

October 24, 2024

Members of the South Carolina Board of Accountancy
c/o Susanna Sharpe, Board Administrator
110 Centerview Drive
Columbia, SC 29210

Dear Members of the South Carolina Board of Accountancy,

Thank you for taking the time to review and discuss the proposed legislative changes that affect the future of CPA licensure and the regulation of practice mobility in South Carolina. We recognize that your role in administering and enforcing the provisions of Title 40, Chapter 2 is essential to both protecting the public and upholding the profession's integrity. The South Carolina Association of CPAs (SCACPA) greatly appreciates the Board's ongoing dedication to these responsibilities.

We understand the critical importance of ensuring the Board has the proper tools and authority to fulfill its core mission. This includes the ability to provide commentary and help shape legislation that directly impacts how the Board executes its duties under this chapter. It is our firm belief that the Board has both the right and the responsibility to comment on these proposed legislative changes as they directly influence the regulation of licensure and the Board's ability to effectively oversee the profession.

Several key components of the proposed legislation reflect direct feedback from the administrative perspective of the LLR, and these contributions have strengthened the overall proposal. For instance, revisions to Item 40-2-35(G), specifically the removal of an irrelevant service, resulted from insights provided by the Board Administrator. Similarly, adjustments to (B)(1) prompted by the LLR director, maintain that the CPA investigator have at least five years of experience but remove the stipulation that the experience was gained in South Carolina. These enhancements underscore the importance of ongoing dialogue with the Board to ensure the legislation remains well-aligned with the regulation of South Carolina CPAs.

While the LLR has maintained that the Board does not have authority to offer opinions on legislative matters, we respectfully assert that today's discussion is entirely within the scope of the Board's powers. As outlined in Section 40-2-70 of the South Carolina Code, the Board may:

- (1) determine the eligibility of applicants for examination and licensure and may use the assistance of NASBA-provided tools.
- (3) establish criteria for issuing, renewing, and reactivating authorizations for qualified applicants to practice, including issuing active or permanent, temporary, limited, and inactive licenses or other categories as may be created.
- (8) participate in national efforts to regulate the accounting profession.

The proposed legislative changes would significantly affect how the Board administers and enforces the provisions of this chapter, making it essential for the Board to provide its input. We believe that the Board's involvement in this conversation will not only enhance the regulatory framework but will also ensure that the Board can continue to protect the public and support the CPA profession in South Carolina.

We also recognize that with limited time today, additional questions or comments may come to mind after this meeting. We would like to extend the opportunity for you to discuss portions of the bill as individual CPAs outside of a formal Board meeting. Please refer to the South Carolina Attorney General's opinion, which clarifies the distinction between informal discussions as an individual member and the formal actions of the Board. Individual members of public bodies, such as the Board, may engage in conversations on non-disciplinary matters without violating FOIA, provided these conversations do not amount to promulgating regulations or represent binding decisions. The AG opinion can be accessed here: <https://www.scag.gov/wp-content/uploads/2021/01/02467028.pdf>. This allows for open communication while ensuring formal regulatory actions remain within the proper scope of the Board.

Additionally, we would like to respectfully request that the materials provided today, including the draft proposed legislation, not be released to third parties prior to our meeting unless legally compelled. The intent of sharing these drafts is to gather input on the current language, apply any necessary revisions, and then distribute the finalized materials to other stakeholders. We wish to avoid any unnecessary confusion as we work to finalize the language. We understand that the South Carolina Board of Accountancy is a public body and fully supports compliance with the Freedom of Information Act (FOIA). However, until the meeting and the formal entry of these materials into the public record, we respectfully request that the documents remain under close control to ensure clarity in communication.

We look forward to a collaborative and open discussion. SCACPA remains committed to working alongside the Board to ensure that any legislative changes are implemented and communicated in a way that benefits both the public and the profession.

Thank you again for your time and consideration. Please feel free to contact me with any questions at [REDACTED]

Sincerely,



Chris Jenkins, CAE
Chief Executive Officer
South Carolina Association of CPAs (SCACPA)

October 24, 2024

Proposed Amendments to Title 40 Chapter 2 Accountants

Revision 5.0
Dated: 10/24/2024

Prepared by: The South Carolina Association of Certified Public Accountants

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Preface to proposed changes to 40-2 Accountants.

The CPA profession operates at the intersection of state regulatory frameworks and cross-jurisdictional practice standards, making it essential that our licensure and regulatory models adapt to the evolving demands of the profession and the public. As states across the country reassess their licensure models to remove barriers to licensure, South Carolina must take proactive steps to ensure our regulatory framework remains robust, effective, and aligned with these changes. The South Carolina Board of Accountancy, as the primary body tasked with ensuring public protection, must retain the authority to oversee and hold accountable out-of-state CPAs who provide services to South Carolina citizens, businesses, and organizations.

Commentary on UAA Exposure Draft

While the South Carolina Association of CPAs (SCACPA) is still drafting a formal response to the current UAA Exposure Draft, we have identified several critical concerns that pose an unacceptable risk to public protection. We maintain our position that any CPA providing services to a South Carolina citizen or business must consent to the personal and subject matter jurisdiction of the South Carolina Board of Accountancy. However, under the proposed UAA draft, if a CPA is deemed ineligible for mobility, they could still provide services without being required to consent to the authority of the local Board. This creates a significant oversight gap, leaving South Carolina citizens vulnerable, as the Board would have limited authority to regulate or discipline those CPAs.

In today's practice environment, we acknowledge the threat of disrupted mobility. The proposed changes in the UAA Draft would exacerbate these issues by undermining the seamless regulation and oversight of CPAs working across state lines. Adopting the testing and longstanding solution of automatic mobility serves the best interests of the public and the profession. The proposed untested and overly complex approach fails to consider the global business environment, modern demands of CPA practice, and the future impacts on the profession.

On September 19, 2024, NASBA circulated an email titled, "Shifting to 'Automatic': The Hazards of Redefining Mobility," which suggested that automatic mobility should not be adopted due to concerns that adoption might be unconstitutional under state law. Upon review, we find this assertion both unsubstantiated and misleading for several reasons:

1. **Automatic mobility has not been shown to be unconstitutional:** While NASBA's email raises concerns about nondelegation, it fails to provide any concrete legal precedents or case law to support the claim. In fact, four states—Alabama, Nebraska, Nevada, and North Carolina—have successfully practiced automatic

- mobility for over a decade without encountering any constitutional challenges or significant legal objections.
2. **States retain full regulatory authority under automatic mobility:** Even with automatic mobility, each state, including South Carolina, retains jurisdiction over CPAs practicing within its borders. States are still able to enforce disciplinary actions and compliance with local laws, just as they do with reciprocal licensing or driver's licenses that are recognized across state lines but subject to local enforcement. This ensures that public protection remains a priority.
 3. **Court challenges on nondelegation in similar professions are rare and unsuccessful:** NASBA references Kansas and Oklahoma Attorney General opinions related to the nursing profession, but these are not directly applicable to the CPA profession. Furthermore, Oklahoma and other states already delegate authority to NASBA for determining substantial equivalency in CPA licensing, demonstrating that automatic mobility does not inherently violate nondelegation principles.
 4. **Delegation of licensing authority is a widespread and accepted practice:** In addition to automatic mobility, many states currently delegate licensing functions to interstate bodies such as NASBA for reciprocal licensing and substantial equivalency determinations. If automatic mobility were genuinely unconstitutional, it would call into question a wide range of established practices that rely on external delegation—an outcome that is both unlikely and unsupported by legal precedent.

Additionally, we were deeply disheartened to learn that the UAA Exposure Draft process failed to follow the established procedures typically upheld in these matters. This deviation from the standard process raises serious concerns about the legitimacy of the proposed changes and their alignment with the best interests of the profession and the public. Thomas Neill, CPA, Chair of the AICPA UAA Committee, has articulated these concerns in detail, noting the manipulation of the longstanding UAA revision process and the imposition of a predetermined agenda that does not reflect the needs of the profession¹. These concerns only heighten our skepticism about the direction of the current draft. The UAA Exposure Draft, as it currently stands, presents unnecessary risks and introduces too many potential points of failure to be considered a viable option.

Automatic mobility provides a practical, proven solution that ensures regulatory oversight while maintaining the practice privilege that is critical to today's interconnected economy. For the first time in recent memory, we risk weakening public protection without taking legislative action. We strongly urge stakeholders to recognize the value and stability that automatic mobility offers, ensuring that CPAs can continue to serve clients across jurisdictions without unnecessary barriers or regulatory confusion.

¹ [September 30, 2024 Exposure Draft to the Uniform Accountancy Act, Eighth Edition - January 2018 comments by Thomas Neill, CPA, Chair of the AICPA UAA Committee](#)

SCACPA's Core Principles and Commitment to the Public and the Profession

While SCACPA may oppose some or all the provisions in the UAA Exposure Draft, we remain steadfast in our duty to modernize South Carolina's Practice Act. The proposed changes to Title 40, Chapter 2 reflect our ongoing dedication to public protection and the advancement of the profession. These revisions are thoughtfully aligned with the proposed solutions of our peer states and offer, in our view, the most effective and forward-looking solution.

Throughout this process, the leadership of the South Carolina Association of CPAs has adhered to the following core guiding principles:

1. **Maintaining Professional Integrity, Public Trust, and Mobility:** Our priority is to uphold the CPA profession's integrity while adhering to public protection mandates. Mobility and reciprocity must be preserved to ensure seamless practice across state lines.
2. **Addressing the Declining Pipeline:** We focus on strategies that encourage accounting graduates to become licensed CPAs, recognizing the critical challenge of a diminishing talent pipeline in the profession.
3. **Upholding Licensure Standards:** We are committed to maintaining the three Es of CPA licensure—Education, Examination, and Experience—to uphold the quality and credibility of the profession.
4. **Balancing Urgency with Long-Term Viability:** We recognize the need for immediate action, but our solutions must ensure the sustainability and long-term viability of the profession.

These guiding principles have shaped our approach to the proposed revisions of Title 40, Chapter 2 of South Carolina law. The proposed amendments offer a balanced, forward-thinking, and sustainable solution to the challenges facing the CPA profession today while ensuring that public trust is protected, and the high standards of the profession are upheld while allowing flexibility for future regulatory changes. We believe these amendments will modernize our regulatory framework while upholding the highest standards of public trust and professional excellence.

SECTION 40-2-20. Definitions.

COMMENTS: The following corrects 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).

(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.

COMMENTS: Changes in 40-2-20(18) strike duplicate definition 18 "Manager" duplicates 31 "Resident Manager."

~~(18) "Manager" means a licensee in responsible charge of an office.~~

COMMENTS: Changes were made to 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 non-licensuree 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 tending to indicate that the person is a certified public accountant.

COMMENTS: Definition 33 - Substantial equivalency or substantially equivalent is cited in multiple statute sections, making it difficult to remove. However, the definition is no longer needed for mobility provisions, and it needs to be redefined.

(33) "Substantial equivalency" or "substantially equivalent" is a determination by the Board or its designee that two things, while not necessarily identical, are sufficiently similar in essential aspects or outcomes to be treated the same. In legal, regulatory, or professional contexts, it means that something meets the core requirements or standards of another, even if certain details may differ.

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

COMMENTS: Former South Carolina Board of Accountancy member Ellen Adkins proposed the amendment to align with the revised definition of 'attest' and 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.

(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: Adjustments to 40-2-35(C) are significant and offer flexibility for candidates. The language is also future proofed against potential changes to educational standards. These changes have been exposed nationally and have significant support from the majority of stakeholders.

(C) Education Requirements for Licensure

(1) To meet the educational requirement for licensure, the applicant must satisfy the following:

(a) The applicant must hold a baccalaureate degree or higher from an accredited institution.

(b) In addition to, or concurrently with, the degree in subitem (a), the applicant must complete at least 24 semester credit hours (or their equivalent) in accounting courses at the junior level or above. Eligible courses include, but are not limited to:

- (i) Financial accounting for business organizations,*
- (ii) Financial statement auditing and attestation services,*
- (iii) Taxation,*
- (iv) Accounting information systems,*
- (v) Managerial or cost accounting,*
- (vi) Mergers and acquisitions,*
- (vii) Data analytics,*
- (viii) Information systems or technology*
- (ix) Accounting Ethics,*
- (x) and other areas approved by the Board through regulation.*

(c) In addition to, or concurrently with, the degree in subitem (a), the applicant must complete at least 24 semester credit hours (or their equivalent) in business-related courses other than accounting that cover some or all of the following subject matter content:

- (i) Business law,*
- (ii) Economics,*
- (iii) Management,*
- (iv) Marketing,*
- (v) Finance,*
- (vi) Business communications,*
- (vii) Data analytics,*
- (viii) Information systems or technology,*
- (ix) Business Ethics*
- (x) and other areas approved by the Board through regulation.*



- (2) *In addition to meeting the combined requirements of subitems (a), (b), and (c) in subsection (C)(1), the experience requirements in Section G must be satisfied based on the applicant's highest level of education attained:*
- (a) *For applicants who have completed a baccalaureate degree. The applicant must also satisfy the experience requirements in subsection (G)(1)(a), which requires two years of relevant professional experience.*
 - (b) *For applicants who have completed a post-baccalaureate degree in accounting, taxation, laws in taxation, or business administration. The applicant must also satisfy the experience requirements in subsection (G)(1)(b), which requires one year of relevant professional experience.*

COMMENTS: Adjustments to 40-2-35(E) simplify the current language and create a bond between the licensure requirements and the CPA exam application process. It should be noted that, as applied, this does not make any functional change to the current requirements to sit for the CPA Exam.

- (E) *An applicant may apply for examination by submitting forms approved by the Board. In order for an application to be considered a completed application, all blanks and questions on the application form must be completed and answered and all applicable documentation must be attached; and*
- (1) *the application must be accompanied by the submission of photo identification, fingerprints, or other identification information as considered necessary to ensure the integrity of the exam administration; and*
 - (2) *application fees must accompany the application. Fees for the administration of the examination must recover all costs for examination administration. The fees required for each examination must be published to applicants on the application form. If any payment form used in payment of examination fees fails to clear the bank, the application is considered incomplete and the application must be returned to the candidate; and*
 - (3) *the applicant must have on record with the Board official transcripts that meet the education requirement and that demonstrate successful completion of the combined requirements of subitems (a),(b), and (c) in subsection (C)(1).*

COMMENTS: Alterations to item 40-2-35(F) stem from our conviction that the 18-month examination period does not provide any public safeguards, yet it does impose an undue burden on candidates. 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; thus, it was removed.

(F) *Exam Requirements*

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



- (2) *A candidate may take the required sections of the Uniform CPA Examination individually and in any order. Credit for each test section passed is valid for a period of thirty-six (36) months from the date the passing score is released by the National Association of State Boards of Accountancy (NASBA) to the candidate or the Board. The validity of credit for a passed section is not contingent upon the candidate achieving a minimum score on any failed section, nor is it dependent on the order in which other sections are taken.*
- (a) *A candidate must successfully pass all sections of the Uniform CPA Examination within a rolling thirty-six (36) month period. This period begins on the date NASBA releases the first passing score to the candidate or the Board, as applicable. The thirty-six (36) month period concludes on the date the candidate sits for the final section required for licensure, regardless of when NASBA releases the score.*
 - (b) *The Board may grant an extension of time to a candidate if justified by extenuating circumstances or hardship.*
 - (c) *The Board shall accommodate any hardship which results from the conditions of administration of the exam.*
- (3) *A candidate may transfer credits for passed sections of the Uniform CPA Examination from another jurisdiction of the United States, including any state or territory, to this State. Transferred credits are subject to the same conditional credit rules and time limitations as if the examination had been taken in this State.*

COMMENTS: Item 40-2-35(G) has been revised to align with the proposed modifications to licensure pathways. In this revision, a service previously deemed irrelevant, as reported by the Board Administrator, has been removed. Additionally, the content of the current items (H) and (I) has been integrated into section (G) for clarity and consistency.

Furthermore, section (G)(2) includes an critical provision that allows the Board to adopt a competency framework for experience if they choose, providing flexibility to align with future standards or evolving professional needs.

[STRIKE CURRENT LANGUAGE (G),(H),(I) AND REPLACE]

(G) Experience Requirements for Licensure

- (1) *The experience requirements for licensure vary based on the educational pathway chosen in Section C:*
 - (a) *Applicants licensing under the educational requirements in (C)(2)(a) must complete two years of accounting experience.*
 - (b) *Applicants licensing under the educational requirements in (C)(2)(b) must complete one year of accounting experience.*
- (2) *The Board may, through regulations, require that one year of the required experience under (G)(1)(a) be completed according to a competency framework developed by a*



recognized national accounting organization. This framework must be administered in accordance with rules established by the Board.

- (3) The experience required in (G)(1) should primarily involve providing a service or advice in one or more of the following areas: accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. However, other qualifying experiences, as outlined in (G)(4), may also be used to meet these requirements.*
- (4) Additional types of acceptable experience include the following:*
 - (a) Teaching experience to include at least twenty-four semester hours of teaching courses that apply to a baccalaureate, masters, or postgraduate degree and which may cover subject matter areas such as financial accounting, taxation, auditing, technology and other areas that fall within the scope of the Uniformed CPA Exam taught at the intermediate accounting level or above.*
 - (b) Any combination of experience determined by the Board to be substantially equivalent to the foregoing experience types listed in subsections (G)(3) and (G)(4)(a).*
- (5) Experience may be supervised by a non-licensure but must be verified by a CPA with direct knowledge of the experience who is licensed to practice accounting in any state or territory of the United States or the District of Columbia.*
- (6) Additional Rules for Qualifying Experience:*
 - (a) accounting experience may be gained in either full-time or part-time employment;*
 - (b) two thousand hours of part-time accounting experience is equivalent to one year;*
 - (c) accounting experience may not accrue more rapidly than forty hours per week; and*
 - (d) the applicant must show evidence of meeting the accounting experience requirement in a manner prescribed by the Board;*
 - (e) to meet the twenty-four semester-hour teaching experience requirement in academia:*
 - (i) teaching experience may not accrue more rapidly than elapsed chronological time;*
 - (ii) an applicant must not be granted credit for teaching more than twenty-four semester hours completed in less than one academic year; and*
 - (iii) semester hours must not be granted for teaching subjects outside the scope of the Uniform CPA Examination.*
 - (f) to meet other qualifying experience requirements:*
 - (i) experience other than accounting experience and teaching experience counts only in proportion to duties which, in the opinion of the Board, contribute to competence in public accounting; and*
 - (ii) the Board may require other information as it considers reasonably necessary to determine the acceptability of experience.*

- (g) Any applicant using experience obtained seven or more years before the application date shall obtain and document an additional six months of experience within the previous two years when applying.*
- (7) Qualifying experience for licensure cannot be earned until an applicant meets the requirements of subitems (a), and (b) in subsection (C)(1)*

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

COMMENTS: Modifications to item 40-2-40(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(I).*

COMMENTS: The modifications in item 40-2-40(C) are designed to correct a reference issue from prior updates to the statute. Additionally, we are including specific provisions to allow ownership by a revocable grantor trust. This clarification is intended to address outstanding inquiries regarding this type of ownership, which we believe offers a more seamless transition in cases where a CPA may become disabled or pass away.

(C)

- (3) For firms registering under subsection (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.*
- (4) Non-CPA owners must not assume ultimate responsibility for any financial statement, attest, or compilation engagement.*
- (5) Non-CPA owners shall abide by the code of professional ethics adopted pursuant to this chapter.*
- (6) Owners shall at all times maintain ownership equity in their own right and must be the beneficial owners of the equity capital ascribed to them. Ownership may also be held through a Revocable Grantor Trust, provided that the trust is established for the sole benefit of the owner, and the sole owner retains full control and the ability to revoke the trust. Provision must be made for the ownership to be transferred to the firm or to other*

qualified owners if the non-certified public accountant or the beneficial owner of the Revocable Grantor Trust ceases to be an active individual participant in the firm.

SECTION 40-2-70. Powers and duties of the Board.

COMMENTS: The addition of item 40-2-70(15) provides the Board with the authority to review and comment on proposed legislative changes related to the accounting profession. This ensures that the Board can actively collaborate on developing solutions that align with evolving industry standards and legal requirements while maintaining its commitment to public protection. By allowing the Board to participate in these discussions, we hope to foster a cooperative approach that leads to the best possible outcomes for the profession and the public.

(15) Review and provide input on proposed legislative changes related to the practice of accounting, ensuring that any modifications align with the protection of the public.

COMMENTS: The addition of item 40-2-70(C) explicitly affirms the Board's authority to share licensee contact information with relevant organizations, such as SCACPA and NASBA, for continuing education purposes and other legitimate public purposes. While the law already provides for this, we felt it necessary to clarify this provision explicitly, as previous requests for information have encountered challenges. This addition aligns with the Family Privacy Protection Act of 2002, which ensures that communications regarding educational opportunities are not classified as commercial solicitation.

Additionally, this provision enables the Board to share licensee information for broader public purposes, such as regulatory compliance, public protection, and other activities that promote the public interest, as outlined in SC Code § 30-2-30(1) and (2). The inclusion of a severability clause ensures that if any part of this provision is found to be invalid, the remaining sections will continue to remain effective.

(C) The Board shall share licensee contact information (including license ID, license status, name, email, and postal addresses) with relevant non-profit professional membership organizations, including but not limited to the South Carolina Association of CPAs (SCACPA), in accordance with the following provisions:

- (1) Licensee contact information shall be shared for the purpose of notifying individuals about continuing professional education (CPE) opportunities. This is in accordance with SC 30-2 Article 1 The Family Privacy Protection Act, recognizing 30-2-30(3)(b), which excludes communications related to CPE from being classified as commercial solicitation.*
- (2) Licensee contact information may also be shared for other legitimate public purposes, as defined in 30-2-30(2). These purposes may include, but are not limited to:*

- (a) Disseminating information regarding changes in regulatory requirements,*
 - (b) Promoting public safety and welfare,*
 - (c) Supporting compliance with professional standards, and*
 - (d) Any other activities the Board determines to be in the public interest.*
- (3) If any provision of this subsection is found to be invalid or unenforceable, the remaining provisions shall continue to be valid and enforceable.*

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

COMMENTS: The modifications to (B)(1) have been made at the behest of the LLR director 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 that this experience has 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 for at least the previous 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.

COMMENTS: This statute section focuses on reciprocity in CPA licensing. As other states evolve their licensure criteria, there's a growing risk that South Carolina may no longer recognize qualified CPAs from these jurisdictions. Such restrictions could negatively impact CPA firms and local businesses, especially when it comes to hiring out-of-state professionals.

To stay ahead of these changes, we must refine our language to reflect the ongoing national discussions around state licensing requirements. By proactively updating our approach, we can ensure that anyone with an active CPA license, who is legally practicing in their home state, is eligible for a South Carolina CPA license.

[STRIKE CURRENT LANGUAGE AND REPLACE]

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

(A) CPAs licensed in another jurisdiction who move their principal place of business to this State shall obtain a license via reciprocity. The Board shall issue a license to an applicant who:

- (1) has passed the Uniformed CPA Exam; and*
- (2) 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*
- (3) is legally authorized to practice in the jurisdiction where the existing license is held; and*
- (4) 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 40-2-245. Requirements to practice if licensed out of state.

COMMENTS: This statute section enables CPAs whose primary place of business is outside of South Carolina to practice within the state, a provision known as 'mobility,' granting them practice privileges and subjecting them to the Board's jurisdiction and disciplinary authority. However, as jurisdictions increasingly broaden CPA licensure for non-traditional candidates, our law fails to accommodate these changes. This creates a risk of the South Carolina Board of Accountancy losing its jurisdictional authority over out-of-state CPAs serving our residents, posing a public protection liability that demands immediate resolution.

[STRIKE CURRENT LANGUAGE AND REPLACE]

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

(A) An individual whose principal place of business is outside of this State shall be presumed to have qualifications equivalent to the requirements of this State if the individual:



- (1) *has passed the Uniform CPA Exam; and*
 - (2) *possesses an active certificate, license, or permit issued under the laws of any state, territory of the United States, the District of Columbia, or any foreign authority recognized by the International Qualifications Appraisal Board (IQAB) under a Mutual Recognition Agreement (MRA); and*
 - (3) *is legally authorized to practice in the jurisdiction where the existing license is held.*
- (B) *Such individuals may exercise all privileges granted to licensees in this State without obtaining a license under Section 40-2-35, provided they meet the requirements outlined in subsection (A).*
- (C) *Notwithstanding any other provision of law, an individual offering or rendering professional services in this State, whether in person, by mail, telephone, or electronic means, shall be granted practice privileges in this State subject to the conditions outlined in subsection (A). No notice, fee, or other submission is required of the individual to practice under these privileges.*
- (D) *By exercising practice privileges under this section, an individual licensee or holder of a permit to practice from another jurisdiction, along with the firm employing that licensee, consents to the following conditions:*
 - (1) *The individual consents to the personal and subject matter jurisdiction of the Board and its disciplinary authority.*
 - (2) *The individual agrees to comply with the regulations and provisions of this section.*
 - (3) *The individual agrees to cease offering or rendering professional services in this State, individually or on behalf of a firm, if their license from their principal jurisdiction is no longer valid for any reason.*
 - (4) *The individual consents to service of an administrative notice of hearing at the Board in the individual's principal jurisdiction, should any action or proceeding be initiated by this Board against the licensee.*
- (E) *A licensee of this State who offers or renders services or uses the CPA title in another state shall be subject to disciplinary action in this State for any act committed in the other state that would subject the licensee to discipline if committed in this State. The Board shall investigate any complaint made by the Board of Accountancy in another state.*

Attachment 1:

To: AICPA/NASBA Joint UAA Committee, AICPA Leadership and Board of Directors, NASBA Leadership and Board of Directors.

From: Thomas Neill, CPA Chair, AICPA UAA Committee

Re: September 30, 2024 Exposure Draft to the Uniform Accountancy Act, Eighth Edition - January 2018

Date: October 13, 2024

I am submitting this comment letter in opposition to the two items contained in the exposure draft, amendments to 1) UAA Section 5: Education requirements to sit for the CPA Exam and education requirements for a certificate; and 2) UAA Section 23: Substantial Equivalency for individuals licensed through a non-substantially equivalent pathway.

Over the last year, I have had the privilege to serve as a member of the National Pipeline Advisory Group. One of the key sub-groups of NPAG that I served on dealt with the issues around licensure, focusing on substantial equivalency and mobility. A key conclusion was that as a profession, we need to both modernize and future proof the processes around licensure. For me, this has informed the way I now look at the Model Uniform Accountancy Act and Rules, and the process around how it should be modified to best serve the profession now and into the future.

Background

I have served on AICPA UAA Committee for over ten years and have served as chair for more than three years. The AICPA UAA Committee is comprised of a phenomenal group of volunteers, from different walks of the profession. As a group, we all recognize the wisdom of crafting model language for the profession that not only pays heed to what is currently happening in the regulatory environment around licensure, but also serves as a guiding light for states and stakeholders to use in crafting state statute and rule to effectively and more consistently govern the profession. It is therefore incumbent on the Joint UAA Committee to be listening to what is happening in the profession and to thoughtfully consider proposed modifications to the Model Act and Rules that best serve the profession now and into the future.

Over the last few years, there has been a move by some states to change certain components of substantial equivalency, or the three E's – education, exam, and experience. The changes relate to two of the E's - 150 hours of education and one year of experience. A number of states have been considering moving back to the level of education that many of us were licensed under, the 120 hours or bachelor's degree level. Tied to that change would also be an increase in the

October 24, 2024

level of experience required for licensure, from one year to two years. There has been much discussion around both of these proposed changes, but more around the composition of the two years of experience.

AICPA and NASBA senior leadership feel that simply adding a second year of experience does not replace the additional year of education. They therefore proposed that the additional year of education needed to contain a more competency-based approach. This is where the problems began with the development of the exposure drafts.

Senior AICPA and NASBA leadership met and crafted modifications to UAA Sections 5 and 23. In my years as a member and chair of the AICPA UAA Committee, we have been provided an issue or question by leadership for consideration by the joint committee to evaluate whether the Model Act needed to be modified. In this instance, the normal committee process was overridden by leadership's predetermined approach to the issues.

Regarding modifications to Section 5, the AICPA UAA Committee was told, in no uncertain terms, that we could not propose language that contained 120 hours plus 2 years' experience or the bachelor's plus 2 years' experience. We could only consider a model that included a year of "enhanced" experience as part of the two-year experience component.

Regarding modifications to Section 23 on substantial equivalency and mobility, the NASBA UAA Committee proposed language that kept in place its National Qualification Appraisal Service as a key component. The AICPA UAA Committee felt strongly that automatic mobility provisions were in the best interest of the profession and would preserve mobility to a far greater extent than what is proposed in the exposure draft. But once again, the AICPA UAA Committee was told by AICPA senior leadership that it could not proceed with language that the NASBA leadership was in opposition to.

The AICPA UAA Committee voted 9 to oppose the exposure draft, with 1 vote in favor of exposure, not in favor of the proposals.

Section 5 - QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT

In Section 5(c)(2), the exposure draft still contains the master's degree as well as bachelor's degree plus the additional 30 hours to get to 150 hours of education. In both instances, there is the extant one year of required experience. But it also adds the additional path to licensure of a bachelor's degree plus two years of experience, containing the completion of competency-based experience based on a "framework developed by a national accounting organization and administered in accordance with Board Rule" (section 5(f)(2)(A)).

My issue with the proposed language in this section is as follows:



- In developing this exposure language, it was pre-determined by senior AICPA and NASBA Leadership, not through the normal Joint UAA Committee process and procedure. It is not well thought out, and has been fast-tracked to achieve a predetermined goal.
- This language does not give recognition and consideration to what is currently being proposed in a number of jurisdictions – that of the bachelor’s degree and two years of experience.
- The language requires the creation of an additional set of standards developed by a “national accounting organization.” Said organization does not currently exist, nor does this language define what it may be. While the AICPA does currently set various standards, NASBA does not, nor is it equipped to do so. Moving to a simple 2-year experience model avoids the need to create another set of standards.
- Creation of another set of standards adds additional burden to candidates and employers. Employers will need to determine how best to assist candidates to achieve the competencies and the related cost. This could serve to discourage employers to assist candidates to become licensees.
- This could be perceived as an additional hurdle to licensure at a time when the profession is trying to attract more candidates. It is an ill-timed proposal.
- This adds an additional layer of regulation for boards of accountancy to address in their statute and/or rule.
- This language does not modernize nor future-proof the licensure model for the profession. If there are states that move to a simple bachelor’s plus 2-year experience system, which could very well occur over the next year or two, the Model Act will then be at odds with what is happening in the licensure process.

The issue should be sent back to the Joint UAA Committee so that a thoughtful and considered approach could be undertaken and language could be developed to address the concerns above.

Section 23 – SUBSTANTIAL EQUIVALENCY

When the AICPA UAA Committee reviewed the initial draft of the language proposed by senior leadership, we took a completely different approach. Our committee feels strongly that the existing language in Section 23 should be completely deleted and replaced with automatic mobility language similar to what is found currently in four states – Nebraska, Nevada, Alabama, and North Carolina. That language is similar to the following:

A person licensed by any other state as a certified public accountant is granted the privilege to perform, or offer to perform, services in this state without obtaining a license so long as the person, at the time of licensure, was required to show evidence of having obtained at least a minimum of a baccalaureate degree, passed the Uniform CPA Exam, and has at least one year of experience. The person consents, as a condition of this privilege, to:



- (a) the disciplinary authority of the state board of accountancy,
- (b) comply with the laws and rules of the state,
- (c) cease offering or rendering professional services in this state both individually and on behalf of the firm in the event the license from the state of the person's principal place of business becomes invalid, and
- (d) any action or proceeding brought by this board of Accountancy being referred to the state board of Accountancy which issued the person's license.

The AICPA UAA Committee members noted that the profession needs to trust that if a state grants a license, another state should simply look to see that the candidate has a CPA license, not how that individual got the license.

Concerns with the exposure draft language:

- This language ignores the four jurisdictions that currently have automatic mobility provisions in their statute/rule. Since enactment in those jurisdictions, there have been no issues noted with how it has been administered.
- The draft language does not modernize the licensure process nor future-proof the profession and the ability of CPAs and firms to work across borders.
- This Section is tied to Section 5 in terms of the recognized equivalent pathways. If a state enacts a bachelor's degree plus two years of experience model, their licensees may not be considered substantially equivalent and would not have access to mobility.
- The proposed Section 23 language assumes that a state board will "go rogue" and admit a candidate who is clearly not substantially equivalent under any current or proposed licensure scheme.
- In Section 23(a)(1) it requires a state board to determine whether another state is substantially equivalent, or to utilize NASBAs NQAS to make that determination. Some states may prohibit the delegation of that authority to a third-party membership organization/vendor such as NASBA. This puts additional administrative burden on a state board.
- In Section 23(a)(2) it potentially impacts those existing licensees who obtained their license prior to the advent of the 150-hour rule. The way the exposure draft language is written could limit those licensees from being considered substantially equivalent and having access to mobility.
- In Section 23(a)(2), it inserts a "**national licensee database,**" created and maintained by NASBA. This database would note how and where a licensee obtained their license. It, in essence, creates multiple classes of licensees instead of only one class – a CPA equals CPA. It puts an unneeded additional burden on licensees, firms, and state boards.

The issue should be sent back to the Joint UAA Committee so that a thoughtful and considered approach could be undertaken and language could be developed to address the concerns above.



- The language proposed for both Sections 5 and 23 does not give proper consideration to what is happening in the various states around licensure. Senior leadership of both NASBA and the AICPA have been tone-deaf to what is being considered around licensure pathways and mobility. AICPA leadership, in particular, has ignored the advice of its committee, let alone its members, on these issues and has pushed its own agenda. As a membership organization, we would be doing a disservice to our members to approve and enact such language.

Thomas Neill, CPA

Chair, AICPA Uniform Accountancy Act Committee



NASBA

Exposure Draft

CPA Competency-Based Experience Pathway

Issued September 12, 2024

Comments are requested by December 6, 2024

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Explanatory Memorandum

Introduction

This memorandum summarizes a proposed solution to help CPA candidates meet the requirements for initial licensure. Jointly developed by the American Institute of CPAs (AICPA) and National Association of State Boards of Accountancy (NASBA), the “CPA Competency-Based Experience Pathway” (Pathway) aims to provide flexibility for candidates without compromising the rigor needed to protect the public. This additional option would not replace existing pathways to licensure, but instead respond to market changes and expand opportunities for the next generation of accountants.

Under this Pathway, CPA candidates could meet initial licensing requirements by exhibiting their competency in specific professional and technical areas. For example, professional competencies include ethical behavior, critical thinking skills, and effective communication. Technical competencies include options in audit and assurance services, tax engagements, and financial reporting. **These candidates would still be required to earn a bachelor’s degree, complete one year of general experience, and pass the CPA Exam.**

EQUIVALENT TO 150 HOURS

Bachelor’s degree	Master’s degree	1 year experience	CPA Exam
Bachelor’s degree	Up to 30 credits	1 year experience	CPA Exam
Bachelor’s degree	Competency-Based Experience Pathway	1 year experience	CPA Exam

The draft Pathway is still in development and requires further evaluation and input from across the profession. We invite you to review the proposal, consider the questions on page 3, and **submit your feedback through [this form](#)**.

Background

Why are AICPA and NASBA exposing this proposal?

AICPA and NASBA believe that a strong pipeline of accounting talent is essential for a robust economy. An ample number of CPAs is also critical to protecting the public. Along with an aging workforce with many CPAs nearing retirement age, there is a need for CPAs with evolving competencies and experiences. Recent years have also seen a steady decline in the number of

accounting graduates and new candidates taking the CPA Exam. The importance of a strong talent pool has led AICPA, NASBA, and other key stakeholders from across the accounting profession to examine root causes of the recent decline in entrants and consider potential initiatives that could address talent challenges.

With this solution, AICPA and NASBA are seeking to address the financial and time constraints some individuals face in completing the education needed post-bachelor's degree to achieve CPA licensure. The Pathway outlined in this proposal would facilitate and supplement an additional pathway to licensure that is responsive to those challenges.

How was this proposal developed?

In November 2023, the [Professional Licensure Task Force](#) (PLTF) was established by NASBA's chair to consider new concepts for CPA licensure that may be included in the Uniform Accountancy Act (UAA) to update the current licensure model. The task force included representatives from NASBA's board of directors, board of accountancy members and executive directors, state CPA society board members and executive leadership, AICPA executive leadership, and NASBA executive leadership. The task force's primary focus was to develop an equivalent pathway to be included in the UAA that focused on enhanced experience for licensure.

Concurrently, AICPA was reviewing various competency models and researching the competencies needed by newly licensed CPAs. In July 2024, the AICPA Council-designated, multistakeholder [National Pipeline Advisory Group](#) (NPAG) recommended moving toward a competency-based CPA licensure model. This pathway represents a first step toward NPAG's goal by incorporating competency-based concepts into the licensure path. Currently, candidates develop or enhance these competencies by either earning a master's or bachelor's degree and up to 30 additional credit hours at an institute of higher learning.

With certain boards of accountancy and state CPA societies evaluating additional pathways with educational requirements at a bachelor's degree or 120 semester credit hours, the AICPA & NASBA UAA Committee elected to pursue equivalent pathways to licensure that could preserve mobility for CPA licensees.

The AICPA and NASBA boards of directors, seeking alignment of these initiatives, agreed to review existing data and develop a potential experience framework for comment. The proposal is based on the [AICPA Foundational Competencies Framework for Aspiring CPAs](#), a Global Accounting Alliance (GAA) competency framework, feedback from firms, on-transcript firm models, and feedback from various stakeholders. Thank you to the NPAG-PLTF and NPAG Substantial Equivalency working groups, which contributed to ongoing conversations about the proposed framework.

How would the main provisions differ from current UAA guidance?

This proposal identifies model competencies that would be exhibited by a candidate during work experience prior to being granted CPA licensure. The proposal also describes how a candidate, the candidate's employer, and boards of accountancy could implement this pathway. Another key goal

includes creating an evergreen framework that can be adapted to the evolution of the profession, as well as regulatory updates at the state level.

How would this pathway be integrated into the UAA?

The UAA is jointly developed by AICPA and NASBA. Changes are approved by the boards of directors of both organizations. The AICPA and NASBA UAA Committee is exploring potential updates that could facilitate adoption of a competency-based pathway. Individual boards of accountancy would determine whether this particular pathway should become an additional option for initial licensure in their jurisdiction.

Who would be affected by this proposal?

This proposal would affect CPA candidates, entities hiring and overseeing candidates' work, and boards of accountancy. More broadly, it would have an impact on the entire accounting ecosystem, including universities and colleges.

When would the amendments be effective?

Adoption and implementation will vary by jurisdiction because some boards of accountancy may need to update their laws and/or rules.

Comment Period Guide

The comment period for this exposure draft ends [December 6, 2024](#).

Respondents are asked to comment on the proposed pathway. Comments are most helpful when they refer to specific paragraphs or sections, include the rationale for the comments, and, when appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in the exposure draft, it would be helpful for the joint committee to be made aware of this viewpoint as well.

Responses should be submitted through [this form](#) by December 6, 2024.

Questions for consideration and comments

1. Is the proposed pathway understandable?
2. Is the proposed framework relevant and applicable to the work of candidates applying for licensure?
3. Does the framework sufficiently describe the competencies, performance indicators, and tasks you would expect?
4. Does the framework include sufficient example performance indicators and tasks to ensure adequate certification of the required competencies?

5. Is it clear that the performance indicators and tasks are *examples* of what a candidate may do to exhibit the competencies, and that candidates may use different performance indicators or tasks to adequately exhibit the competencies?
6. Component 1 discusses how the professional and technical competencies are related. Is it clear that the professional and the technical competencies must work in tandem?
7. Component 2 outlines the requirements for a CPA evaluator to certify candidate experience. Are these requirements sufficient?
8. Component 2(e) outlines a three-year certification requirement for CPA evaluators. Do you agree with this requirement? If not, why?
9. Component 2(f) outlines a board of accountancy possible request when a CPA evaluator refuses to certify a qualified candidate's competency to the board of accountancy. What does your board of accountancy require of licensees who refuse to certify a candidate's work experience for general experience?
10. Component 3(b) proposes a maximum of five years to complete the Pathway. Should there be a maximum time frame?
11. Component 3(c) proposes credit for prior work experience. Should there be a maximum time frame for this lookback period?
12. What type of legislative support and time would state boards of accountancy need to implement the framework?
13. What other types of support, administratively, would boards of accountancy, employers, and candidates need to implement the framework?
14. If the Pathway is adopted, should NASBA create an electronic tracking system to automatically report completion of the CPA Competency-Based Experience Pathway to the boards of accountancy?
15. Would your board utilize a NASBA electronic tracking system if developed? If not, would your board create its own reporting mechanism?
16. Provide any other comments that you may have.

Introduction to the CPA Competency-Based Experience Pathway

The UAA outlines the education requirements and experience requirements (pathways) for CPA licensure in Sections 5(c) and 5(f), respectively. The UAA Model Rules explaining the provisions of these sections are found in Articles 5 and 6.

The CPA Competency-Based Experience Pathway (the Pathway) would serve as an additional potential pathway that may be prescribed in a revised UAA Section 5. Each pathway is designed to allow a licensure Candidate to obtain the minimum qualification needed to be a CPA and would therefore be sufficient for licensure purposes. This document is intended to describe the pathway that allows for licensure with a bachelor's degree, combined with evidence of competencies exhibited through relevant work experience, and other requirements for licensure detailed in the "Pathway Requirements" section that follows. The Pathway represents an approach to licensure that ensures Candidates build upon the content knowledge and skills obtained during the required education for licensure. Candidates following the Pathway enhance their skills through work experience, either in one or multiple industries and on a paid or voluntary basis. The Pathway uses a model competency framework to guide the "competency-based experience," and the framework could be used by a licensed CPA for certification of exhibited competencies. (See appendixes A and B for the CPA Competency-Based Experience Pathway Framework [the Framework] and the CPA Competency-Based Experience Certification Form).

Pathway Requirements for Licensure

The Pathway has Education, Competency-Based Experience, General Experience, and the CPA Exam requirements (and Ethics, if applicable) for licensure. These requirements — other than education — should be completed in the order specified, if any, by the Candidate's board of accountancy.

A. Education:

1. Candidates must complete a bachelor's degree, fulfilling state board education requirements for accounting and business courses, prior to completing other requirements for licensure under the Pathway.

B. Competency-Based Experience:

1. Competency-Based Experience may consist of providing any type of services or advice using accounting, attestation, compilation, management advisory, financial advisory, tax, or consulting skills. The applicants shall have their experience certified to the board of accountancy by a licensee as defined in the UAA (called a CPA Evaluator).

2. Acceptable Competency-Based Experience shall include employment or volunteer¹ work in industry, government, academia, or public practice. The board of accountancy shall consider such factors as the complexity and diversity of the work.
3. One year of Competency-Based Experience shall consist of full- or part-time employment over a period of no less than 1 and no more than 5 years and includes no fewer than 2,000 hours of performance of services described previously in B(1). These 2,000 hours of performance may be earned in a period of less than one year, but the Candidate will not have met this requirement until completion of at least 1 year of employment. See General Experience requirement C(2) below for guidance when a Candidate needs more than 1 year or more than 2,000 hours of performance to complete the Competency-Based Experience.
4. Internship credit earned toward the bachelor's degree will not be allowed for Competency-Based Experience hours.
5. Candidates work with CPA Evaluators to ensure that the Candidates exhibit the competencies outlined in the Framework.
6. After a minimum of one year as described in requirement B above, a Candidate's competencies are certified by a CPA Evaluator using the Competency-Based Experience Certification Form (see appendix B), or on a board-approved form, either via a national tracking system developed by NASBA or per a specific board of accountancy process for submission to the relevant board of accountancy.

C. General Experience:

1. Candidates must complete one additional year of general experience as required in Section 5(f) of the UAA and outlined in UAA Model Rule 6-2.
2. If a Candidate requires more than 1 year or 2,000 hours to complete the Competency-Based Experience requirement, then the additional hours (over 2,000) and time (over 1 year) would be applied to the General Experience requirement (that is, Competency-Based Experience must equal a minimum of 2,000 hours and a minimum of 1 year; combined Competency-Based and General Experience must equal a minimum of 4,000 hours and a minimum of 2 years of combined Competency-Based Experience and General Experience).

D. The CPA Exam:

1. Completion of the CPA Exam is required for licensure.
2. The CPA Exam will remain focused on assessing the knowledge and skills required of an individual with one to two years of experience to ensure public protection, as outlined in the Uniform CPA Examination Blueprints.

¹ The terms *employer* and *employment* are used to comprise the entity in which a Candidate completes experience, regardless of whether experience is gained under employment or with an associated entity with whom the Candidate volunteers.

The remainder of the document describes the Competency-Based Experience requirement of the Pathway.

Components of Competency-Based Experience

The components of the Competency-Based Experience requirement form the Pathway to licensure from defining the competencies being evaluated to the reporting by the CPA Evaluator to the Candidate's board of accountancy. These components are as follows:

1. Defined competencies
2. A process for evaluating and certifying competencies
3. Timing and transition provisions
4. Tracking and reporting

1. Defined Competencies

The CPA Competency-Based Experience Framework (the Framework) defines the competencies to meet the Competency-Based Experience requirement. The Framework is a model that boards of accountancy can adapt as needed for use by Candidates and employers to ensure the Candidates have the opportunities necessary to exhibit the identified competencies. It incorporates elements from the AICPA Foundational Competencies Framework, the Global Accounting Alliance Competency Framework, and other relevant sources.

Structure of the Competency Framework

The Framework identifies competencies to be exhibited during a minimum of one year of Competency-Based Experience. *Competency*, as defined in the Framework, is an identified set of knowledge, skills, abilities, and behaviors to be exhibited by a Candidate. Competencies are classified as either professional or technical, and each competency has associated performance indicators or tasks providing examples of how Candidates typically exhibit the competencies in practice. These indicators or tasks are for example purposes and are not exhaustive, and certain indicators provided may apply to more than one competency. In practice, Candidates may exhibit competencies through other performance indicators and tasks. These indicators or tasks are representative of a base level of performance that would be expected of a Candidate.

Candidates build upon the content knowledge and skills obtained in education and develop the professional and technical competencies required to promote public protection. The professional and technical competencies are blended in practice. They are applied jointly and in context by the Candidate under the guidance of a CPA.

Professional Competencies

The professional competencies in the Framework are necessary in the accounting profession, regardless of career path.

The professional competencies include the following:

- Ethical behavior
- Critical thinking and professional skepticism
- Communication
- Collaboration, teamwork, and leadership
- Self-management and continuous learning
- Business acumen
- Technology mindset

Candidates should look to professional competencies as the tools needed to effectively manage themselves while undertaking technical accounting tasks. Many professional competencies, such as ethical behavior, are foundational and are pervasive and integral to all tasks completed by a CPA. Others may apply only in specific situations or need to be adapted depending on the context. The Candidate must exhibit all seven professional competencies.

Technical Competencies

The technical competencies in the Framework include both accountancy-specific and broad business knowledge and skills expected to be performed during employment work in industry, government, academia, or public practice. The technical competencies have been organized by area of practice. Candidates are required to exhibit only one technical competency. However, it is possible that more than one technical competency is exhibited based on the Candidate's employment. The CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies, in combination, are sufficient, in the aggregate, for licensure under the Pathway.

The three technical competencies include the following:

- Audit and assurance
- Tax
- Business and financial reporting

Candidates apply the content knowledge and skills obtained in education and develop the required technical competencies in the area or areas in which they practice. The technical competencies are exhibited in tandem with the professional competencies.

Candidates must apply their educational knowledge and develop technical skills in their practice area(s) while exhibiting professional competencies.

See appendix A for the complete Framework, including the defined competencies and example performance indicators and tasks.

2. Process for evaluating and certifying competencies

This section details the responsibilities for Candidates and CPA Evaluators related to expectations and completing the Competency-Based Experience requirement.

See *appendix B* for related CPA Competency-Based Experience Certification Form.

- a) The Candidate and the Candidate's employer work together to identify a CPA Evaluator or series of Evaluators, if necessary, depending on the nature of the Candidate's employment.
- b) The CPA Evaluator(s) uses the CPA Competency-Based Experience Certification Form (see appendix B), or board-approved form, to certify that the Candidate has exhibited the competencies as defined in the Framework, the number of hours certified, and the time frame in which the hours were completed.
- c) The CPA Evaluator should use due care and professional judgment based on their experience with the Candidate or understanding of the Candidate's experience.
- d) A Candidate may have multiple CPA Evaluators depending on the specific circumstances. For instance:
 - i. If a CPA Evaluator is no longer available to serve as the Candidate's Evaluator, the Candidate must identify another CPA Evaluator to document the Candidate's Competency-Based Experience. The employer should assist the Candidate where practical.
 - ii. If a CPA is not present in an employer, the Candidate takes the initiative to request a licensed CPA to become their CPA Evaluator.
 - iii. If a Candidate is no longer with the same employer that has provided a CPA Evaluator(s), the Candidate must identify a CPA Evaluator within the new entity and would be responsible for ensuring the new CPA Evaluator understands the Candidate's progress in completing their Competency-Based Experience requirement.
 - iv. When a CPA Evaluator certifies competencies based on less than full completion of the one-year requirement, the Evaluator must base their certification only on the time frame of which they have sufficient evidence of and experience with the Candidate's work experience. If a Candidate did not exhibit competency within this time frame, the CPA Evaluator may select "N/A" to indicate that the competency did not apply to this portion of the Candidate's certification.
- e) The CPA Evaluator is a licensed CPA in good standing with a minimum of 3 years of post-licensure experience.
- f) If the licensee has agreed to serve as a CPA Evaluator but refuses to certify a qualified Candidate to the board of accountancy, the board of accountancy may request the CPA Evaluator to provide in writing or in person the basis for such refusal.

- g) The board of accountancy may require any CPA Evaluator who has certified a Candidate's experience to substantiate the certification.

3. Timing and transition provisions

This section details the length, timing, and transition consideration for the Competency-Based Experience requirement.

- a) The one-year minimum requirement is defined consistently with UAA rules related to the one-year general experience requirement.
- b) The Candidate will have five years to complete the one-year Competency-Based Experience requirement. This is to allow for part-time work, life changes, or other unknown events that could occur.
- c) Credit for prior work experience is acceptable. The CPA Evaluator must use professional judgment to determine if there is sufficient evidence of and if they have had sufficient exposure to the Candidate's experience to certify the competencies. Boards of accountancy have flexibility to craft rules for the Competency-Based Experience requirement to align with current experience rules under current pathways.
- d) Transition provisions are acceptable. Boards of accountancy have flexibility to craft rules for the Competency-Based Experience requirement to align with current experience rules under current pathways.

4. Tracking and reporting

This section details considerations for tracking the Competency-Based Experience requirement and the creation of a voluntary national tracking system.

- a) Boards of accountancy should maintain a process for managing the documentation for this process, either electronically or manually. Documentation includes the CPA Competency-Based Experience Certification Form (appendix B) or a board-approved form.
- b) Periodic reporting of Candidate progress is not required, but boards of accountancy have the ability to require it per board rules.
- c) NASBA is willing to develop a voluntary tracking system that boards of accountancy could use to manage the tracking requirements of the Pathway. Boards of accountancy may elect to use or not use this tracking system.
 - i. The CPA Evaluator and Candidate would be electronically connected when submitting the Candidate's CPA Competency-Based Experience Certification Form (appendix B) or a board-approved form.
 - ii. The NASBA tracking system would require final evaluation of the competencies by the end of the Competency-Based Experience period as a minimum standard.

- iii. The tracking system would include Framework competencies. Upon the documented completion of the Competency-Based Experience requirement, a final report would be made available to the respective board of accountancy.

Appendix A: CPA Competency-Based Experience Pathway Framework

Professional competencies (All required)	Example performance indicators
<p>Ethical behavior CPAs must act ethically and behave with integrity at all times, consistently modeling and promoting ethical practices as an individual or as part of an organization.</p>	<ul style="list-style-type: none"> • Adhere to professional codes of ethics, professional standards, laws, and regulations, demonstrating ethical business practices, such as avoiding conflicts of interest or reporting illegal or unethical behavior to appropriate parties. • Demonstrate a commitment to maintain objectivity and independence when responding to ethical issues. • Raise potential ethical issues or illegal behavior to supervisors or appropriate professional or regulatory body.
<p>Critical thinking and professional skepticism CPAs must think critically when performing all tasks. They must research, investigate, and analyze issues, problems, and questions. They must also apply professional judgment to the evaluation of data and any information from a variety of sources and perspectives.</p>	<ul style="list-style-type: none"> • Investigate cognitive biases and other impediments to decision making. • Develop and apply professional skepticism using processes and procedures that reduce cognitive biases and other impediments to decision making. • Identify and articulate issues, problems, and questions. • Access, manage, analyze, and evaluate quantitative and qualitative information from multiple sources and perspectives relevant to issues, problems, and questions. • Exhibit a curiosity to embrace unfamiliar topics and opportunities for development and growth. • Consider available solutions and decisions to issues, problems, and questions. • Seek advice from experienced professionals or experts in complex and unique situations. • Develop conclusions supported by logic and critical thinking processes.
<p>Communication CPAs must effectively convey information and ideas to individuals and groups in a variety of situations in a focused way using verbal, nonverbal, written, and graphic techniques and skills.</p>	<ul style="list-style-type: none"> • Document work in ways that can be easily reviewed, understood, and reperformed by other CPAs. • Exhibit active listening to verify understanding of information provided. • Engage and communicate clearly and concisely using accounting terminology and plain language, as appropriate. • Prepare and deliver presentations, reports, and other documents to supervisors, clients, and stakeholders using a variety of technology and media, including visualizations. • Clearly present a position supported by sufficient and appropriate evidence. • Ensure that communication respects the data requirements of supervisors, clients, and stakeholders and adheres to privacy, confidentiality, and legal requirements.
<p>Collaboration, teamwork, and leadership CPAs must work effectively between and among teams, peers, supervisors, clients, and other stakeholders to meet organizational goals.</p>	<ul style="list-style-type: none"> • Serve as both an effective team member and leader, as appropriate. • Identify the interests and needs of stakeholders and effectively explain them to others. • Consider and use different interpersonal methods for addressing the needs of different team members, clients, stakeholders, and situations. • Contribute to team planning, performance, and goal attainment. • Participate appropriately, respectfully, and effectively in team, client, customer, or stakeholder meetings.
<p>Self-management and continuous learning CPAs must plan and manage personal development and appreciate how strengths and weaknesses may affect work, learning, and meeting goals. These skills relate to upskilling for new engagements, industries, technologies, and requirements and ensure a willingness to</p>	<ul style="list-style-type: none"> • Maintain self-awareness to be cognizant of how your behaviors affect others. • Exhibit social awareness to respond to the needs of others. • Build relationships to achieve common goals. • Plan and allocate time and resources to achieve professional commitments. • Critically review work and interactions to ensure they meet organization and quality standards. • Proactively seek advice and feedback from supervisors and team members, responding to positive and negative feedback.

<p>identify where learning and expertise are needed.</p>	<ul style="list-style-type: none"> • Identify skills, experiences, and knowledge that represent areas for professional improvement and recommend strategies for professional development, paying particular attention to areas relevant to individual needs. • Adapt to ongoing challenges and changes in the context of being a professional.
<p>Business acumen CPAs must understand how a business fits within the broader context of an industry and the geopolitical environment so they can optimize opportunities, minimize risks, and execute planned objectives.</p>	<ul style="list-style-type: none"> • Perform research to identify the impact of trends, issues, technologies, and the legal environment emerging in the business environment and explain their relevance to clients and organizations. • Identify risks and opportunities arising from industry and global environments. • Understand how strategies, goals, and objectives of a team or entity are developed. • Review and understand team and entity strategies, goals, and objectives. • Understand and use key performance indicators to measure results of progress toward strategies, goals, and objectives.
<p>Technology mindset CPAs must use technology and data ethically as an enabler to optimize decision making and to promote business efficiencies and controls.</p>	<ul style="list-style-type: none"> • Identify and compare available tools to recommend options, needs, and constraints. • Leverage relevant technologies to facilitate data analyses that support organizational goals. • Understand frameworks for systems of efficient and effective controls for both operations and analyses and reporting. • Identify and understand the impact of emerging technologies on the organization, performance, clients, and stakeholders. • Conduct data analysis activities and techniques. • Identify opportunities where data visualization can help in analysis and communication of results. • Perform data cleaning and preparation activities, addressing quality issues.

Technical competencies (Only one required)	Example tasks
<p>Audit and assurance CPAs participate in assurance engagements, including audit, attestation, and accounting and review services or work internal to an organization such as internal audit. These services are performed across many clients and industries and under multiple regulatory environments. By the end of their experience, a Candidate must have sufficient experience in audit- and assurance-related tasks based on the nature and scope of the specific engagements on which they work.</p>	<ul style="list-style-type: none"> • Perform research with a focus on reviewing and using source materials (for example, relevant accounting standards, industry news, and related contextual information) to address a challenging issue relevant in an assurance task. • Explore relevant external and internal factors that may affect risk and suggest responses to address those risks. • Analyze a business process to document (for example, flow charts, process diagrams, narratives) the flow of relevant data from initiation through reporting and disclosure. This includes documenting and determining the effect of the relevant automated and manual controls the accountant intends to test within the business process on identified risk. • Design procedures to (1) assess the operating effectiveness of relevant automated and manual controls and (2) test relevant assertions for each significant class of transactions or accounts within a business process. This includes verifying that the procedures comply with the requirements in the appropriate professional standards. • Apply data analytic techniques to structured and unstructured datasets to identify transactions or events that may have higher risk and design procedures to test those transactions or events. • Perform a test of details to identify potential misstatements based on the application of the appropriate financial accounting and reporting framework. This includes applying appropriate sampling techniques to identify the population of items to be tested as well as materiality at the appropriate level and concluding on the sufficiency and appropriateness of evidence obtained.

- Apply data analytic techniques to structured and unstructured datasets to complete analytical procedures and design and perform follow-up procedures to obtain sufficient appropriate evidence to explain fluctuations and/or variances. This includes performing procedures to validate the completeness and accuracy of the datasets obtained as well as appropriately selecting and using the tools or applications to complete the analytic techniques.
- Perform tests of the operating effectiveness of internal controls to identify and evaluate exceptions. This includes applying appropriate sampling techniques to identify the population of items to be tested as well as concluding on the operating effectiveness of the controls and the sufficiency and appropriateness of evidence obtained.
- Determine the effect of deficiencies or uncorrected misstatements identified during an engagement. This includes researching and documenting how deficiencies or uncorrected misstatements do not comply with the requirements of the appropriate professional standards.
- Prepare relevant statements in accordance with financial accounting and reporting frameworks as allowed by professional standards.

Tax

CPAs participate in tax engagements, including tax preparation and planning. These services are performed across many clients, both individual and entities, industries, and under multiple systems, including federal, state, and local laws and regulations. By the end of their experience, a Candidate is expected to perform tax-related tasks based on the nature and scope of the specific engagements on which they work.

- Participate in preparation of materials and supporting documentation to respond to federal, state, and local tax authority notices, proceedings, audits, and other administrative issues.
- Perform research with a focus on reviewing and using primary source materials (for example, Internal Revenue Code, Treasury Regulations) and secondary source materials (for example, industry journals, interpretive guidance, editorial materials, internal research memos) to complete a range of tasks, including identifying issues, analyzing facts, and determining appropriate responses with supportable evidence and citations. This includes researching the implications of new or proposed laws and regulations on client situations.
- Collect and review information and data provided by clients to ensure that it is complete and accurate and substantiates client and accountant calculations, schedules, and positions with an understanding of how automated calculations, checks, diagnostic tools, and other system processes may highlight or cause errors in other parts of the tax preparation process.
- Prepare and review tax calculations and schedules for clients (both individual and entity) for routine and nonroutine transactions and scenarios in accordance with federal, state, and local tax laws and regulations. This includes considering relevant factors in tax calculations, compliance, and tax planning, such as specific tax rates, tax brackets, limitations indexed to inflation, and other specific and relevant factors (for example, reference rates).
- Analyze the implications and tax treatment of various transactions, data, and scenarios on client tax outcomes (for example, gross income, taxable income, tax liability, estimated taxes), in relation to individual or entity strategy and planning and personal or organizational constraints.
- Participate in the analysis and evaluation of proposed tax planning scenarios for individual and entity clients, understanding the implications of different scenarios, entity structures, and decisions on applicability of different tax treatment, in relation to individual or entity strategy and planning and personal or organizational constraints.
- Review individual tax returns to identify tax planning and financial planning opportunities to better serve the individual (for example, minimize tax liability, take all available tax deductions, plan for retirement, plan education funding for dependents).
- Prepare, extract, and review tax schedules, reports, and filings (whether manual or automated) to perform quality control or analyze and meet tax planning, cash flow, operational, decision-making, and other engagement needs. This includes

considering diagnostic tools and automated validation checks highlighting potential errors and anomalies.

Business and financial reporting, including financial, not-for-profit, and governmental CPAs participate in recording transactions, as well as preparing and analyzing financial reports, fluctuation analyses, and projections. These tasks are performed across many entity types, including for-profits, not-for-profits, as well as federal, state, and local governments, reporting under generally accepted reporting standards as defined by FASB, IFRS, GASB, and FASAB. By the end of their experience, a Candidate is expected to perform tasks based on the nature, size, and scope of the specific entity or entities and industries in which they work.

- Prepare periodic reconciliations, roll-forwards, and analyses for accounts affected by recurring and routine transactions that are automated (for example, sales and accounts receivable, purchases and accounts payable, payroll) as part of the financial statement close process to ensure the balances recognized in the trial balance are complete and accurate and comply with the relevant accounting and reporting standards. This includes preparing adjusting journal entries to correct any identified errors or discrepancies and preparing sufficient documentation and support that demonstrates the work was completed in accordance with the entity's policies and procedures.
- Prepare analyses and journal entries for routine manual transactions as part of the financial statement close process. This includes extracting and transforming relevant data to determine the amounts to be recognized and preparing sufficient documentation and support that demonstrates the work was completed in accordance with the entity's policies and procedures.
- Participate in determining the appropriate accounting policies for nonroutine transactions. This includes reviewing contracts, agreements, and other source documents to identify key terms, researching the relevant accounting and reporting standards, and documenting an accounting position based on that research.
- Participate in the development, maintenance, and implementation of policies and procedures that establish sufficient internal controls over financial reporting.
- Perform analytical procedures and ratio analysis of both financial and nonfinancial data to identify fluctuations and variances (current period versus prior period, actual versus budget) that require further investigation and to measure the entity's progress in achieving strategic objectives or meeting key performance indicators. This includes drafting commentary that sufficiently explains variances or deviations from expectations.
- Prepare analyses, budgets, and forecasts for ongoing operations (that is, monthly, quarterly, annual financial forecasts) and for proposed transactions (for example, capital investment, research and development, expansion, reorganization). This includes considering the impact of external factors (for example, economic, environmental, financial reporting framework, government policy, industry, regulatory, supply chain, technology) and internal factors (for example, ownership and governance structure, investment and financing plans, selection of accounting policies) on the entity.
- Participate in the preparation and review of financial statements and regulatory filings. This includes verifying that reported amounts agree with underlying source data (that is, trial balance, sub-ledgers, management reports) and that qualitative commentary is consistent with the reported amounts.
- Participate in the allocation of expenses between program expenses and general and administrative expenses or the classification of restricted and nonrestricted revenues.
- Participate in the analysis of or balancing of transfers between funds.

Note: Candidates are required to exhibit only ONE technical competency. However, Candidates may exhibit multiple technical competencies if they work in more than one area of practice. In this case, the CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies are sufficient for licensure under the Pathway.

Appendix B: Draft CPA Competency-Based Experience Certification Form

Note: This document will be integrated into the tracking app developed by NASBA.

Each CPA Evaluator should use this to document the Candidate’s exhibition of competencies for licensure with a board of accountancy under the Competency-Based Experience Pathway. Exhibition of competency means that the Candidate has had the opportunity to display the competency, as defined below, in the course of their work experience, such as when completing performance indicators and tasks set forth in the CPA Competency-Based Experience Pathway Framework.

Candidate Name: _____

Candidate Address: _____

Candidate Email: _____

Candidate ID/Position: _____

The certification on this form applies to the following time frame:

Beginning date: _____ Ending date: _____

Evaluation key

Yes: The Candidate’s experience was applicable to this competency, and the Candidate did exhibit the competency.

No: The Candidate’s experience was applicable to this competency, and the Candidate did not exhibit the competency.

NA: The Candidate’s experience was not applicable to or measured for this competency, or I do not have sufficient evidence to certify this competency.

Professional competencies

By the conclusion of the Competency-Based Experience, the Candidate must exhibit all seven professional competencies.

Professional competency 1

Ethical behavior

CPAs must act ethically and behave with integrity at all times, consistently modeling and promoting ethical practices as an individual or as part of an organization.

Yes No

Did the Candidate exhibit the **ethical behavior** competency?

Professional competency 2

Critical thinking and professional skepticism

CPAs must think critically when performing all tasks. They must research, investigate, and analyze issues, problems, and questions. They must also apply professional judgment to the evaluation of data and any information from a variety of sources and perspectives.

Yes No NA

Did the Candidate exhibit the **critical thinking and professional skepticism** competency?

Professional competency 3

Communication

CPAs must effectively convey information and ideas to individuals and groups in a variety of situations in a focused way using verbal, nonverbal, written, and graphical techniques and skills.

Did the Candidate exhibit the **communication** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Professional competency 4

Collaboration, teamwork, and leadership

CPAs must work effectively between and among teams, peers, supervisors, clients, and other stakeholders to meet organizational goals.

Did the Candidate exhibit the **collaboration, teamwork, and leadership** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Professional competency 5

Self-management and continuous learning

CPAs must plan and manage personal development and appreciate how strengths and weaknesses may affect work, learning, and meeting goals. These skills relate to upskilling for new engagements, industries, technologies, and requirements and ensure a willingness to identify where learning and expertise are needed.

Did the Candidate exhibit the **self-management and continuous learning** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Professional competency 6

Business acumen

CPAs must understand how a business fits within the broader context of an industry and the geopolitical environment so that they can optimize opportunities, minimize risks, and execute planned objectives.

Did the Candidate exhibit the **business acumen** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Professional competency 7

Technology mindset

CPAs must use technology and data ethically as an enabler to optimize decision making and to promote business efficiencies and controls.

Did the Candidate exhibit the **technology mindset** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Technical Competencies

Candidates are required to exhibit only one technical competency. However, Candidates may exhibit multiple technical competencies if they work in more than one area of practice. In this case, the CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies, in combination, are sufficient for licensure under the Pathway.

Technical competency 1

Audit and assurance

CPAs participate in assurance engagements, including audit, attestation, and accounting and review services, or work internal to an organization such as internal audit. These services are performed across many clients and industries and under multiple regulatory environments. By the end of their experience, a Candidate must have sufficient experience in audit- and assurance-related tasks, such as those detailed in the Framework based on the nature and scope of the specific engagements on which they work.

Did the Candidate exhibit the **audit and assurance** competency as defined by the framework?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Technical competency 2

Tax

CPAs participate in tax engagements, including tax preparation and planning. These services are performed across many clients, both individual and entities, industries, and under multiple systems, including federal, state and local laws, and regulations. By the end of their experience, a Candidate is expected to perform the types of tasks detailed in the Framework, based on the nature and scope of the specific engagements on which they work.

Yes No NA

Did the Candidate exhibit the **tax competency** as defined in the Framework?

Technical competency 3

Business and financial reporting

CPAs participate in recording transactions, as well as preparing and analyzing financial reports, fluctuation analyses, and projections. These tasks are performed across many entity types, including for-profits, not-for-profits, as well as federal, state, and local governments, reporting under generally accepted reporting standards as defined by FASB, IFRS, GASB, and FASAB. By the end of their experience, a Candidate is expected to perform the types of tasks detailed in the Framework, based on the nature, size, and scope of the specific entity or entities and industries in which they work.

Yes No NA

Did the Candidate exhibit the **reporting competency** as defined in the Framework?

Certification of CPA Evaluator

During the course of the Competency-Based Experience, the Candidate exhibited the professional and technical competencies as defined in the CPA Competency-Based Experience Pathway Framework.

The Candidate has completed _____ hours of the required minimum of 2,000 hours of Competency-Based Experience working hours.

I hereby certify that the Candidate has been supervised or employed by me or my organization for the period indicated herein and, in the course of such employment, has obtained the experience indicated on this Certificate of Experience.

I hereby certify that I have met the CPA Evaluator requirements as defined in the Competency-Based Experience Framework.

Organization Name: _____

Organization Address: _____

Contact Name: _____

Contact Title: _____

Contact Email & Phone: _____

CPA Evaluator Name: _____

CPA Evaluator License Number: _____

State and Date of Issuance: _____

CPA Evaluator Signature: _____

Date: _____

Exposure Draft

Issued September 30, 2024

Joint AICPA/NASBA UAA Committee Exposure

Amendments to UAA Section 5: Education requirements to sit for the CPA Exam and education requirements for a certificate; UAA Section 23: Substantial Equivalency for individuals licensed through a non-substantially equivalent pathway

NASBA UAA Committee Exposure

UAA Model Rules Article 3: Definition of the CPA Competency-Based Experience Pathway and Article 6: experience requirements for a certificate under the CPA Competency-Based Experience Pathway

Uniform Accountancy Act Eighth Edition - January 2018

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and

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Comments must be received by December 30, 2024.

Please [click here](#) to submit your comments.

EXPOSURE DRAFT OF CHANGES

Overview

Model Act

In September 2024, the boards of directors of the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) each approved for exposure changes to the Uniform Accountancy Act (UAA) that would:

- Specify the education required to sit for the Uniform CPA Examination;
- Define the requirements for an additional pathway for licensure as a CPA;
- Retain mobility for those licensed under a pathway defined in the UAA; and
- Provide a mechanism for those who are licensed under a pathway that is not defined in the UAA but who later meet the mobility requirements defined in the UAA.

Model Rules

Separately, the NASBA board of directors approved for exposure UAA Model Rule changes updating the definitions to reflect the additional pathway for licensure and the experience required for the issuance of an initial certificate under the proposed additional pathway.

Comments on the proposal are requested via [this form](#) by **December 30, 2024**.

Uniform Accountancy Act Background

The AICPA and NASBA have worked together since 1984 to produce the Uniform Accountancy Act (UAA), also referred to as the Model Act, and UAA Model Rules to serve as reference documents for all U.S. states and jurisdictions as they update their own statutes and regulations. These evergreen documents are regularly reviewed and updated by the Joint AICPA/NASBA UAA Committee. The UAA Model Act is subject to the final approval of the two organizations' boards of directors, while the Model Rules are subject to the final approval of NASBA's board of directors.

Additional Licensure Pathway: Competency-Based Experience Pathway

AICPA and NASBA believe that a strong pipeline of accounting talent is essential for a robust economy and public protection. Along with an aging workforce with many CPAs nearing retirement age, recent years have also seen a steady decline in the number of accounting graduates and new candidates taking the CPA Exam. At the same time, there is a need for CPAs with evolving competencies and experiences. The importance of a strong talent pool has led AICPA, NASBA, and other key stakeholders from across the accounting profession to examine the root causes of the recent decline in entrants and consider potential initiatives that could address talent challenges.

With the concurrent exposure draft, [CPA Competency-Based Experience Pathway](#) ("pathway"), AICPA and NASBA are seeking to address the financial and time constraints some individuals face in completing the education needed post-bachelor's degree to achieve CPA licensure. The pathway would provide an additional pathway to licensure that is responsive to those challenges.

The AICPA/NASBA UAA Committee elected to pursue equivalent pathways to licensure that

could preserve mobility for CPA licensees amid a changing market and regulatory environment.

The proposed additional pathway identifies model competencies that would be exhibited by a candidate during work experience prior to being granted CPA licensure. The proposed pathway framework also describes how a candidate, the candidate's employer, and boards of accountancy could implement this pathway. Another key goal includes creating evergreen standards that can be adapted as the profession evolves, as well as regulatory updates at the state level.

It is anticipated that if adopted, the model framework and competencies would be included as an evergreen appendix to the UAA Model Act.

In addition to the UAA Model Act amendments, the Model Rules would be updated by:

- Adding a definition of the Competency-Based Experience Pathway.
- Updating the experience required for an initial certificate to include the completion of the Competency-Based Experience Pathway.

Substantial Equivalency

The exposure would also amend Section 23 Substantial Equivalency by acknowledging that a board of accountancy or NASBA's National Qualification Appraisal Service (NQAS) may verify, once a new pathway to licensure is established by a jurisdiction, that a jurisdiction's licensure requirements are in substantial equivalence with the CPA licensure requirements of the UAA. Section 23 also acknowledges that licensees shall be presumed to have met the qualifications of substantial equivalency if the individual was issued an original certificate under the education, examination, and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance.

The amendments also provide a process for boards of accountancy in jurisdictions that have adopted licensure pathways not substantially equivalent to the UAA, to identify those CPAs licensed through these pathways by providing licensure information to a national licensee database.

Should a jurisdiction enact legislation that includes one or more pathways that are not substantially equivalent to the UAA, the amendments provide a process for boards of accountancy to identify in a national licensee database the pathway used to license CPAs and to verify whether the CPA meets the licensure requirements defined in the UAA. This will allow for easier determination of a CPA's eligibility to practice through mobility with a practice permit.

In addition, the amendments provide a way for CPAs licensed through a pathway, not substantially equivalent to the UAA, to later have their post-licensure credentials reevaluated to determine if the CPA meets one of the licensure pathways defined in the UAA. Thereby, allowing the CPA to practice in another jurisdiction with a practice privilege.

The AICPA, NASBA, and the Joint UAA Committee welcome comments on the proposal.

Thomas Neill, CPA
Chair, AICPA UAA Committee

Nicola Neilon, CPA
Chair, NASBA UAA Committee

The base documents are the January 2018 edition of the UAA (pertinent parts) and April 2023 edition of the UAA Model Rules. Additions are shown in single underlined text, and deletions are shown in ~~single strike through~~ text.

UAA – 8th Edition, January 2018

SECTION 5
QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT

(c) ~~(1) The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, or equivalent as determined by Board rule to be appropriate.~~

(2) The education requirement for a certificate shall be met through any of the following pathways:

(A) a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(B) a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(C) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration, or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2).

Comment: In situations where the Candidate is enrolled in a dual degree five- year accounting program where the bachelor's degree is conferred after the completion of the master's degree, the candidate is eligible to sit for the CPA Exam upon the completion of the bachelor's degree requirements and the accounting concentration.

(f) ~~An applicant for initial issuance of a certificate under this Section shall show that the applicant has had one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through~~

~~employment in government, industry, academia or public practice.~~

(1) The experience required in section 5(c)2(A) and 5(c)2(B) shall include one year providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.

(2) The experience required in section 5(c)2(C) shall include two years of experience:

(A) At least one year of competency-based experience performed in accordance with a competency framework developed by a national accounting organization and administered in accordance with Board rule, and

(B) The remainder of experience as set forth in section 5(f)(1).

Comment: In meeting the two-year experience requirement, the Candidate works with a CPA Evaluator to ensure the Candidate demonstrates the competencies outlined in the CPA Competency-Based Experience Pathway, which was approved by the National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) boards of directors is included as an appendix to the UAA Model Act. In addition to demonstrating the competencies in the Framework, the Candidate must also complete one additional year of general relevant, supervised or verified, work experience. A candidate may apply additional competency-based experience toward the general experience requirement.

The board of accountancy may specify any reasonable approach to meeting the competency-based experience requirement using as a guideline the Competency-Based Experience Pathway jointly approved by NASBA and the AICPA.

**SECTION 23
SUBSTANTIAL EQUIVALENCY**

- (a) (1) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (2).**
- (2) An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or NASBA Qualifications Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if the individual was issued an original certificate under the education, examination and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance and the issuing board of accountancy has identified the individual's applicable licensure pathway in a national licensee database which reports the individual has met licensure requirements substantially equivalent to obtain those provided under Section 23(a)(3).**

Comment: Subsection 23(a)(3) is intended to seamlessly facilitate substantial equivalency and mobility whenever the Uniform Accountancy Act is modified to establish equivalent pathways to licensure. Individuals who have met any of the recognized equivalent pathways would be allowed to practice under interstate mobility without the need to obtain a separate certificate or permit to practice in any other jurisdiction.

NASBA has created a national licensee database that is provided at no cost to the boards of accountancy. That database may be used by boards of accountancy to satisfy the requirements defined in section 23(a)(2). NASBA has also created

CPAverify.org, a public facing database, that provides limited licensure information to the public regarding U.S. licensed CPAs. This database is available free to the public

- (23) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if such individual obtains from the board of accountancy or the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act, including:**

(A) Having met the education requirement for a certificate through any of the following pathways:

(i) a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(ii) a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(iii) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2), and

(B) Having passed the examination required for licensure as defined in section (5)(d), and

(C) Having met the experience requirement required for licensure as defined in section 5(f).

~~Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirement in Section 5(e) for purposes of this Section 23 (a)(2). Notwithstanding any other provision of law, an individual who offers or renders~~

professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (3).

Comment: Board verification may include an update of the national licensing database that the individual has met the licensing requirements set forth in section 23(a)(3).

(34) ...

(45) ...

UAA Model Rules – January 2024

ARTICLE 3
DEFINITIONS

Rule 3–11 - CPA Competency-Based Experience Pathway.

“CPA Competency-Based Experience Pathway (“the Pathway”) means a twelve-month experience program performed in accordance with generally accepted standards developed and administered by a joint committee established and maintained by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants.

ARTICLE 6
ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES
AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION
AND RECIPROCIDY

Rule 6-2 - Experience required for initial certificate.

(a) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(1) of the Act shall meet the requirements of this rule.

(1) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.

(2) The applicants shall have their experience verified to the Board by a licensee as defined in the Act or an individual licensed in another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.

(3) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.

(b) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(2) of the Act shall include one year of work experience as defined in Rule 6-2(a) and the completion of the CPA Competency-Based Experience Pathway.

Draft comments from Dr. Maas

Draft Response to the CPA Competency-Based Experience Pathway Exposure Draft

Prepared by Jayne D. Maas 10/27/2024

The South Carolina Board of Accountancy (Board) appreciates the opportunity to provide comments on the CPA Competency-Based Experience Pathway Exposure Draft (Exposure Draft) issued September 12, 2024. The Exposure Draft sets out 16 possible questions for comments. The Board provides general comments under question 16 “Provide other comments that you have.”

1. **The “Equivalent to 150 Hours” Visual Needs Clarification**

Bold language appears on page 1 of the Exposure Draft, second paragraph, on the nature of the new competency-based pathway, as follows. “These [competency-based pathway] candidates would still be required to earn a bachelor’s degree, complete one year of general experience, and pass the CPA exam.” This is not what the “Equivalent to 150 Hours” boxes visually illustrates.

In the Exposure Draft, the visual boxes makes it appear as if the 1-year experience requirement under the competency-based experience pathway stands alone as a single 1-year option, when it is a 2-year experience commitment which ties the 1-year of general experience together with the 1-year competency-based experience. The Board believes this is misleading. The visual boxes also do not explicitly mention the ELE option (which we understand will continue as an option outside of the Exposure Draft proposal), even though it is technically included in the “up to 30 credits” option. Adding more licensure

Draft comments from Dr. Maas

options adds more confusion and misunderstanding for candidates as well as students considering majoring in accounting and choosing CPA. It is important that each option choice be clearly and separately described. The Board recommends considering the revised language in “Exhibit A Equivalent to 150 hours,” which clarifies the fact that choosing the Exposure Draft proposal requires a minimum 2-year experience commitment compared to the other two options¹.

2. The Exposure Draft Proposal Seems Complicated and Overwhelming

The Exposure Draft proposal seems complicated and overwhelming. As if workload and staff assignments are not challenging enough, candidates and CPA Evaluators can no longer just focus on general work experience. It’s possible that multiple years might be needed to document performance indicators (professional competencies) or example tasks (technical competencies). Given that CPA evaluators are likely managing engagements and billable hours, this adds additional unnecessary workload which might result in work not completed in the most effective and efficient manner.

Even though the purpose of the Exposure Draft is to propose an option which does not require additional credits after the bachelor’s degree, which is a time and money barrier, the Exposure Draft seems to impose a significant resource barrier to firms already stretched to their limit. CPA evaluators will be faced with micro-managing candidate’s

¹This is consistent with page 6 of the Exposure Draft, which states candidates must have a minimum of 4,000 hours and a minimum of 2 years of combined Competency-Based Experience and General Experience if the Competency-Based Experience Pathway is chosen.

Draft comments from Dr. Maas

experience by checking competency and experience boxes which might not even fit the normal workflow.

Appendix A of the Exposure Draft sets forth the professional competencies which must be completed by a candidate and verified by one or more CPA evaluators. Even though not every “example performance indicator” in the professional competencies needs to be completed and verified in the 1-year period, at least one of each of the 7 professional competencies must be completed and verified in 1-year (or likely more than 1-year): ethical behavior, critical thinking and professional skepticism, communication, collaboration, teamwork and leadership, self-management and continuous learning, business acumen and technology mindset. In addition to professional competencies, at least one of the “example tasks” in the technical competencies (audit and assurance, tax, or business and financial reporting [including financial, not-for-profit, and governmental]) must be completed and verified in 1 year (or likely more than 1 year).

This is not the normal way work is distributed or tasked. Who knows how the competencies will occur or when? In a business environment, firms must focus on completing client or firm tasks at hand in the most efficient and effective manner. They should not be concerned with searching for tasks for candidates to complete and for CPA evaluators to verify, which may not even be relevant to completing the job at hand. This seems not only a complete waste of time but may not even be possible to complete for multiple years, depending on the nature of the firm or their clients/business focus.

Draft comments from Dr. Maas

3. **The Exposure Draft Proposal Is No Better than Another Year of General Experience**

The Exposure Draft attempts to build candidates' professional and technical competencies through identifying individual performance indicators or example tasks through a complicated and overwhelming micro-management framework. The framework fails to recognize that real professional competency is an aggregation of individual performance indicators and assigned tasks over time but not necessary any individual one at a point in time. Professional and technical competencies take time to develop in the natural course as a candidate acquires more general work experience year over year. The Exposure Draft fails to recognize this.

The Board's view is that another year of general work experience is adequate for candidates who do not choose to obtain a master's degree or the additional 30 credits. 2 years of general experience will provide those candidates with a better foundation on which professional and technical competences will develop over time. The Exposure Draft should be discarded. The Board does not support this.

Draft comments from Dr. Maas

Bachelor's degree	Master degree	1-year general experience	CPA Exam
Bachelor's degree	Up to 30 credits	1-year general experience	CPA Exam
	(includes ELE)		
Bachelor's degree	Competency-Based	1-year general experience	CPA Exam
	Experience Pathway	+ 1-year competency-based	
		experience (1)	



Recommended changes to the original Exposure Draft proposal