

Candidate Chronicle

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The State Board of Public Accountancy And CPA Licensure in Texas

For those who wish to become CPAs in Texas, the Texas State Board of Public Accountancy plays a pivotal role. The Board was created by the Texas Legislature under the *Occupations Code, Chapter 901* (the *Public Accountancy Act*) to examine, certify, and license certified public accountants (CPAs) in Texas. It is also charged with protecting the public interest by regulating the profession and by restricting use of the terms “accountant,” “auditor,” and their derivations to those whom the Board has determined to be competent, because of their education and experience, to practice public accountancy. As you embark on the road to your CPA license, you begin a relationship with the Board that will last your entire accounting career.

The Board, which meets every other month to consider policies and issues of concern in performing the Board’s statutory responsibilities, is made up of 15 members—10 CPAs and 5 from the private sector. In addition, Board members, who are appointed by the governor to overlapping six-year terms, meet in committee several times during the year. Your pursuit of a CPA license begins with the *Application of Intent*.

Step 1. Submitting an Application of Intent

There is no deadline for filing the *Application of Intent*. Many candidates file it when they believe they have completed or nearly completed their educational requirements as a way of officially “taking stock” and making sure they are meeting the requirements they need to meet. Once you file the application, you will have two years in which to take at least one section of the CPA exam or the application process must begin anew.

Since the launch of the computer-based CPA examination in April 2004, the success rate for candidates taking the exam has increased dramatically. This has been attributed to the fact that, rather than having to take the entire exam given only twice a year, applicants can now take the exam one or two sections at a time in any order they choose. Plus, the exam is available throughout the year in four two-month testing windows. Computer-based testing offers candidates a much greater degree of flexibility.

Filing the *Application of Intent* allows the Board (a) to evaluate your education for compliance with provisions of the *Act* and *Board Rules* and (b) to complete a background investigation to determine good moral character. The *Application of Intent*, complete with instructions, is available on the Board website: www.tsbpa.state.tx.us. (It is one of several useful brochures and forms that you will find there.) If the Board finds a deficiency in meeting the education requirements, which you may also find on the website, or if there are any questions after the background check, a member of the Board’s Qualifications Team will telephone, write, or email you.

Who Should Submit an Application of Intent?

There are three main categories of potential candidates who should submit *Applications of Intent*:

- Those who are completing the college courses needed to take the CPA exam.
- Those who have completed the required degree and courses needed to take the exam.

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- Those who have earned degrees and taken college courses from educational institutions outside the U.S.

A complete *Application of Intent* will include these components:

- A check or money order for the \$50 filing fee;
- Two identical passport-type photos taken within the past 6 months; and
- Official transcripts from each college or university attended



If you are awaiting scores on a section of the CPA exam, do not submit an Eligibility Application for that section until you have received your scores. If necessary, contact the Board for information about score reporting and submission of an Eligibility Application.

- Disclosure of any and all arrests, charges, convictions, probations, and deferred adjudications for misdemeanors and felonies
- Verification of legal status in the U.S.
- Government-issued identification document

For details on these requirements, down-

load the brochure *The Application of Intent Process* from the Board website or request a copy from the Board office in Austin.

Step 2. Eligibility Application

Once your *Application of Intent* has been approved (2 to 3 weeks), the Board will send a letter of approval and, under separate cover, a packet of materials to complete the next step of the process: the *Eligibility Application*.

Using the *Eligibility Application*, you will select the sections of the exam for which you wish to apply. Because you can take each of the four sections of the exam independently of the others, you do not have to apply for all four sections now. You should make a copy of the application for use in the future.

Part of this process is completing an *Affidavit of Applicant* by responding to and initialing each question or statement on the reverse side of the *Examination Agreement*. If you did not previously submit an *Application of Intent*, you will also need to send a

notarized copy of your Social Security card reflecting your current legal name; a notarized copy of your driver's license or passport with your photo and signature; and an identification card. Submit these documents with the \$70 nonrefundable, nontransferable fee for each section you wish to take.

The 90-Day Deadline

The Board will send you an *Approval Notice*, which includes a **90-day eligibility deadline** by which you will have to complete all of the following:

- **Pay** the examination fees to NASBA for the sections you wish to schedule;
- **Schedule** the time, date, and location to take the sections for which you have been approved; and
- **Take** all sections selected. (You won't want to sign up for more than you can complete within this time frame.)

Within about 10 days after receiving the *Approval Notice*, NASBA will send an *Exam Fee Payment Coupon* with which to pay exam fees for the sections you have been approved to take, along with instructions on paying. Once NASBA receives the fees, they will send you a *Notice to Schedule*. You will use the *Notice to Schedule* to contact Prometric and schedule your exam(s).

NASBA Exam Fees

AUD Auditing & Attestation	\$159.25
BEC Business Environment & Concepts	\$114.25
FAR Financial Accounting & Reporting	\$148.00
REG Regulation	\$125.50

Scheduling Your Exam

Follow these steps to schedule your exam online:

1. Go to www.prometric.com/cpa. Select **SCHEDULE APPOINTMENT**.
2. Select **CPA EXAM** and **COUNTRY/STATE**.
3. After viewing welcome screen, click **NEXT**, read all of the policy information, and click **I AGREE**.
4. On the Program Identifier Screen, enter your examination section ID number from your NTS (you have one identification number for each section of the examination; be sure to use the correct examination identification number for the section you are scheduling). Click **NEXT**.
5. Confirm proper section and click **NEXT**.
6. Follow on-screen instructions to select your preferred exam date and location.

Computerized CPA Examination Undergoing Changes

As computer-based testing (CBT) for the *Uniform CPA Examination* approaches its second anniversary (in April), it has met with very favorable reviews, but the American Institute of CPAs, which provides the uniform exam, isn't resting on its laurels. In the Summer/Fall 2005 issue of *The Uniform CPA Examination Alert*, a publication of the AICPA available at www.cpa-exam.org, Director Gregory Johnson said CBT is entering an "era of improvement and innovation."

One area of improvement is in accelerated score reporting, in place since the July–August 2005, testing window. Under AICPA's new schedule, scores are released in two waves, the first about one week before that testing window ends, and the second about two weeks after the last day of testing. Although an earlier score cannot be guaranteed, candidates who take the examination during the first week of the testing window have the best chance for the first wave of score release, although other factors beyond the control of the candidate also come into play.

Another innovation is the introduction of upgraded simulation software (version 1.5), which will make navigation within simulations more intuitive and address functionality concerns. That improvement had been scheduled for January 2006, but implementation has been delayed until later this year.

Nationally, fewer candidates have been testing since the introduction of CBT (true to a lesser degree in Texas),

thus AICPA appointed a Volume Task Force to consider why that was and what could be done about it. During 2005, the Task Force conducted surveys to find out as much as possible about the factors that influence a candidate's decision on whether or not to test, a bit of a puzzle in view of the generally positive response computer-based delivery has gotten. One employer told the Task Force emphatically why he thinks CBT is better than the paper-based exam, "Before, the written exam was emphasizing how much information could be memorized . . . Now, the exam assesses analytical skills, writing and communication skills, and research skills."

The Task Force surveys suggested that lack of time was the biggest factor keeping potential candidates from applying. Candidates said they also don't feel the urgency they felt when the exam was offered only twice a year. The result of CBT in Texas and in general has been that candidates are posting significantly higher passing rates because they can prepare for and take the sections one at a time rather than trying to prepare for all four sections at once.

The Task Force found that many candidates say they get little or no encouragement from their employers to take the exam. The Task Force plans to address that issue with employers in upcoming months. In addition, they will encourage CPA societies to sponsor review courses at reduced costs and to encourage review course providers to help candidates apply for the exam and track their progress through the process.

CONCERNED CPA NETWORK

Offering *confidential* assistance to CPAs,
exam candidates, and accounting students
who may have a drug or alcohol dependency problem
or mental health issues.

For information call

(800) 289-7053

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and endorsed by the Board.

LEGAL NOTICE: The identity and communications and fact of membership of anyone attending this group are confidential and protected under penalty of law under Chapter 467 of the Texas Health and Safety Code.

What to Expect Inside the Testing Center

Much has changed in the test-taking process since the launch of computer-based testing in April 2004. Gone is the mammoth room filled with row upon row of tables and chairs. Through a contractual agreement involving the National Association of State Boards of Accountancy (NASBA), the American Institute of CPAs, and the various state boards of accountancy, Prometric Testing Centers now deliver the *Uniform CPA Examination* at their testing centers in four two-month windows throughout the year. Applicants can now take the four-part test one section at a time, which has resulted in higher pass rates among candidates and, no doubt, much lower stress levels.

Years of planning went into developing the computer-based test, and one issue that was not overlooked was security. Even though there is not a Board representative present at the testing center, as in the pencil-and-paper days, Prometric must adhere to standards established and enforced by the Board. Board *Rules* that address testing issues may be accessed through a link on the Board's website: www.tsbpa.state.tx.us. Look for Rules 511.70, 511.72(d), 511.105(c), and 511.106.

At the Prometric Test Center

Identification Requirements. To enter the testing center, candidates must present two forms of identification plus the *Notice to Schedule* (NTS) they received from NASBA. The first form of identification must be a government-issued, unexpired document, such as a driver's license or passport. The second can be the identification card prepared for you by the Board or an ATM, credit, or debit card.

Photograph. Prometric's Test Center Administrator (TCA) will take a digital image at the time of check-in for verification of your identity with the Board. You may not test without having a photograph taken.

Log Sheet. The candidate will have to sign in and out on a testing room log sheet and present photo identification.

Audio/Video Recording. Candidates are observed at all times and an audio and video recording is made of the candidate in the lobby and in the testing room.

Materials Allowed in Testing Room. The only items allowed in the testing room are the *Notice to Schedule*, two forms of ID, and pencils, scratch paper, and earplugs provided by Prometric. All scratch paper must be accounted for before you leave the testing center.

Prohibited Items. Do not bring study materials to the test center. You may use a small locker in the lobby to store purses, wallets, keys, etc. A sweater or jacket may be worn in the testing room once it has been examined by the TCA. Prometric is required to make a Center Problem Report whenever it is necessary to confiscate a prohibited item.

Cheating. Candidates must sign an Examination Agreement and accept a Confidentiality and Break Policy Statement to be allowed to test. Consequences for breeching either of these can be severe, and candidates should familiarize themselves with Section 901.503 (see link on the Board website) of the *Accountancy Act*, which spells out actions the Board can take should it suspect a candidate of cheating on the CPA examination. Actions that constitute cheating are listed on the website under "Examination Security and Conduct." Candidates should read this section to understand all actions that can be construed as cheating, some of which might not be obvious. This publication also lists acts that can result in expulsion from the testing center.

The Board takes seriously protecting the integrity of the exam, but you can avoid problems by knowing the rules ahead of time.

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Understanding the Criminal Background Check

Because part of its charge involves determining good moral character in CPA candidates, the Texas State Board of Public Accountancy conducts criminal background investigations of anyone who applies to take the *Uniform CPA Examination* or who applies for licensure in Texas. This does not mean necessarily that a record of any sort of criminal behavior automatically eliminates a candidate from consideration. The process is much more complicated and involves a number of considerations. It also applies during the entire career of a CPA, from initial licensure through annual renewal.

Chapter 525 of the *TSBPA Rules* includes these provisions:

Section 525.1. Applications for the Uniform CPA Examination, Issuance of the CPA Certificate, a License, or Renewal of a License for Individuals with Criminal Backgrounds.

(a) The board shall not examine a CPA candidate, issue the CPA certificate, issue an initial license, or renew a license, and shall revoke a current license if the board finds that the applicant or licensee has been convicted of a felony offense which results in incarceration or upon revocation of applicant's or licensee's felony probation, parole, or mandatory supervision.

(b) The board may not examine a CPA candidate, issue the CPA certificate,

issue an initial license, or renew a license if the board finds that the individual applying has been convicted of a felony or misdemeanor offense which directly relates to the practice of public accountancy. In determining whether the felony or misdemeanor conviction directly relates to such duties and responsibilities, the board shall consider:

(1) the nature and seriousness of the crime;

(2) the relationship of the crime to the board's statutory responsibility to ensure that persons professing to practice public accountancy maintain high standards of competence and integrity in light of the reliance of the public, and the business community in particular, on the reports and other services provided by accountants;

(3) the extent to which a license to practice public accountancy might offer an opportunity to engage in further criminal activity of the same type as that in which the individual was previously involved; and

(4) the relationship of the crime to the ability, capacity, or fitness required to perform the duties and discharge the responsibilities of a certified public accountant or public accountant.

(c) In addition to the factors stated in subsection (b) of this section, the board shall consider Section 52.023 (Texas Occupations Code) in determining the present fitness of a candidate who has been convicted of a crime.

(d) Because an accountant is often placed in a position of trust with respect to client funds, and the public in general, and the business community in particular, rely on the reports and other services of accountants, the Texas State Board of Public Accountancy considers that the following crimes directly relate to the practice of public accountancy:

(1) any felony or misdemeanor of which fraud or deceit is an essential element;

(2) any felony or misdemeanor conviction which results in the suspension or revocation of the right to practice before any state or federal agency for a cause which in the opinion of the board warrants its action; and

(3) any crime involving moral turpitude.

(e) The following procedures shall apply in the processing of an application to sit for the uniform CPA examination.

(1) The candidate will be asked to respond, under penalty of perjury, to the question if he or she has ever been convicted of a felony or misdemeanor.

(2) The board may submit identifying information to the Texas Department of Public Safety and or other appropriate agencies on board letterhead requesting conviction records on all initial examination candidates and on those reexamination candidates about whom the executive director finds evidence to warrant a record search.

(3) The board will review the conviction records of candidates and will approve or disapprove applications as the evidence warrants. If the requested information is not provided by the Texas Department of Public Safety and or other appropriate agencies at least 10 days prior to the examination, a candidate may be permitted to sit for the uniform CPA examination, with his or her grades subject to being voided. A candidate may have his or her grades voided or may be denied the opportunity to sit for the uniform CPA examination on the basis of a prior conviction pursuant to a hearing as provided for in the Act.

(f) The following procedure shall apply in the processing of an application for issuance of the CPA certificate.

(1) The individual will be asked to respond, under penalty of perjury, to the question if he or she has ever been convicted of a felony or misdemeanor.

(2) The board may submit identifying information to the Texas Department of Public Safety and or other appropriate agencies on board letterhead requesting conviction records on individuals requesting issuance of the CPA certificate.

(3) The board will review the individual applications and the conviction records of applicants and will approve or disapprove applications as the evidence warrants. No CPA certificate or initial license may be issued to an individual whose application for a CPA certificate has been denied. The board may disqualify a person from receiving a CPA certificate or initial license on the basis of a prior conviction pursuant to a hearing as provided for in the Act.

Information Abounds on the TSBPA Website!

If you are about to begin the process of obtaining your CPA licensure in Texas, or if you have begun the process but not yet completed it, you have a new best friend: the Texas State Board of Public Accountancy website, www.tsbpa.state.tx.us. No matter what you want to know about the process, the answer can more than likely be found there:

- What are the steps to the application and examination process?
- What can I expect at the testing site?
- May I bring a calculator to the testing? A bottle of water? My favorite mechanical pencil?
- What happens if I break the rules?

- I have a DWI—does that mean I cannot qualify as a CPA in Texas?

These and many more questions are answered on the Board website.

Also to be found there are brochures that cover many aspects of the process in detail. These can be downloaded and printed out for your reference or hard copies may be requested from the Board. The topics covered include the following:

- Application of Intent Process
- Eligibility Application Process
- Transfer of Credit Process
- Exam Process
- Testing Accommodation Process
- FAQs Regarding the *Uniform CPA Examination*
- Test Tips for Candidates

- Tips for Taking the Exam
- Board-Approved Ethics Courses and Ethics Requirements for Taking the Exam

Success in getting through this process, which can be long and involved, depends on being prepared. No matter what you've heard in the way of information and advice from others who have taken the exam, you should be aware that rules and requirements change often, so the best source for up-to-date information is the TSBPA website, www.tsbpa.state.tx.us. Understanding the process will help you move more quickly toward your ultimate goal—licensure as a Texas CPA.

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