



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

**TO:** Professional Practice Committee

**FROM:** Sarah S. Benson *Sarah S. Benson*

**SUBJECT:** Proposed Amendment of Sections 52.13, 70.2, 70.3 and 70.4 of the Regulations of the Commissioner of Education Relating to Education, Examinations, and Experience Requirements for Licensure in the Profession of Public Accountancy

**DATE:** May 5, 2022

**AUTHORIZATION(S):** *Don M. P.* *Bell...*

**SUMMARY**

**Issue for Discussion**

Should the Board of Regents adopt the proposed amendment of sections 52.13, 70.2, 70.3 and 70.4 of the Regulations of the Commissioner of Education relating to education, examinations, and experience requirements for licensure in the profession of public accountancy?

**Reason for Consideration**

Review of policy.

**Proposed Handling**

The proposed amendment will be presented to the Professional Practice Committee for discussion at the May 2022 meeting of the Board of Regents. A copy of the proposed rule is attached (Attachment A).

**Procedural History**

A Notice of Proposed Rule Making will be published in the State Register on June 1, 2022. Supporting materials are available upon request from the Secretary to the Board of Regents.

## **Background Information**

The American Institute of Certified Public Accountants<sup>1</sup> (AICPA) and the National Association of State Boards of Accountancy<sup>2</sup> (NASBA) have adopted the model Uniform Accountancy Act<sup>3</sup> (UAA). Sections 52.13, 70.2, and 70.3 of the Regulations of the Commissioner of Education were last amended in January 2010 to conform to prior amendments to the Education Law consistent with the UAA. Section 70.4 of the Regulations of the Commissioner of Education was last amended in 2020 to conform to the changes in the UAA and to provide the Department with additional flexibility in adapting to, and implementing, national standards relating to the certified public accountant examination.

Additionally, the Certified Public Accountant (CPA) Evolution, a joint effort, by the AICPA and NASBA, is currently in the process of transforming the CPA licensure model. This includes creating a new exam structure with a three-section core, plus one discipline. The three sections of the core exam will contain financial accounting and reporting, audit, and taxation. The candidate will choose one of the following disciplines: business analysis and reporting, information systems and controls, or tax compliance and planning. The changes to the new CPA exam are anticipated in or around January 2024.

As national licensing education and examination standards continue to evolve, it is necessary to again amend the Commissioner's regulations to conform thereto. As discussed below, this proposed amendment modernizes the education and examination standards for CPAs, sets forth education requirements to sit for the CPA licensure exam, and makes corresponding updates to the program registration standards. The proposed amendment is necessary to conform the Commissioner's regulations to the UAA and to ensure that CPA licensing standards remain current and relevant.

## **Proposed Amendment**

The proposed amendment of sections 52.13 and 70.2 of the Commissioner's regulations reflects the updated UAA and the CPA Evolution project, both of which emphasize incorporating technology into the profession of public accountancy. The proposed amendment of section 52.13 of the Commissioner's regulations amends the core content in accounting requirements in program registration to include a required course in accounting information systems. This is in addition to the existing four core

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<sup>1</sup> The AICPA, among other things, sets the ethical standards for certified public accountants (CPAs) and the United States auditing standards for private companies, non-profit organizations, federal, state, and local governments. It also develops and grades the Uniform CPA Examination.

<sup>2</sup> NASBA serves as a forum for the United States' 55 State Boards of Public Accountancy, which administer the Uniform CPA Examination, license CPAs and regulate the practice of public accountancy in the United States.

<sup>3</sup> In 1984, AICPA and NASBA established the Uniform Accountancy Act, which is an "evergreen" model licensing law developed to provide a uniform national approach to regulating the public accountancy profession.

courses in accounting course work: financial accounting and reporting, auditing and attestation, taxation, and a cost/managerial accounting course. Additionally, the proposal adds core content in business course work that will include a course in information systems technology and systems, business data analytics, business law, economics, and finance. This proposal includes a phase in period of five years, with an effective date of August 1, 2027.

The proposed amendment of section 70.2 of the Commissioner's regulations phases out a provision relating to the 120-semester hour pathway to licensure. No other jurisdiction offers this pathway to licensure and the current standard is 150 hours in New York. Therefore, the Department proposes to eliminate this pathway to align with the education standards of 54 jurisdictions. Accordingly, an applicant for licensure under this pathway will have to complete all requirements for licensure on or before August 1, 2027.

To ensure the experience gained for licensure is current, the proposed amendment of section 70.3 of the Commissioner's regulations:

- Clarifies that acceptable experience must be earned as an employee in public practice, which includes experience gained in a public accounting firm.
- Removes the provision allowing public accountants to certify acceptable experience.
- Replaces an inaccurate reference to section 70.1 of the Commissioner's regulations with the correct reference to section 70.2 of the Commissioner's regulations.

Finally, the proposed amendment of section 70.4 of the Commissioner's regulations amends the admission to the CPA exam requirements to align with the amendments made to section 52.13 of the Commissioner's regulations.

### **Related Regents Items**

June 2020: [Proposed Amendment to Section 70.4 of the Regulations of the Commissioner of Education Relating to Licensing Examinations in the Profession of Public Accountancy](https://www.regents.nysed.gov/common/regents/files/620bra5.pdf)

(<https://www.regents.nysed.gov/common/regents/files/620bra5.pdf>)

July 2020: [Proposed Amendment to Section 70.4 of the Regulations of the Commissioner of Education Relating to Licensing Examinations in the Profession of Public Accountancy](https://www.regents.nysed.gov/common/regents/files/720brca16.pdf)

(<https://www.regents.nysed.gov/common/regents/files/720brca16.pdf>)

September 2020: [Proposed Amendment to Section 70.4 of the Regulations of the Commissioner of Education Relating to Licensing Examinations in the Profession of Public Accountancy](https://www.regents.nysed.gov/common/regents/files/920brca9.pdf)

(<https://www.regents.nysed.gov/common/regents/files/920brca9.pdf>)

## **Recommendation**

Not applicable.

## **Timetable for Implementation**

It is anticipated that the proposed amendment will be presented for adoption at the September 2022 Regents meeting, after the publication of the proposed amendment in the State Register and expiration of the 60-day public comment period required under the State Administrative Procedure Act. If adopted at the September 2022 meeting, the proposed rule will become effective on September 28, 2022.

## Attachment A

### AMENDMENT TO THE REGULATIONS OF THE COMMISSIONER OF EDUCATION

Pursuant to sections 207, 6504, 6507, 7401 and 7404 of the Education Law.

1. Subdivision (b) of section 52.13 of the Regulations of the Commissioner of Education is amended, and a new subdivision (c) is added to read as follows:

(b) (1) Definitions. As used in this subdivision:

(i) [Professional] Prior to August 1, 2027, professional accountancy content area shall mean curricular content in professional accountancy that includes but is not limited to each of the subjects identified in clauses (a) through (d) of this subparagraph and may also include but need not be limited to the subjects identified in clauses (e) through (g) of this subparagraph:

- (a) financial accounting and reporting;
- (b) cost or managerial accounting;
- (c) taxation;
- (d) auditing and attestation services;
- (e) fraud examination;
- (f) internal controls and risk assessment; and
- (g) accounting information systems.

(ii) [General] Prior to August 1, 2027, general business content area shall mean curricular content relating to the development of knowledge in traditional business principles and technical skills. Curricular content in general business may but is not limited to each of the following subjects:

- (a) business statistics;

- (b) business law;
- (c) computer science;
- (d) economics;
- (e) finance;
- (f) management;
- (g) marketing;
- (h) operations management;
- (i) organizational behavior;
- (j) business strategy;
- (k) quantitative methods; and
- (l) information technology and systems.

(2) Curriculum. On or after August 1, 2004, in addition to meeting all applicable provisions of this Part, to be registered as a program recognized as leading to licensure in public accountancy which meets the requirements in section [70.1] 70.2 of this Title, such program shall be a baccalaureate or higher program that, by requisites or prerequisites, shall ensure completion of at least 150 semester hours or its equivalent, including a minimum of 33 semester hours or its equivalent in the professional accounting content area and a minimum of 36 semester hours or its equivalent in the general business content area. Such curriculum shall 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.

(c) (1) Definitions. As used in this subdivision:

(i) On or after August 1, 2027, professional accountancy content area shall mean curricular content in professional accountancy that includes but is not limited to each of the subjects identified in clauses (a) through (e) of this subparagraph and may also include but need not be limited to the subjects identified in clauses (f) through (i) of this subparagraph:

(a) financial accounting and reporting;

(b) cost or managerial accounting;

(c) taxation;

(d) auditing and attestation services;

(e) accounting information systems;

(f) fraud examination;

(g) internal controls and risk assessment;

(h) accounting ethics; and

(i) accounting data analytics.

(ii) On or after August 1, 2027, general business content area shall mean curricular content relating to the development of knowledge in traditional business principles and technical skills. Curricular content in general business shall include content in clauses (a) through (e) of this subparagraph and may also include but is not limited to subjects in clauses (f) through (m) of this subparagraph:

(a) information technology and systems;

(b) business law;

(c) business data analytics;

(d) economics;

(e) finance;

(f) management;

(g) marketing;

(h) operations management;

(i) organizational behavior;

(j) business strategy;

(k) quantitative methods;

(l) business statistics; and

(m) computer science.

(2) Curriculum. On or after August 1, 2027, in addition to meeting all applicable provisions of this Part, to be registered as a program leading to licensure in public accountancy that meets the requirements in section 70.2 of this Title, such program shall be a baccalaureate or higher program in accountancy or its equivalent that, by requisites or prerequisites, shall ensure completion of at least 150 semester hours or its equivalent, including a minimum of 33 semester hours or its equivalent in the professional accounting content area and a minimum of 36 semester hours or its equivalent in the general business content area.

2. Subdivision (b) of section 70.2 of the Regulations of the Commissioner of Education are amended to read as follows:

(b) ...

(1) ...

(2) An applicant who applies to the Department for licensure on or after August 1, 2009 shall be required to have satisfactorily completed a curriculum of at least 150



semester hours in a program described in paragraph (1) of this subdivision, except that an applicant who applies for licensure on or after August 1, 2009, but prior to August 1, 2027, and was licensed in another state prior to August 1, 2009 may meet the education requirements by having satisfactorily completed a curriculum of at least 120 semester hours in a program described in paragraph (1) of this subdivision, provided, however, that such applicant shall meet all requirements for licensure, prior to August 1, 2027.

(3) An applicant who applies to the Department for licensure prior to August 1, 2009 shall be required to have satisfactorily completed a curriculum of at least 120 semester hours in a program prescribed in paragraph (1) of this subdivision prior to August 1, 2009 and have submitted the required application forms for licensure to the Department prior to August 1, 2009, provided, however, that such applicant shall meet all requirements for licensure prior to August 1, 2027.

3. Section 70.3 of the Regulations of the Commissioner of Education is amended to read as follows:

#### Section 70.3 Experience requirements

(a) An applicant who has satisfied the requirements as to education shall meet the experience requirement for licensure as a certified public accountant by submitting documentation, satisfactory to the Board of Regents, of completion of the following experience requirements:

(1) One year of acceptable full-time experience, or the equivalent thereof, shall be required for an applicant who has met the professional education requirements for licensure in section 70.2 of this Part through completion of a curriculum of at least 150 semester hours in a baccalaureate or higher degree program in accountancy, or its

foreign equivalent, in accountancy that is registered by the Department pursuant to section 52.13 of this Title, accredited by an acceptable accrediting agency, or determined by the Department to be the substantial equivalent of a registered or accredited program.

(2) Two years of acceptable experience, or the equivalent thereof, shall be required for an applicant who has met the professional education requirements for licensure in section [70.1] 70.2 of this Part through completion of a curriculum of at 120 semester hours in a baccalaureate or higher degree program in accountancy, or its foreign equivalent, that is registered by the Department pursuant to section 52.13 of this Title, accredited an acceptable accrediting agency, or determined by the Department to be the substantial equivalent of a registered or accredited program.

(3) ....

(4) Such experience shall be attested to by a certified public accountant licensed in New York or in another political subdivision of the United States [or by a public accountant licensed in New York], provided that such certified public accountant [or public accountant] acted in a supervisory capacity to the applicant in the employing organization.

(b)...

(c) Acceptable experience in the practice of public accountancy shall be earned through employment as an employee in public practice in a public accounting firm, government, private industry or an educational institution.

[(d) For purposes of subdivision (a) of this section, if the experience was earned more than 10 years after the applicant passed the certified public accountant licensing

examination, a license will not be issued until the applicant completes a satisfactory amount of continuing professional education, as is deemed appropriate by the State Board.]

4. Subdivision (d) of section 70.4 of the Regulations of the Commissioner of Education is amended to read as follows:

(d) Admission to the examination. [For] (i) Prior to August 1, 2027, for admission to the licensing examination as a New York State candidate, the candidate shall meet all education requirements including, but not limited to, completion of a minimum of 120 semester hours of study in an acceptable accredited college or university which shall include at least one course in each of the mandatory professional accounting content areas defined in subparagraph (i) of paragraph (1) of subdivision (b) of section 52.13 of [the Regulations of the Commissioner of Education] this Title, or its equivalent as determined by the Department;

(ii) On or after August 1, 2027, for admission to the licensing examination as a New York State candidate, the candidate shall meet all education requirements including, but not limited to, completion of a minimum of 120 semester hours of study in an acceptable accredited college or university which shall include at least one course in each of the mandatory professional accounting and business content areas defined in subparagraphs (i) and (ii) of paragraph (1) of subdivision (c) of section 52.13 of this Title, or its equivalent as determined by the Department.