

The Rules Committee of the Texas State Board of Public Accountancy is holding a meeting by online video conference call pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. The Chair of the Rules Committee will be present at the 505 E. Huntland Drive location for the entirety of the meeting. In the alternative, the public may attend the meeting virtually using the following link.

Topic: Rules Committee Meeting

Time: Mar 22, 2023 01:30 PM Central Time (US and Canada)

<https://www.zoomgov.com/j/1612510876?pwd=Z1dESTBqY3JPc1RpdnFBZnBQQIR1UT09>

Meeting ID: 161 251 0876

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Meeting ID: 161 251 0876

Agenda Item V
Rules Committee Agenda
March 22, 2023
1:30 p.m.

- A. Discussion, consideration, and possible action concerning a revision to Board *Rules 511.80* and *511.83* to address the granting of credit to an individual taking the Uniform Certified Public Accountancy Exam (UCPAE) and increasing the validity of the grades from 18 months to 24 months.

- B. Schedule next meeting.

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DISCUSSION: The National Association of State Boards of Accountancy (NASBA) has circulated a draft of proposed revisions to the Uniform Accountancy Act Model Rules to address the taking and receipt of credit for the UCPAE. The proposed revisions address the period of time an applicant has to timely pass all parts of the exam in order to receive credit for the exam.

The Qualifications Committee will review the proposed NASBA revisions and then recommend to the Rules Committee any provisions in the proposed NASBA recommendations it believes the Board should adopt. The Qualifications Committee will be meeting on March 22, 2023 and its recommendations will be circulated to the committee shortly after the meeting for the committee's review.

RECOMMENDATION: The committee review and recommend to the Board the provisions in Board *Rules 511.80* and *511.83*, if any, which the committee believes are needed to address the new structure of the UCPAE.

SUGGESTED MOTION: That the committee recommend the proposed revisions to the Board for publication in the *Texas Register* for public comment.



National Association of State Boards of Accountancy

February 15, 2023

TO: State Boards of Accountancy and other interested parties

FROM: Nicola Neilon, Chair – NASBA Uniform Accountancy Act Committee

As approved by the NASBA Board of Directors, we are releasing for a 60-day comment period, a revised exposure draft incorporating additional proposed amendments to the Uniform Accountancy Act's Model Rules that pertain to the examination. The original amendments were developed by the NASBA CBT Administration Committee and reviewed by the NASBA Uniform Accountancy Act Committee, which recommended them to the NASBA Board for public comment at its October 11, 2022, meeting.

At its January 2023, meeting, NASBA's Board of Directors voted unanimously to support further amendments to Rule 5-7 that would increase the length of conditional credit from 18 months to 24 months and to request a review of the proposed language in Rule 5-7(e) to determine if greater clarity as to a Board's authority to allowing additional time to candidates could be gained by adding descriptive language. In February, NASBA's Uniform Accountancy Act committee met and developed the additional clarifying language. NASBA's Board of Directors approved both additional changes for exposure at its February 14, 2023, meeting.

The changes being proposed cover the granting of credit requirements for sections passed on the Uniform CPA Examination (Exam) for those wishing to enter the CPA profession. The revised exposure draft provides that once a candidate has successfully passed one section of the Exam, all jurisdictions provide candidates with a rolling twenty-four (24) month period to successfully pass the remaining sections of the examination. The date from which credit is calculated varies among the jurisdictions. In addition, recent revisions to the Exam indicate that score delays may occur when updates are made to Exam content and structure. The Committees' recommendation seeks to provide uniformity among the jurisdictions on how the granting of credit is calculated and to address possible future score delays when Exam content or structure changes occur.

As proposed, Rule 5-7 Retake and granting of credit requirements would be deleted and re-written to include:

- Rule 5-7(a) provides that a candidate may take the required Test Sections individually in any order and that credit for any Test Section passed shall be valid for twenty-four (24) months from the date the passing score was released by NASBA to the candidate or the Board.
- Rule 5-7(a)(1) provides a candidate must pass all Test Sections within a rolling twenty-four (24) month period that begins with the date the first passing score(s) are released by NASBA to the candidate or the Board. The rolling window would conclude with the sit date of the final Test Section passed, regardless of when the score is released by NASBA for the final Test

Section. If all Test Sections are not passed within twenty-four (24) months, credit for any Test Section passed outside the twenty-four (24) month period shall expire.

- Rule 5-7(b) is being proposed to prohibit a candidate from taking a failed Test Section until the candidate has been notified of the score for the most recent attempt of that failed Test Section.
- Rule 5-7(c) provides that a candidate is deemed to have passed all required Test Sections in the rolling twenty-four (24) month period.
- Rules 5-7(d) provides a candidate shall retain credit for any and all Test Sections of the examination passed as a candidate of another state if such credit would have been given under then applicable requirements in this State.
- Rule 5-7(e) provides that the period of time to pass all Test Sections of the examination may be extended by the Board upon a showing that the credit was lost by reason of individual hardship including, but not limited to, health; military service; a disruption at the local, regional, or national level impacting the candidate; or other circumstances beyond the candidate's control.

We believe these changes will provide guidance for State Boards and candidates in the years ahead. We encourage the State Boards and other interested parties to consider these proposed changes and send any comments or recommendations to the UAA Committee via uaacomment@nasba.org by April 17, 2023.

Sincerely,

Nicola Neilon

Nicola Neilon, CPA
Chair, NASBA Uniform Accountancy Act Committee

Uniform Accountancy Act Model Rules – Conditional Credit

Rule 5-7 – Retake and granting of credit requirements.

~~(a) — A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for a period of eighteen (18) months and be calculated from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.~~

~~(1) — Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.~~

~~(2) — (A) — Subject to subsection 7(a)(2)(B), Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.~~

~~(B) — If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (A) will no longer be effective, and a Candidate can retake a Test Section once their grade for a n y previous attempt of that same Test Section has been released.~~

~~(3) — In the event all Test Sections of the examination are not passed within the rolling eighteen (18) month period, credit for any Test Section(s) passed outside the eighteen (18) month period will expire and that Test Section(s) must be retaken.~~

~~(b) — A Candidate shall retain credit for any and all Test Sections of the examination passed as a candidate of another state if such credit would have been given under then applicable requirements in this State.~~

~~(c) — A Candidate shall be deemed to have passed the examination once the Candidate holds at the same time valid credit for passing each of the Test Sections of the examination. For purposes of this section, credit for passing a Test Section of the examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives notice of the passing grade.~~

~~(d) — Notwithstanding subsection (a) of this Rule, the Board may in particular cases extend the term of credit validity upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.~~

(a) A Candidate may take the required Test Sections individually and in any order. Credit for passing any Test Section shall be valid for that Test Section for twenty-four (24) months from the date the passing score for such Test Section is released by NASBA to the Candidate or the Board, as the case may be, regardless of the number of Test Sections taken or having to attain a minimum score on any failed section(s).

(1) A Candidate shall pass all required Test Sections within a rolling twenty-four (24) month period. The rolling twenty-four (24) month period begins on the date the first passing score(s) are released by NASBA to the Candidate or the Board, as the case may be. The rolling twenty-four (24) month period concludes on the date the Candidate sits for the final Test Section passed, regardless of when the score is released by NASBA for the final Test Section.

(2) A Candidate who earns initial credit on one or more Test Section(s) of the CPA examination must sit for and complete the remaining required Test Section(s) of the examination by midnight local time at the Board's main office on the last day of the twenty-four (24) month period.

- (3) If all required Test Sections are not passed within this initial twenty-four (24) month period, credit for the first Test Section(s) passed shall expire and a new rolling twenty-four (24) month period shall begin on the date the second passing score(s) were released by NASBA to the Candidate or the Board, as the case may be, and continue for twenty-four (24) months from that date. If all required Test Section(s) are not passed within this next rolling twenty-four (24) month period, credit for the second Test Section(s) passed shall expire and a new rolling twenty-four (24) month period will begin on the date the next Test Section passing score, if any, was released by NASBA to the Candidate or the Board, as the case may be, and this cycle of twenty-four (24) month rolling periods and Test Section credit expirations will continue until all Test Sections are passed within one twenty-four (24) month rolling period. Notwithstanding the foregoing, if a Candidate stops testing for a twenty-four (24) month period, then all credit for previously passed Test Sections will expire.
- (b) A Candidate shall not retake a failed Test Section until the Candidate has been notified of the score for the most recent attempt of that failed Test Section.
- (c) A Candidate shall be deemed to have passed the examination if the Candidate obtains credit for passing all required Test Sections in one rolling twenty-four (24) month period.
- (d) A Candidate shall retain credit for any and all required Test Sections of the examination passed as a Candidate of another state if such credit would have been given under then applicable requirements in this State.
- (e) Notwithstanding subsections (a), (b), and (c) of this Rule, the period of time in which to pass all required Test Sections of the examination may be extended by the Board upon a showing that the credit was lost by reason of individual hardship including, but not limited to, health; military service; a disruption at a local, regional, or national level impacting the Candidate; or other circumstances beyond the Candidate's control.

1 **Rule 511.80 Granting of Credit**

2 (a) The board shall grant credit to an applicant for the satisfactory completion of a
3 section of the UCPAE provided the applicant earns a passing score on the section as
4 determined by board rule. The credit shall be valid for ~~18~~ **24** months from the actual
5 date of notification of passing score results. The ~~18~~ **24** months may be temporarily
6 extended by the executive director, in accordance with §901.307(b) of the Act (relating
7 to Grading Examination), in order to provide for uniformity with other state regulatory
8 authorities or for reasonably unforeseeable or uncontrollable events.

9 (b) An applicant must pass the remaining sections within the next ~~18~~ **24** months. Should
10 an applicant's exam credit be invalidated due to the expiration of ~~18~~ **24** months without
11 earning credit on the remaining sections, the applicant remains qualified to take the
12 examination.

13 (c) An applicant receiving and retaining credit for every section on the UCPAE, within an
14 ~~18-month~~ **24-month** period, shall be considered by the board to have completed the
15 examination and may make application for certification as a CPA.

16 (d) Effective January 1, 2024, an applicant who has an active credit on a section of the
17 UCPAE shall have earned credit on the newly structured UCPAE as follows:

18 (1) credit on auditing and attestation (AUD) shall transition to auditing and attestation
19 (AUD);

20 (2) credit on financial accounting and reporting (FAR) shall transition to financial
21 accounting and reporting (FAR);

22 (3) credit on regulation (REG) shall transition to taxation and regulation (REG); and

23 (4) credit on business environment and concepts (BEC) shall not transition to a
24 specific discipline as there is not an equivalent section, however, credit will be retained
25 in lieu of a discipline.

26 (e) Effective January 1, 2024, the Board shall grant credit to an applicant for the
27 satisfactory completion of the following sections of the UCPAE provided the applicant
28 earns a passing score on the section as determined by board rule. The credit shall be
29 valid for ~~18~~ **24** months from the actual date of notification of passing score results:

30 (1) auditing and attestation (AUD);

31 (2) financial accounting and reporting (FAR);

- 1 (3) taxation and regulation (REG); and
- 2 (4) one of the following discipline sections:
- 3 (A) business analysis and reporting (BAR);
- 4 (B) information systems and controls (ISC); or
- 5 (C) tax compliance and planning (TCP).
- 6 (f) An applicant who has received and retained credit for any or all sections on the
- 7 UCPAE may transfer such credits to another licensing jurisdiction if the applicant pays
- 8 in advance a transfer fee set by board rule as identified in §521.7 of this title (relating to
- 9 Fee for Transfer of Credits).
- 10 (g) If the UCPAE is restructured by the AICPA, the board shall determine the manner in
- 11 which active credit earned prior to the restructure for a subject is integrated into the new
- 12 UCPAE.
- 13 (h) Interpretive Comment: For the purpose of this section unforeseeable and
- 14 uncontrollable events include by are not limited to the health of the applicant, accidents
- 15 limiting the applicant, **military service**, natural disasters, or acts of God.

1 **Rule 511.83 Granting of Credit by Transfer of Credits**

2 (a) In order for the board to grant credit to an applicant for partial completion of the
3 UCPAE given by the licensing authority of another jurisdiction the applicant must have
4 met the following requirements:

5 (1) earned a score of 75 or higher on any section of the examination;

6 (2) was awarded credit by the licensing authority of another jurisdiction for the
7 section(s) taken while an applicant of that board; and

8 (3) the credit awarded by the licensing authority of another jurisdiction has not expired.

9 (b) If the board accepts transfers of credit, it will also accept transfers of credit for
10 sections passed at subsequent examinations.

11 (c) The grades made by an applicant on sections under consideration must be the ones
12 reported to the licensing authority of another jurisdiction by the AICPA through NASBA.

13 (d) An applicant allowed credit for each section passed must pass the remaining
14 section(s) within the next ~~48~~ **24** months from the date credit was awarded or forfeit
15 credit received for that section.

16 ~~(e) An applicant who has earned the right to partial reexamination and who fails to pass
17 the remaining section(s) of the examination within the applicable time limits shall lose
18 the right to partial reexamination and must take the entire examination upon later
19 application.~~

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