivalent to the foregoing.*" The proposed changes read as follows:

“40-2-35(C)2 Within its regulatory capacity, the Board may, by regulation or ruling, approve up to thirty hours of educational credit derived from non-accredited sources, such as unaccredited courses, apprenticeships, certificates, experiential learning, or alternative educational programs. This endorsement is contingent upon the prior fulfillment of all prerequisites detailed in (C)(1) items (a), (b), and (c) and subject to the condition that the learning content from such non-accredited sources does not redundantly cover the subject matter already stipulated under accredited criteria.”

As presented, this wording provides enhanced clarity without adding extraneous details. Contrary to the AICPA perceptions, the 40-2-35(C)2 amendments do not permit candidates to "replace 30 credit hours." Rather, they reinforce the Board's authority to review and approve alternative pathways for fulfilling the additional 30-hour criterion. This prerogative traces back to the 2022 enactment of S.812, which itself expanded upon the principles established by 40-1-640 in 2013.

During a September 12, 2023, meeting, the Maryland State Board of Public Accountancy expressed its sense that experiential learning credits may be applied towards meeting the 150-hour education requirement provided all other existing requirements contained in the Code of Maryland Regulations are met. Additionally, the board noted that experiential learning credits could be obtained through testing.

We believe that the South Carolina Board of Accountancy should have the same freedom to discuss and implement solutions as afforded to other peer boards. While AICPA may have reservations about the Board of Accountancy's ability to delineate suitable guidelines for program approvals, our perspective stands in contrast. We firmly advocate for empowering the Board of Accountancy. It is our conviction that the authority to determine solutions for the additional 30 hours unquestionably lies with the Board. We further recognize that the board may choose not to act. Regardless of the outcome, it is key to recognize the Board's authority in such matters.

Turning to the second matter, we acknowledge that the phrasing in 40-2-35(C)3 could benefit from refinement. We've extended multiple invitations to the AICPA to collaborate on improving this language. While we recognize the concerns raised by the AICPA, their feedback has been largely diagnostic, lacking prescriptive solutions. The journey through legislative processes, both for statutes and regulations, is often intricate and prolonged. Emphasizing workforce development is a legislative priority, and it's imperative for South Carolina to devise strategies that ensure competitiveness, especially if other states revise their licensure pathways significantly.

The AICPA's reference to California in their third point paints an outlier situation that seems to unduly cast the California Board in a negative light. We recognize that a CPA could secure a

South Carolina license through reciprocity. Yet, our current Section 40-2-240(A)(3) already accommodates such a scenario, given that the CPA has four years of experience. It is also important to reference the mobility threat we are working to solve when exploring reciprocity.

Our position is steadfast: mobility and reciprocity require a balanced approach. The rationale is straightforward: if a CPA, whose principal place of business is outside South Carolina, can serve a client within our state, then surely a South Carolina-based firm should be afforded the privilege to employ that same CPA.

The conclusion presented by Mr. Michael Buddendeck indicated that should our proposal become law, “a South Carolina CPA who tries to gain a reciprocal license in Florida would be turned away for not meeting the necessary education standards.” Mr. Buddendeck continues, “Simply stated, these South Carolina candidates would lose the ability to practice, either in-person or virtually, in states such as Florida.”

First, similar challenges arose when the shift was made from 120 to 150 hours of education. The Uniform Accountancy Act (UAA) provides a precedent, endorsing the idea that experience might outweigh education under specific conditions. This is evident in the UAA's 4/10 rule and specifically mentioned in the UAA comments.

“Paragraph 6(c)(1)(B) requires a determination that the certificate of the other state has been issued on the basis of education and examination requirements comparable to those of this state, but makes allowance for an experience requirement as a substitute for these.”

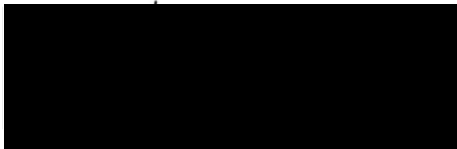
Most states continue to utilize the 4/10 rule, and Florida is no exception. Florida statute 473.308¹ section (8) indicates “if the applicant has at least 5 years of experience in the practice of public accountancy in the United States ... “ or if the applicant has “5 years of work experience” of the type required in Florida, then “the board SHALL (emphasis added) waive the requirement of subsection (3) which are in excess of a baccalaureate degree.” Subsection (3) defines the education requirements as having at least “150 semester hours of college education.” Thus, any new CPA from South Carolina could obtain a Florida license after 5 years of work experience without meeting the 150-hour requirement on a transcript.

Additionally, Florida statute 473.308 section (7)(b)(3) deals with licensure of CPAs that “hold a valid license to practice public accounting issued by another state.” To obtain a CPA license in Florida under this statute, the CPA must have held a “valid license” for “at least 10 years” and have “passed a national, regional, state or territorial licensing examination that is substantially equivalent” to their examination, and finally, has “met the requirements of this section for

¹ State of Florida. 2023. Chapter 473, Fla. Stat. § 473.308.
http://www.leg.state.fl.us/STATUTES/index.cfm?App_mode=Display_Statute&Search_String=&URL=0400-0499/0473/Sections/0473.308.html

good moral character.” This section has no requirement for education standards to be met. Thus, under this section, any new CPA from South Carolina could obtain a license after ten years of practice.

In conclusion, the current mobility framework's challenges are tangible, not merely speculative. Our primary motivation for suggesting changes revolves around two central points: safeguarding the public and workforce development. Despite the AICPA's depiction, our proposals are not radical concepts, but essential adjustments tailored to our changing landscape. These proposed changes, supported by a majority of SCACPA members, epitomize our dedication to agile responsiveness in this transformative era. While we recognize the AICPA's mandate to consider the needs of 55 jurisdictions, our foremost obligation remains the well-being of South Carolina's residents and our local CPA community.



Chris Jenkins – CEO of SCACPA

On behalf of the Executive Committee of the South Carolina Association of CPAs.

Maria L. Caldwell
Chief Legal Officer and Director of Compliance Services
150 Fourth Ave. North Suite 700
Nashville, TN 37219-2417

Ms. Caldwell,

First, thank you for such a professional response that provides us with clear, tangible ways to begin to understand how NASBA arrived at a position regarding SCACPA's proposed legislation. Your clarity allows us to consider viewpoints we may not have previously considered. We believe this kind of collaboration will lead to legislative solutions that open realistic opportunities for candidates who would otherwise not consider the profession while protecting the public and maintaining a national perspective. In the spirit of productive dialogue, we intend to continue hearing feedback and consider how various alternatives might also work towards South Carolina legislative requirements and Governor-led mandates.

The feedback on 40-2-20(33) is both rational and well stated. It's crucial to highlight that this definition only became part of our statute following the enactment of S.812 in May 2022. A thorough examination of the broader language within the statute reveals that this term has been employed in several contexts, each with its distinct definition. This is noted in the provided commentary, and based on the proposed amendment, it is possible this definition is no longer required.

We acknowledge and value the feedback on 40-2-35(C)(2). However, it's vital to underscore that the proposed modifications aren't introducing a new statute. Instead, they are designed to clarify the Board's pre-existing authorities. This authority originates in the 2022 passage of S.812, building upon the principles set by 40-1-640 in 2013.

We are staunch proponents of empowering the Board of Accountancy. We firmly believe that the discretion to delineate solutions for the supplemental 30 hours should reside unequivocally with the Board. While the Board may opt for inaction, the outcome doesn't diminish its inherent authority in these deliberations.

Feedback on section 40-2-35(C)(3) is accurate, and when viewed holistically, the proposed solution seems misaligned with our aim of strengthening the Board's authority. This situation underscores the value of collaborative dialogue and constructive disagreement in sculpting well-considered proposals.

The path through legislative processes encompassing statutes and regulations is characteristically complex and lengthy. Prioritizing workforce development is at the forefront of our legislative goals. It is vital for South Carolina that we craft forward-thinking strategies to

maintain competitiveness, particularly if other jurisdictions undertake notable changes to their licensure pathways. We welcome collaboration from all stakeholders to shape a clear solution, ensuring the South Carolina Board of Accountancy is equipped to adeptly navigate the shifting landscape of this transformative period.

We respect and understand NASBA's perspective and the modifications to the UAA rules. Nonetheless, we remain convinced that revisions to section 40-2-35(F)(1) are acceptable and advantageous for the profession and pose minimal operational implications for future candidates.

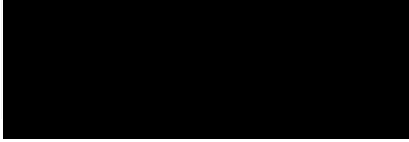
Feedback on section 40-2-240 introduces a scenario that we endeavored to tackle with our proposed addition of 40-2-35(C)(3). South Carolina's 40-2-245(C) hinges on the principle of substantial equivalency and operates under a framework of no registration, no fees, and no escape. Notably, via SC 40-2-245(C), an out-of-state CPA is brought under the jurisdictional and disciplinary oversight of the Board. If one or more jurisdictions were to be stripped of their 'substantial equivalency' status, those CPAs would be unable to operate within the mobility framework. This absence of the mobility framework would consequently leave the South Carolina Board devoid of essential regulatory tools, impairing its capacity to oversee and, when required, sanction these CPAs.

While other states may not operate in the same way for the unlicensed practice of accounting, South Carolina utilizes a shared services model through the Department of Labor, Licensing & Regulation (LLR), and the South Carolina administrative law court is the required avenue. Thus, this change may not be necessary in all jurisdictions but is necessary in South Carolina to protect the public.

Our position remains steadfast: the tenets of mobility and reciprocity demand a balanced approach. The logic is straightforward: If an out-of-state CPA can serve a South Carolina client, it's only fair that South Carolina-based firms have the ability to employ that same professional. The proposed solution ensures public protection and balances mobility and reciprocity, lending itself to workforce development.

Your insights on section 40-2-245 underscore the importance of establishing a mechanism that permits the Board to readily adopt changes made by external parties. While we concur with your observations regarding 40-2-35(C)(3) as both sound and accurate, we must emphasize the necessity of safeguarding the public. This can be achieved by ensuring our Board retains jurisdictional authority over any CPA providing services to a South Carolina client utilizing the proposed amendments to 40-2-240 and 40-2-245.

Thank you again for your professionalism. We appreciate the accessibility for discussions with NASBA and look forward to ongoing productive interactions.



Chris Jenkins – CEO of SCACPA

On behalf of the Executive Committee of the South Carolina Association of CPAs.

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Home > Substantial Equivalency

Substantial Equivalency

The concept of Substantial Equivalency was developed to allow licensed CPAs to practice across jurisdictions more readily. Under Section 23 of the [Uniform Accountancy Act](#) (UAA), a CPA with a CPA license in good standing from a jurisdiction with CPA licensing requirements that are essentially equivalent to those outlined in the UAA (degree with 150 hours, minimum one year experience and successful completion of the Uniform CPA Examination) may be granted a privilege to practice in another jurisdiction that is not the CPA's principal place of business.

Most jurisdictions have adopted a Section 23 privilege to practice. It is the responsibility of the CPA to contact the Board of Accountancy in the jurisdiction he/she intends to practice to determine if that jurisdiction has adopted Section 23 and if it requires notification or payment of a fee. This information may also be found in NASBA's [Accountancy Licensing Library](#), and on [CPAMobility.org](#).

NASBA's [National Qualification Appraisal Service](#) (NQAS) has reviewed the CPA licensure requirements of NASBA's member jurisdictions to determine which CPA licensure requirements are substantially equivalent to the licensure requirements of the UAA. Individuals who are licensed in jurisdictions that are not substantially equivalent may have their credentials evaluated by NASBA's [CredentialNet service](#) to determine their individual substantial equivalency.

Substantially Equivalent States

The National Qualification Appraisal Service has found the following jurisdictions to have CPA licensure requirements that are substantially equivalent to those of the UAA:

Alabama*	Georgia	Maryland	New Mexico	South Dakota
Alaska	Guam	Massachusetts	New York**	Tennessee
Arizona	Hawaii*	Michigan	North Carolina	Texas
Arkansas	Idaho	Minnesota	North Dakota	Utah
California	Illinois*	Mississippi	Ohio**	Vermont
CNMI	Indiana	Missouri	Oklahoma*	Virgin Islands
Colorado	Iowa	Montana	Oregon	Virginia
Connecticut*	Kansas*	Nebraska*	Pennsylvania	Washington
Delaware	Kentucky	Nevada	Puerto Rico	West Virginia
District of Columbia	Louisiana	New Hampshire	Rhode Island	Wisconsin
Florida	Maine	New Jersey	South Carolina	Wyoming

*These states are two-tier. A certificate is initially obtained which does not allow the individual full privileges as a CPA. After additional requirements are met, the certificate holder may receive a license or permit. Only those CPAs holding an active license or permit are considered substantially equivalent.

** These states currently meet the 3E pathway requirement for substantial equivalency under the UAA, and also have a legacy pathway to licensure that can apply in specific cases with explicit board approval. Individuals licensed or certified through one of these legacy pathways after 2012 do not automatically qualify as being substantially equivalent (SE) to the Uniform Accountancy Act (UAA) and are not eligible for mobility practice privileges in other SE states.

Non-Substantially Equivalent States

All 55 accountancy board jurisdictions are currently substantially equivalent. Should any jurisdiction adopt future legislation, rules or regulations which alter their licensing requirements in a manner that is not compliant with the UAA requirements (150 semester hours of education with accounting concentration, at least one-year acceptable experience, and successful completion of the Uniform CPA Examination), that jurisdiction may be found to be non-substantially equivalent by NQAS.

For more information or help with Substantial Equivalency, visit NASBA's [Accountancy Licensing Library](#).