



National Association of State Boards of Accountancy

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September 29, 2022

Board of Examiners  
American Institute of CPAs  
100 Princeton South, Suite 200  
Ewing, NJ 08628

Via Email: [practiceanalysis@aicpa.org](mailto:practiceanalysis@aicpa.org)

**Re: Exposure Draft: Maintaining Relevance of the Uniform CPA Examination**

We are pleased to respond to the request for comments from the American Institute of CPAs' (the "AICPA") Board of Examiners (the "BOE") on its *Exposure Draft: Maintaining the Relevance of the Uniform CPA Examination – Aligning the Exam with the CPA Evolution Licensure Model* (the "Exposure Draft"). The National Association of State Boards of Accountancy's (NASBA) mission is to enhance the effectiveness and advance the common interests of Boards of Accountancy (the "Boards"). Our comments are made in consideration of the Boards' mandate to protect the public interest.

We support the AICPA and BOE in this important endeavor of conducting a practice analysis to ensure that the Uniform CPA Examination (the "Exam") continues to test the minimum competencies needed to become a licensed certified public accountant as we shift into the new CPA Evolution licensure model. The Boards of Accountancy rely on this Exam, along with education and experience requirements, as stated in their Accountancy Acts, as they make the important determination of qualification for licensure as a CPA. Given the significance of the Exam to all Boards of Accountancy, they have relied upon NASBA to monitor this practice analysis process closely on their behalf.

While we are fully supportive of this initiative, we are also mindful of the mindset of candidates as it relates to the new Exam. It is clearly in the public interest that well-prepared and well-vetted candidates enter the public accounting profession. Conversely, we do not believe that the perceived scope of knowledge associated with the Exam should be a barrier to entry into the profession. We encourage the AICPA to increase messaging to candidates emphasizing the commonality of subject matter with the existing exam along with the incremental differences. We also encourage the AICPA to work with NASBA to closely monitor potential candidates' knowledge and perceptions regarding the new Exam once implemented and modify outreach to candidates as needed.

In furtherance of the above, NASBA offers the following comments on the Exposure Draft.

## **GENERAL COMMENTS**

Though specific comments are being provided below, overall, NASBA is supportive of the Uniform CPA Exam Blueprints (“Blueprints”) shared in the Exposure Draft and appreciates the thorough and professional practice analysis process undertaken by the AICPA to develop Blueprints for, in essence, six new Exam sections under CPA Evolution.

We do also understand that the AICPA presumes that all newly licensed CPAs (“nlCPAs”) are supervised in all that they do and that the practice analysis and the discussions with firms, focus groups, content rating panels and confirmation panels were conducted under that premise. It was noted a number of times in our discussions with Boards regarding the response to the Exposure Draft that small firms in states with fewer practitioners do not have the luxury of multiple levels of supervision of work or extensive firm-wide training programs for nlCPAs. Such firms more heavily rely upon the education system and Exam to prepare their nlCPAs to be prepared to conduct complete audits and perform other services. Such nlCPAs are supervised and trained, but not to the depth assumed in some areas within this Exposure Draft. In such situations, notations are made below. We also note that when licensed, with self-assessed competency, a CPA is afforded the right to sign audit and attestation reports. Though less common, some nlCPAs set up their own practices after licensure and do not have additional supervision. Given this, minimum levels of knowledge of all aspects of engagements should be included on the Exam.

## **RESPONSES TO SPECIFIC EXPOSURE DRAFT QUESTIONS**

**Question 1 – Do the Core Exam Blueprints include the knowledge and skills required of all nlCPAs to protect the public interest? If not:**

**a. Is there content missing from the Core Exam Blueprints? If so, please explain what content you believe should be added, including examples of how this is affecting newly licensed practice.**

**a. Auditing and Attestation (AUD)**

- i. Our understanding is that Quality Control is now termed Quality Management in the standards, so it would be appropriate to change the reference in AUD I G and throughout the Blueprint.
- ii. The task required of Area II B 2 of AUD references solely the corporate governance provisions of the Sarbanes-Oxley Act of 2002 (Act). Would it be possible to limit the Reference Section on page A9 to only include Title III of the Act, instead of the entire Act? We do not believe that AICPA expects candidates to comprehend the entire Act.
- iii. Since the pandemic, remote auditing has become commonplace. We believe that the remote auditing environment should be addressed specifically in AUD. Topics including, but not limited to, how sufficient appropriate evidence (III B) is gathered and how adequate testing of controls and tests of details (III D 1) can be performed when working in a remote environment would be very relevant to nlCPAs.

- iv. We believe it would be helpful to candidates to include the types of sampling that could be covered in AUD III C. Examples could include attribute, variable, probability proportional to size (PPS), monetary unit sampling (MUS) and others. Also, we presume that this category could include both statistical and nonstatistical sampling. If so, that should also be clarified. Further descriptions would aid candidates as they prepare to take the AUD section.
- v. Concern was expressed by state board members involved in drafting the NASBA response that AUD Area IV is not sufficiently weighted.
  - 1. AUD Area IV C covers accounting and review service engagements which are commonly performed often by CPAs, including nCPAs, in small and medium-sized CPA firms. As such, though it is a lower level of service, it is crucial that nCPAs understand all aspects of providing preparation, compilation and review services.
  - 2. AUD Area IV E 6 represents the only coverage on the Exam for special-purpose frameworks including cash basis, tax basis, regulatory basis, contractual basis and other frameworks. Both cash and tax basis financial statement reporting are also commonplace by CPA firms and such engagements are regularly performed by nCPAs.
  - 3. As both accounting and review services and reporting under multiple special-purpose frameworks are so common, we believe that further attention and weighting should be given to both. These are both example of services provided very often by smaller firms with less comprehensive supervision, so more in-depth testing on the Exam is appropriate.
- vi. We believe that nCPAs will be involved in both new audits to their firm and initial audits of clients. Consideration should be given to assessing basic understanding regarding the standards around such audits.
- vii. It is possible that a nCPA would be present when a successor auditor is reviewing workpapers. Consider including awareness of principles surrounding review of workpapers upon transition of clients in AUD.

**b. Financial Accounting and Reporting (FAR)**

- i. Considering the CPA Evolution Model Curriculum issued in June 2021 and the amount of time allocated to data analytics and digital acumen in the Accounting and Data Analytics core, it appears there is a lack of consistency in the amount of content and skills allocated to such topics in the FAR section of the Blueprint, as exposed. Wordsmithing to include more data analytics terminology might be appropriate to clarify to candidates that data analytics skills will be tested in FAR and throughout the Blueprint. As such, it is an important skill to develop. A more consistent bridge back to terminology used in the Model Curriculum would be helpful.
- ii. We note that Long-Term Debt is a category on page A31 and is included in FAR II H. As such, it would seem that Short-Term Debt should also

be included separately, or included in a grouped section simply termed Debt.

- iii. In FAR I A 3, a representative task is included to, “Recall the purpose, objectives and structure of the statement of comprehensive income.” It seems inconsistent to not also require candidates to recall the purpose, objectives and structure of other statements such as the balance sheet / statement of financial position, income statement / statement of profit and loss, statement of changes in equity, and statement of cash flow.
- iv. We believe that the statement of functional expenses should be covered in Area I B, in addition to the other statements for general purpose financial reporting for nongovernmental not-for-profit entities.

**c. Taxation and Regulation (REG)**

- i. It was noted that no content was included pertaining to sales of personal residences. We believe these are common transactions that could be part of nCPA practice and therefore should be included in REG.
- ii. We encourage the AICPA to continue its research to better understand the use of data analytics skills in additional engagement areas such as taxation, and continue to add analytics tasks to REG.

**b. Is there content included in the Core Exam Blueprints that is not relevant to nCPA practice that should be removed? If so, please provide the details of what content you believe should be removed and why it should not be considered nCPA practice.**

None noted.

**Question 2 – Do the Discipline Exam Blueprints include the knowledge and skills required of an nCPA to protect the public interest? If not:**

**a. Is there content missing from the Discipline Exam Blueprints? If so, please explain what content you believe should be added, including examples of how this is affecting newly licensed practice.**

**a. Business Analysis and Reporting (BAR)**

- i. As noted above in our FAR comments, we also believe there is a lack of consistency in the amount of content and skills allocated to data analytics and digital acumen in the BAR section of the Blueprint, as exposed. We again recommend consideration of terminology used to ensure a more consistent bridge back to terminology used in the Model Curriculum.

**b. Information System and Controls (ISC)**

- i. As there are multiple COSO frameworks, Area I A 1 should specify to which framework it is referring.
- ii. The ISC section lacks application, analysis and evaluation questions compared to the other discipline sections. As such, it could be perceived as less advanced and rigorous as the other disciplines.
  - 1. One suggestion for addressing this could be in II A Regulation, Standards and Frameworks. Candidates are asked to recall aspects of different frameworks. Instead, candidates could be asked to apply

these frameworks to sets of facts in order to analyze the facts. As an example, “Given this set of facts, are there any issues with how personal data is being used as required by GDPR” or “Given a set of facts, which regulation, standard or framework would be applicable.”

2. Additionally, as SOC engagements are attestation engagements, consideration should be given to including tasks at both the analysis and evaluation levels, similar to tasks included in the AUD section.

**c. Tax Compliance and Planning (TCP)**

- i. It was noted that no content was included pertaining to like-kind exchanges or involuntary conversions. We believe these are common tax situations that are part of n1CPA practice and therefore should be included in TCP.

**b. Is there content included in the Discipline Exam Blueprints that is not relevant to n1CPA practice that should be removed? If so, please provide the details of what content you believe should be removed and why it should not be considered n1CPA practice.**

- a. None noted.

**Additional Comments**

Though not specifically requested, during our review of the Exposure Draft, certain additional items were noted:

1. The Blueprint is somewhat inconsistent in its terminology. As an example, in certain places in AUD and FAR, there are references to issuers and non-issuers and in other places to public and non-public entities. Also, given the distinctions between accelerated filers and non-accelerated filers, and the different disclosure requirements for smaller reporting companies, it is also important to be intentional with terminology utilized. We would recommend that a search of the document be conducted to ensure consistency in terminology.
2. We recommend that a preamble be added to each Exam section’s Reference listing which provides guidance to candidates on how the source references should be viewed and considered in conjunction with the Blueprint content group / topics and representative tasks outlined. This will encourage candidates to focus on respective portions of the identified source documentation with which they should be knowledgeable.
3. We note that Evaluation level skills are only tested in the AUD section. We believe that AICPA should ramp up its focus on testing higher order skills in all other sections, as the profession continues to require increasingly higher order skills of n1CPAs due to the shift of tasks to the use of information technology, including bots and AI.

In this time of rapid changes to the business and economic environment, the CPA profession is also changing rapidly. As the Boards of Accountancy rely on the Exam as one measure by which they determine if a candidate meets the bar to become licensed as a CPA, it is imperative that the

Exam is current, relevant, reliable and legally defensible. We appreciate that the BOE recognizes this and applaud them for conducting this extensive and holistic practice analysis, ensuring that all aspects of professional practice are incorporated into the study. We also appreciate that methods were deployed that allowed for the analysis to be conducted in a rapid fashion given the aggressive timeline for CPA Evolution. In fact, we believe the historical rule of thumb to conduct a practice analysis every five to seven years is no longer advisable. Given the pace of change in the profession, we recommend that the AICPA and BOE accelerate the timing of future practice analyses.

We strongly encourage the AICPA and BOE to continually monitor developing technologies as we believe that, in the very near future, nCPAs will rapidly begin using additional tools and procedures. It will be important to publicly expose any such anticipated skills and content that could be added to the Exam as a result. The system by which content, skills and structure changes are made to the Exam should remain transparent and follow a robust process which includes public review and comment. We value that the BOE plays a significant decision-making role and that the entire process remains transparent with appropriate exposure to all stakeholders, importantly including Boards.

Lastly, though this comment letter contains a number of both high level and detailed suggestions, there is recognition that the Exam continues to require the testing of significant content and skills in the Core Sections. We encourage the BOE and AICPA to thoughtfully review the possibility that content in some specialty areas of practice might be considered for testing instead in a Discipline. We recognize that much thought has already been given to placement of content, though wonder if such specialty areas (Public Company Reporting Topics in FAR, as an example) are really universally part of practice for most nCPAs.

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NASBA appreciates the opportunity to provide our perspectives on this Exposure Draft and these important topics. Our comments are intended to assist the AICPA and BOE in analyzing the relevant issues and potential impacts from a public protection point of view. Our Boards would be interested in seeing all responses received to this Exposure Draft to better understand the perspectives of other stakeholders, importantly including candidates.

We look forward to the opportunity to follow the deliberations of the BOE on responses to this Exposure Draft as they finalize the next version of the CPA Exam.

Very truly yours,



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NASBA Chair



Ken L. Bishop  
NASBA President and CEO