

CPA REQUIREMENTS OVERVIEW

BILL DRESNACK, ACCOUNTING CHAIR

August 29, 2018

**Saunders
College of Business**



R·I·T

SAUNDERS
College of BUSINESS

New York vs. Other Jurisdictions

- The Certified Public Accountant license is granted by one of the U.S. states or territories.
- Each of these jurisdictions regulates its own license and law. Rules and regulations do vary.
- Each of the jurisdictions' requirements may be found at <https://www.nasba.org/stateboards/>

CPA License Compared with Other Certifications

- The CPA is a *governmental license*. It is granted by a state in the interest of providing and regulating a service to the public.
- The other well-known accounting certifications (such as CMA, CIA, CFE, CFM, CGMA, etc.) are granted by private organizations, not by the government. They are not licenses.
- Probably the most significant aspect of this distinction is that violation of CPA requirements may have the force of law, and can lead to misdemeanor or felony charges, including criminal charges.
- Private certifications do not have the force of law. A violation may cause you to lose the certification and be terminated as a member, but that's generally the limit of the available penalties.

General Requirements to Qualify for the CPA License

- Most of the key information you need to understand may be found at or through:

Initial License, NY Public Accountancy Law

- To become a CPA in NY, an applicant needs to be at least 21 years old, of good moral character, and meet the Three E's: Education, Examination, and Experience.

Educational Requirements for Licensure: The First E, Page 1 of 2

- A minimum of 150 semester credit hours in total college course work.
- A minimum of 33 semester credit hours in Accounting course work.
- A minimum of 36 non-accounting semester hours in course work of “General Business” content.

Educational Requirements for Licensure

Page 2 of 2

- Within the curriculum on the prior slide, the program must also include:
- “...the study of business and accounting communications, ethics and professional responsibility, and accounting research, either by integration into the coursework of other courses or in separate courses.”

Specific Acceptable Course Work

- More information about acceptable course work in each of the subjects in the prior slides is located at
- [Common Titles of Courses Meeting 150-Hour Requirement](#)
- Scroll to the bottom of that link for some important “fine print.”

Education to Begin the Exam vs. Licensure

Slide 1 of 2

- The previous three slides referred to the educational requirements for licensure. You will need at least 150 qualifying semester credit hours for licensure.
- However, in NY, candidates may BEGIN taking any and all sections of the CPA Exam before completing ALL of the educational requirements to become licensed.
- The educational requirements to begin sitting for the CPA Exam in NY before completing 150 hours are provided on the next slide.

Education to Begin the Exam vs. Licensure

Slide 2 of 2

- *“You may sit for the exam when you have completed 120 semester hours of course work, including one course in each of the four required accounting content areas: financial accounting and reporting; cost or management accounting, taxation; and auditing.”*
- Therefore, if you want to do this, make sure to complete the latter two content areas (Tax, ACCT420 and Auditing, ACCT490) as part of your B.S. in Accounting. The first two are satisfied by completing the introductory core accounting courses, Financial Accounting and Managerial Accounting (ACCT110 and ACCT210).
- Note that Internal Auditing does NOT satisfy the Auditing requirement.

The Second E: The Examination

- To be a CPA in NY, candidates must pass all four sections of the Uniform CPA Exam (“the Exam”), which is developed by the American Institute of CPAs (AICPA) and administered by a company called Prometric.
- The Exam is “Uniform,” which means it is the same exam administered in all 50 states and their territories. However, each of the jurisdictions chooses whether to use it. No state is required to do so. States could create their own (but it is unlikely).
- The Exam can generally be taken in any state, and fees do vary. However, it is easier administratively to take it in the same state in which you plan to get your initial license.
- Note that individual exam questions vary by candidate, but it is equivalently difficult for each.

When Can The Exam Be Taken

Testing Windows are below. In addition, target score release dates are at the link below.

- January 1 - March 10
- April 1 - June 10
- July 1 - September 10
- October 1 - December 10

- <https://www.aicpa.org/becomeacpa/cpaexam/psychometricssandscoring/test-windows-score-release.html>

Exam Content

There are four sections to the Examination, which may be taken in any order:

1. Auditing and Attestation (AUD)
2. Business Environment and Concepts (BEC)
3. Financial Accounting and Reporting (FAR)
4. Regulation (REG)

Topics: The CPA Exam Blueprints

- A detailed breakdown of topics by Exam section is found in the CPA Exam Blueprints. The current version is being updated as of Jan. 1, 2019.
- <https://www.aicpa.org/becomeacpa/cpaexam/examinationcontent.html>

Format of the Exam

- Each exam section is four hours long.
- Each section consists of five “mini-tests” called testlets. Once you leave a testlet you cannot go back to change any answers in it.
- The exam consists of three types of questions:
 1. Multiple Choice (MCQ)
 2. Task-Based Simulations (TBS).
These are essentially problems.
 3. Written communications.

Types and Number of Questions by Section

- AUD: 72 MCQ, 8 TBS
- BEC: 62 MCQ, 4 TBS, 3 Written Communication Tasks
- FAR: 66 MCQ, 8 TBS
- REG: 76 MCQ, 8 TBS

Score Weighting

Section	Multiple Choice	Task-Based Simulations	Written Communications
AUD	50%	50%	--
BEC	50%	35%	15%
FAR	50%	50%	--
REG	50%	50%	--

AUD: Content Area Allocation

- Area I: Ethics, Professional Responsibilities and General Principles, 15-25%
- Area II: Assessing Risk and Developing a Planned Response, 20–30%
- Area III: Performing Further Procedures and Obtaining Evidence, 30–40%
- Area IV: Forming Conclusions and Reporting, 15-25%

BEC: Content Area Allocation

- Area I: Corporate Governance, 17–27%
- Area II: Economic Concepts and Analysis, 17–27%
- Area III: Financial Management, 11–21%
- Area IV: Information Technology, 15-25%
- Area V: Operations Management, 15-25%

FAR: Content Area Allocation

- Area I: Conceptual Framework, Standard-Setting and Financial Reporting, 25–35%
- Area II: Select Financial Statement Accounts, 30–40%
- Area III: Select Transactions, 20–30%
- Area IV: State and Local Governments, 5–15%

REG: Content Area Allocation

- Area I: Ethics, Professional Responsibilities and Federal Tax Procedures, 10–20%
- Area II: Business Law, 10–20%
- Area III: Federal Taxation of Property Transactions, 12–22%
- Area IV: Federal Taxation of Individuals 15-25%
- Area V: Federal Taxation of Entities 28-38%

Some of the Changes for 2018

- As of April 1 there is a new look to the interface.
- Increased emphasis and focus on testing higher order skills such as Analysis and Evaluation.
- Document Review Simulations: Use of sample source documents, such as invoices, may be in Task-Based Simulations.
- The Prometic sites have upgraded to 23-inch HD monitors. This change gives candidates the opportunity to view multiple exam elements simultaneously, and will be especially beneficial while answering multifaceted problems, such as Document Review Simulations.

Tutorials and Sample Tests

- The link below provides some great opportunities for practice.
- <https://www.aicpa.org/becomeacpa/cpaexam/forcandidates/tutorialandsampletest.html>

Exam Fees in NY, First Time Applicant

<http://www.op.nysed.gov/prof/cpa/cpa1.pdf>

- Submit Form 1 with one-time application fee \$150.00
- Per part fee for each of the four parts \$208.40
- So total NASBA fees, all parts, first time \$983.60
- Separate NYS initial triennial license fee \$377.00

Note: CPAES is a service of NASBA. So when you see these terms you'll know they are related and found at the same web site, NASBA.org.

Registering for the Exam in NY

1. Apply to [CPA Examination Services](#) (CPAES) to sit for the examination by submitting the First-Time Application for the Uniform CPA Examination and the application fee to CPA Examination Services.
2. Provide CPA Examination Services with transcripts so that they can review your education to sit for the examination.
3. Have your colleges or universities submit copies of your official transcript directly to CPA Examination Services (CPAES) on your behalf. Upon receipt, CPAES will evaluate your education to sit for the exam.

Contact information for CPA Examination Services: [website](#), phone at 1-800-CPA EXAM (1-800-272-3926), or Email: cpaes-ny@nasba.org.

Documents to be Submitted in NY if All College Education was in U.S.

<https://nasba.org/exams/cpaexam/newyork/>

1. An official transcript from each school listed on your application. Transcripts must be sent directly from your school to CPA Examination Services.
2. International Evaluation, if applicable. Directly from evaluation agency to CPAES.
3. NY State Registered Program Form, if applicable. Directly from academic institution to CPAES.
4. Testing Accommodations Request Form, if applicable. Submission by you to CPAES.

If you completed education requirements at institutions outside the U.S., you must:

- Have your international education credentials evaluated by [NASBA International Evaluation Services](#)
- Submit a translated copy of each international transcript used for the evaluation.
- See details under “Transcripts” at:
- <https://nasba.org/exams/cpaexam/newyork/>

More on Exam Fees

- Retaking any and all sections costs \$75.00 in NY regardless of how many sections you register for together.
- After paying fees and registering, you will receive the “Notice to Schedule Your Exams” (NTS).
- The NTS is only good for six months, so only pay for the sections you intend to take within six months.

Schedule Your Exam, Prometric.com

Prometric Test Centers

The only one in the Rochester area is at

3300 Monroe Ave. 2nd floor Suite 214
Pittsford Place Mall
Rochester, NY 14618

Getting Exam Credit

- The passing score for each section is 75%.
- Candidates have eighteen months from the end of the “testing window” (calendar quarter) in which they passed their first part to pass the last three parts they take.
- If they don’t complete all four by then, the first one passed no longer counts and must be repassed. Then the 18 months counts from when the second passed part was passed.

Exam, More NY Information

- The Exam passing grades NEVER expire in NY, assuming you become an applicant in New York by applying with a [Form 1](#) and paying the fee of \$377.
- Applicants with exam scores older than 10 years are required to complete 40 hours of continuing professional education (CPE) in the previous 12 months prior to being licensed. (So don't wait!)

States Other Than NY, General Info

- Each state determines its own rules and laws related to CPA licensure and practice. Links for each of the states may be found at <https://www.nasba.org/stateboards>
- All of the states currently use the CPA exam.

States Other Than NY, General Info

- The required and permissible courses to meet the education requirements may vary by state.
- The acceptable work experience also varies. NY's law is very broad in this regard.
- Exam fees also vary.

Taking the CPA Exam in NY, Foreign Candidates

- Candidates who completed any of their post-secondary (college) education outside of the United States and did not complete a NYS Licensure Qualifying Registered program or an AACSB program as outlined in the Educational Requirements section, are required to submit a NYS [Form 2](#) with transcripts, mark sheets and translation (if necessary) to the NYS Education Department.
- CPAES will provide an evaluation of course work that will count.

[Evaluation of Foreign College Credits](#)

Experience: The Third E

<http://www.op.nysed.gov/prof/cpa/cpalic.htm#exa>

- Acceptable experience may be earned in a public accounting firm, government, private industry or an educational institution.
- The experience can be in one of the following service areas: accounting, attestation, compilation, management advisory, financial advisory, taxation, or consulting skills.
- The experience must be gained under the supervision of a U.S. certified public accountant who is properly licensed and registered or authorized to practice in the jurisdiction of their principal place of business. (It need not be a NY licensee.)

Full- and Part-time Experience

- An applicant who meets New York's 150-semester-hour education requirements for licensure must document one year of full-time experience, or the part-time equivalent.
- Full-time experience is considered to be a 5-day work week, with at least 35 hours per week, excluding overtime.
- Part-time experience is acceptable when the applicant has worked at least 20 hours per week. Two part-time weeks equate to one full-time week.
- Cooperative and internship experience count.

Types of Qualifying Work Experience

- Form 1 has a section for experience, and Form 4)b) requires your supervisor to verify your experience. It also includes many examples of qualifying work experience on the Instructions page.
- [Qualifying Work Experience, NY CPA License](#)
- Descriptions of what to do if you need verification for multiple employers are provided at the op.nysed.gov web site.

A Suggested Process for Taking the Exam in NY, Slide 1 of 2

- Determine which part(s) you want to take within the first six months you pay for.
- Plan when and how you will prepare for those parts.
- If taking a review course, determine when you will take the course for the first six months' parts.

A Suggested Process for Taking the Exam in NY, Slide 2 of 2

- Time the application to NASBA so that you will receive the NTS at least 1 month before sitting for the first part. They will generally suggest it takes 6-8 weeks but that information will be on the web when you apply.
- A Dresnack recommendation is to sit for one part every 2-3 months, and make sure to prepare well enough for each that you only need to take it once.

Once Licensed:

- CPAs are required to maintain their expertise through Continuing Professional Education (CPE). Requirements vary by state.
- Complying with state laws regarding professional responsibilities remains a fundamental requirement of the license and expectation of the public.
- CPAs in NY are required to renew their license every three years.

Transferability of Credentials

- If you get licensed in one state and want to then get licensed in another, the second state determines what it accepts and what needs to be done.
- The term for this is “Mobility” and it is a significant ongoing issue. The Uniform Accountancy Act” is an attempt to make this easier.

NY State Laws, Rules & Regulations

- **Education Law:**
- [Title VIII](#) - links to all Articles
- [Article 149](#) Public Accountancy

- **Rules of the Board of Regents**
- [Part 29](#) Unprofessional Conduct

- **Commissioner's Regulations**
- [Part 52-13](#) Registration of Curricula, Accountancy
- [Part 70](#) Public Accountancy

Important Links

[NYS Education Department Public Accountancy
Laws](#)

[NASBA NY Application and Information](#)

[AICPA/NASBA Candidate Bulletin](#)

Major Relevant Organizations

- NY State Education Department
- National Association of State Boards of Accountancy
- American Institute of CPAS
- Prometric

For additional help:

Bill Dresnack, CPA and Proud of It!

(585) 475-5414

wdresnack@saunders.rit.edu

NASBA: 1-800-CPA EXAM

cpaexam@nasba.org

NYS Office of the Professions: 518-474-3817

<https://eservices.nysed.gov/professions/contact-us#/>