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National Association of State Boards of Accountancy  
American Institute of Certified Public Accountants  
Addressed to: [Feedback@EvolutionOfCPA.org](mailto:Feedback@EvolutionOfCPA.org)

Thank you for the opportunity to respond to the *CPA Evolution: Request for Input*. Our response represents the views from the American Accounting Association's Accounting Programs Leadership Group (APLG) and the Federation of Schools of Accountancy (FSA). We hope our views are helpful, and we offer our assistance as you continue to address the critical issue of technological advancements in the accounting profession.

Sincerely yours,

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## Response to AICPA and NASBA 2019 CPA Evolution Proposal

We have organized our responses according to the questions you posed in the request for input. Generally speaking, we agree that most of the principles outlined in this document are directionally correct and will be useful in guiding the ongoing development of the CPA licensure model. However, as the two leading organizations of accounting department chairs (APLG) and graduate accounting programs (FSA) in the country, we describe a number of concerns and questions that need additional attention. We outline those concerns and questions directly following each of your original statements (in italics below).

- *The CPA profession must adapt quickly due to the technological disruptions in areas such as data analytics, robotics, artificial intelligence and more. As such, the competencies, services and attitudes of CPAs need to continually evolve in order to protect the public interest.*

We agree that the CPA profession must adapt quickly to technological disruptions. As we adapt, there are a few important concerns that need to be addressed.

First, we need to ask how any proposed evolution in licensure requirements may impact a state's willingness to keep the current licensing structure in place. If the evolved requirements for CPA licensure do not require sufficient, minimum accounting competencies, could state legislatures derecognize the CPA as being the protector of the public trust? In states where a minimum percentage of firm partners must hold a CPA, would state legislatures alter those percentages based on a perception of a diluted CPA licensing process?

In addition, we need to consider the possible reactions from other regulators, such as the SEC. If a CPA can be a technology specialist who possesses very little (if any) financial accounting knowledge to exercise sound judgment over accounting policies, the SEC could seek legislation to require engagement partners to be something more than an evolved CPA. This could result in a two-tier structure being imposed on the profession where only "certified auditors" would be allowed to sign audit reports. We think this could lead to a long-term devaluation of the CPA credential.

The CPA designation is a recognized signal of financial expertise and knowledge for an individual. This signal is used in the business world when looking for professionals who are qualified for positions as CFOs and Board members. While we are considering the evolution of the CPA, we must ask how changing requirements may dilute the clear signal of financial expertise that the current CPA provides.

- *The CPA profession and state boards of accountancy recognize that technological and analytical expertise are essential to performing assurance work, as well as the other services that are currently, or will be in the future, core to professional accounting.*

We think this statement is directionally correct, although it needs some unpacking. What it means to be a professional accountant is at the heart of all of these statements. We think more discussion should be had on this idea. Professional accountancy is all about gathering, providing,

and analyzing reliable and relevant information for decision makers internal and external to an entity. Consequently, any skill or competency that would assist an accounting professional in this role could be seen as essential, including many emerging technologies and controls. The difficulty is in determining the minimum levels of each competency to require from a new professional who is seeking licensure.

We also need to acknowledge that some competencies serve a supporting role to the end goal of professional accountancy, and individuals who serve in these supporting roles may require a deep specialization in their field (e.g., computer programming). These individuals are unlikely to desire or need the CPA designation. The fact that an audit requires the use of specialists such as data analysts, programmers, valuation experts, etc. does not mean that these specialists need to be designated CPAs. At times, AICPA presentations seem to imply this is the case, but we do not think the need for specialists on audits means that these specialists should be (or would want to be) designated as CPAs.

- *The CPA profession and state boards of accountancy acknowledge that sustaining the profession and continued public protection require rethinking initial licensure requirements.*

We think this statement is directionally correct and support the AICPA and NASBA in its continuing efforts to rethink initial licensure requirements. A learned profession in which the public trusts must always be reconsidering its licensure requirements to reflect the current state of technologies, advancements, and societal needs.

That said, we think that the existing licensing approach (including education, examination, and practice requirements) can accommodate the need to increase skills and abilities related to emerging technologies. Indeed, educational institutions are evolving rapidly in response to accreditation requirements and recommendations by schools' boards of advisors to teach emerging technologies. As a result, we are not convinced that sweeping reconsideration of licensing requirements is necessary because existing licensing processes and standards are sufficiently adaptable to introduce new requirements for emerging technologies.

- *The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students. All must demonstrate minimum required competencies necessary to perform professional accounting services as a CPA.*

We disagree with this statement because it equates the need for technology specialists with the need to designate them as CPAs. The accounting profession unarguably needs more expertise in technology and analytics to protect the public trust given to us. To a large degree, this knowledge is being acquired by attracting to the firms non-accounting professionals with technology specialties so these individuals can conduct the specialist work they have been trained to do. However, we do not think individuals with this deep specialty expertise are likely to want a CPA designation. This is because to have successful careers they do not need to have the necessary

accounting expertise or even be recognized as an accounting professional. The accounting profession does not need to provide a pathway to a CPA designation to attract specialists to firms.

That said, for those non-accounting specialists or degree holders who want to obtain the CPA license, we think these individuals must obtain a sufficient background in accounting (whether by experience or formal education). Thus, we agree with the final statement in this paragraph that all must demonstrate a minimum required competency necessary to perform professional accounting services as a CPA. These necessary competencies include traditional accounting topical expertise (audit, tax, cost, AIS, and financial). At the same time, these traditional accounting topics must be augmented to include significantly more technology and analytics training. This means the requirements to become a CPA need to adapt (perhaps reducing the requirements in some traditional accounting areas and increasing requirements in technology and analytics).

We are concerned that the current approach to protect the profession seems to be finding technologists and licensing them, rather than strengthening the technology required of accountants. According to the 2019 Blueprint, 15-25 percent of the BEC section of the exam relates to information technology (IT). If we are concerned about accountants having sufficient technology skills, why do analytical and technological skills comprise such a small percentage of the exam?

While we are on the topic of attracting individuals to the accounting profession, we raise the ongoing concern that accounting firms continue to pay significantly less to accounting majors working in audit and tax than they (and other companies) pay to other majors, particularly IT/analytics and finance, who work in consulting or financial services. Although firms may argue that they hire sufficient numbers into tax and audit at those salaries, they do not attract the best and brightest students, who now major in IT/analytics or finance. The differences between starting salaries is simply growing too large to persuade the best students of the benefits of working in public accounting as auditing or tax professionals. The proposed evolution will not likely draw these higher paid majors into the lower paid accounting jobs. An evolution that strengthens the technology requirements of current programs would be a start to reversing this trend.

- *The changes must be rapid, transformational and substantive without negatively impacting candidates currently in the pipeline.*

Although the industry's need to incorporate these emerging technologies is unquestioned and must be rapid, it is less clear that the general licensing approach for a CPA needs to change as rapidly. In fact, we think the existing licensing approach is flexible enough to accommodate changes in the educational requirements and competency testing for emerging technologies without a need for a rapid overhaul. In short, we are not convinced that a transformational overhaul is needed because we do not think creating a path to CPA for technology specialists will actually attract more technologists to the firms, and because firms are able to attract these specialists without offering them a CPA designation. Altering current CPA education and exam requirements to focus on emerging technologies should be enough to strengthen the technology

backgrounds of new CPAs, regardless of whether they intend to work in public accounting or in industry.

- *This means candidates with different degrees would all be required to have education around a common core of both accounting and technology, as well as elective coursework that aligns with the work they are interested in performing as a CPA.*

We agree that CPA requirements need to be updated to reflect a need for minimum understandings in BOTH traditional accounting courses and technology. The licensure requirements can then broaden to allow for specialty coursework that aligns with the interests the CPA candidates want to pursue. Needless to say, accounting programs and their faculty need to evolve their teaching competencies quickly to stay current with any new licensing requirements.

- *The existing accounting graduate would need a greater understanding of technology, and the existing technology graduate would need a greater understanding of accounting.*

We agree with the first statement for existing accounting graduates. However, the second statement would only apply to those technology graduates with a desire to have a CPA credential. For non-accounting majors (e.g., technology-focused degrees) at any level who also want a CPA designation, we recommend a requirement to have sufficient knowledge of accounting. Meeting such a requirement cannot be token knowledge (e.g., two accounting courses).

- *This may necessitate reducing educational requirements on certain existing concepts and adding educational requirements on other concepts.*

We agree with this statement. However, as previously stated, non-accounting professionals or degree holders who desire a CPA designation must obtain sufficient accounting knowledge. At the same time, we think the AICPA and NASBA should be allocating significant resources to training our own accounting professionals with sufficient technology skills (echoing one of our earlier points here).

- *One examination would serve all candidates, with variations allowed within exam sections that correspond to area of study and interest.*

We think this is a potentially sound approach for the CPA exam. We suggest that the exam, however, require a minimum expertise in traditional accounting and technology to designate someone a CPA. After meeting those minimum requirements, specialty exam sections can be administered based on a candidate's preparation and desire to specialize in a body of knowledge.

Having said this, we do wonder how this approach would be different from existing AICPA designations (e.g., ABV, CFF) that have existed for some time. Is that program not working? Are the specialties signaled by those designations inconsequential to the market, at least relative to the strength of the CPA credential? If the specialty designations are not effective, then perhaps a similar approach for initial licensing should not be attempted. If the specialty designations have

worked well, then why do we need to adapt the initial licensure requirements to allow for modular paths?

- *Using the current exam structure, significantly modify the breadth and depth of the exam based on future looking practice analyses.*

The basic exam for CPA licensure needs to require a sufficient foundation in accounting-related topics, including technologies, before any specialized examinations are pursued. As we define new skills to be a necessary part of accounting knowledge, we can include those skills in the basic exam and adjust the minimum requirements in traditional accounting competencies. If skills (technology or from other arenas) beyond those needed by most accountants are desired in accounting, they can be assigned to more specialized examinations that follow the basic exam.

Changing licensing requirements can prove to be a lengthy and challenging process for state boards and legislatures. This should serve as a caution to the AICPA and NASBA to avoid getting too specific with licensing requirements (legislation). Perhaps the ideal scenario (one that many states already follow) is for states to require 30 hours of *graduate* education instead of 150 *university* hours, which many students are currently achieving without any graduate education in these specialty areas. Perhaps the hour requirements could follow a modular approach that aligns with the more modular exam being proposed, as long as the minimum accounting knowledge is required and tested.

- *Certain advanced and unique accounting and auditing concepts currently required for licensure are applicable to only a segment of practicing CPAs, while knowledge of systems controls and emerging technologies is increasingly relevant.*

As the AICPA and NASBA grapple with the correct level of sufficient, minimum knowledge from the traditional accounting areas (e.g., accounting and audit as noted in this question), we expect that some specialty knowledge will be deemed unnecessary going forward, while knowledge of emerging technologies will need to increase. There will be lots of give and take as the profession determines what the right mix is for these skills.