



September 27, 2022

American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

To Whom it May Concern:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the American Institute of Certified Public Accountant's Exposure Draft – *Maintaining the Relevance of the Uniform CPA Examination: Aligning the Exam with the CPA Evolution Licensure Model*.

Below are our responses to the specific questions posed in the exposure draft.

1. *Do the Core Exam Blueprints include the knowledge and skills required of all nCPAs (newly licensed CPAs) to protect the public interest?*

The inclusion of Governmental Accounting Standards Board (GASB) foundational concepts is appreciated. We are pleased that the AICPA is keeping state and local government (SLG) accounting and reporting in the FAR Core Exam.

- 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 nCPA practice.

We believe that the content previously included in FAR was basic governmental accounting and reporting concepts and principles that should remain in FAR as part of a nCPA's core discipline. We believe that the content in FAR related to governments (page A36) should remain; however, we suggest the Board consider that the content it moved to the newly proposed BAR, Area III (pages A65 and A76-79) should also remain in FAR as part of the core discipline. Specifically, this content involves basic governmental accounting and reporting concepts and principles, and governments need nCPAs who have this basic knowledge and skills as part of their core discipline.

We believe that the Core FAR Exam, Area II, Select Balance Sheet Accounts, I. Equity (page A42) should include questions regarding fund balance and net position reporting for SLG. We also believe that Area III, Select Transactions, C. Revenue recognition (page A43-44) should include questions related to SLG recognition in the different types of funds. This will highlight the differences in governmental accounting as well as carry into the BAR discipline exam, preparing CPA candidates for this required level of knowledge.

- 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.

We did not note any areas that should be removed.



2. *Do each of the Discipline Exam Blueprints include the knowledge and skills required of an nICPA to protect the public interest?*

Yes, with the following exceptions noted below.

- 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 nICPA practice.

We appreciate the inclusion of a new and separate area for SLG in the BAR discipline of the exam. The BAR Exam, Area III, State and Local Governments is comprehensive and detailed (pages A65 and A76-79). However, we encourage the Board to reevaluate the complexity of the content related to state and local governments in the core and choice disciplines' sections as compared to that of for-profit business entities and not-for-profit business entities to ensure that the expectations of an nICPA's knowledge and skills are on the same level to protect the public interest and they are better prepared for a career in practice in the governmental arena.

Many states rely on CPA firms to audit component units, the majority of which are prepared in compliance with GASB standards. States also have pension plans (GASB 67 & 68) and Other Postemployment Benefits (OPEB) (GASB 74 & 75) that are audited by CPA firms. The rules and guidance for the accounting and auditing for government defined benefit and defined contribution plans are complex and relatively new. Therefore, we believe OPEB should also be included within the BAR discipline as it is and will continue to be a significant portion of the total net position of state and local governments, non-profits, school districts, various colleges and universities.

- b. Is there content included in the Discipline Exam Blueprints that is not relevant to nICPA 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 nICPA practice.

We did not note any areas that should be removed.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O'Ryan of NASACT at (859) 276-1147 or me at (217) 782-2211.

Sincerely,

Michael Frerichs
President, NASACT
State Treasurer, Illinois