

## Memorandum

AEC Agenda Item VI.  
February 18, 2011

To : AEC Members

Date : February 7, 2011

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Subject : Information on Educational Documents to Meet the 20 Units of Accounting Study  
Required for CPA Licensure Beginning January 1, 2014

For purposes of assessing an applicant's educational qualifications for CPA licensure, the California Board of Accountancy (CBA) relies on certified transcripts sent directly to the CBA from the college/university, or foreign credential evaluations received directly from a CBA-approved Foreign Credential Evaluation Service.

For this memorandum, staff is providing an overview of the transcript/foreign credential evaluation process and topics to consider related to the subcommittee proposal for the 20 units of accounting study. The overview of the evaluation process will provide members with a context regarding how staff determine whether an applicant meets the present 24/24 accounting and business-related requirements. Following the overview, staff have provided topics to consider regarding how the process will evolve with the new 20 units of accounting study.

### Overview of the Transcript/Foreign Credentials Evaluation Process

Step 1: Determine accrediting agency or body.

Step 2: Determine whether units earned are semester or quarter.

Step 3: Verify conferral of baccalaureate degree or higher.

Step 4: Circle units earned for all accounting-related courses if the title includes any of the following: accounting, assurance, attestation, auditing, bookkeeping, CPA review, external reporting, field assignment and reporting, financial statement analysis, financial reporting, financial reporting standard, internal reporting, peachtree, Quickbooks, Cost (e.g. costing, cost analysis, cost analysis management, etc.), tax, tax law, tax and local government, federal taxation, direct taxes, VITA, and any courses with the designator ACCY or ACCT.

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- Step 5: Checkmark units earned for all business-related courses in the following subject matter: business administration, business communications, business law, business management, management, computer science/information systems, economics, finance and financial management, forecasting, marketing, mathematics, statistics, and business-related law courses offered by an accredited law school.
- Step 6: Tally all accounting units, and if necessary, convert all quarter units to semester units.
- Step 7: Tally all business-related units, and if necessary convert all quarter units to semester units.

### Issues to Consider Related to Subcommittee Proposal for the 20 Units of Accounting Study

The CBA will employ a substantially similar approach to evaluation of transcripts and foreign credentials under any proposal offered by either the Accounting Education Committee (AEC) or the Ethics Curriculum Committee. Specific to the proposal presently being offered to the AEC by the subcommittee under **Agenda Item V** (including the staff-prepared draft regulatory language provided for in **Attachment #4** to that agenda item), staff have identified some preliminary issues for members' consideration.

#### *Upper Division Courses*

As part of its proposal, the subcommittee continues to recommend that all units completed to fulfill the 20 units of accounting study be completed at an upper division or higher level. When evaluating transcripts for four-year colleges/universities, identifying what constitutes an upper division unit does not generally prove problematic; the same, however, does not hold true for community colleges.

It is staff's understanding, based on previous discussions at earlier meetings that community colleges do offer upper division courses. When staff reviewed a select number of community college transcripts (**Attachment #1**), staff saw nothing on the transcripts course numbering system sections that indicated those course numbers which would qualify as upper division. If staff cannot identify the course numbers that qualify for upper division, the applicant will not receive credit for those units toward the 20 units of accounting study.

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As just noted, in general for four-year colleges/universities, the course numbering system outlined on the reverse of the transcripts clearly indicates those courses taken at an upper division level or higher. There are, however, other categories that appear within the course numbering system that are questionable in terms of whether the applicant should receive upper division credit toward the 20 units of accounting study – e.g. “Other Professional Courses.” (See **Attachment #2.**)

#### *Transferred Units*

When an applicant completes units at a college/university, the units earned and transferred often appear in one of two formats. First, the college/university provides the name of the institution where the applicant earned the units and simply indicates the total number of acceptable transferrable units. Second, the college/university provides the name of the institution where the applicant earned the units and lists out the course titles and units earned, but does not list the course number.

In many instances, the applicant will rely solely upon the transcript from which he/she received his/her baccalaureate degree. Often times this proves sufficient in meeting the present 24/24 requirement for accounting and business-related courses and the 150-hour requirement. Staff is unsure if this will remain the same under the new 20 units of accounting study.

#### *Identifying 20 Units of Accounting Study Based on the Proposed Regulation*

Staff’s overall approach for evaluating transcripts or foreign credentials related to accounting and business-related courses will not change under the present 20 units of accounting study draft regulation, other than ensuring that the upper division units are met. For the definition presently being considered for the term “other academic work relevant to accounting and business,” staff will take an approach similar to the one presently employed for the accounting and business-related identification process.

CBA Regulations Sections 9.2(b) and (c) provide several key words staff use when identifying units on a transcript – accounting, taxation, financial reporting, finance, economics, mathematics, etc. For the proposed definition under consideration for the term “other academic work relevant to accounting and business,” staff would use a substantially similar approach. For example, for the definition of Skills-based courses, staff would look for courses with terms such as oral/verbal, presentation, writing, gather, analyze and assess, and conclusion. Similarly, for Industry-based courses, staff would look for courses with the word

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“industry” in the course title. (See draft regulatory language in **Agenda Item V, Attachment #4**, subsections (3)(A) and (C) respectively.)

This process for evaluation for the Skills- and Industry-based courses could conceivably impact an applicant by not providing him/her credit for units in one of these educational areas because the course title did not include words or terms such as those identified above. Presumably, an applicant could request that staff reconsider the course by submitting and supplying a course description which clearly provides the words or terms. This, however, would significantly slow down the application process for the applicant.

Under the subcommittee’s proposal outreach to both colleges/universities and potential applicants will be instrumental toward limiting the impact on topics identified by staff. Through the outreach process, the CBA will inform schools that updating the information on the transcript will substantially limit the possible deficiencies that may arise in trying to determine those units earned at an upper division level or higher. Along the same lines, informing schools of the need to clearly identify the course title will limit the possible deficiencies that may arise when reviewing course titles under the term “other academic work relevant to accounting and business.”

For applicants, staff will inform them of the need to request certified transcripts from all colleges/universities and not to rely on the transcripts reflecting transferred units. This may increase the volume of transcripts received, add an additional step for applicants, and possibly increase the review time; it should, however, supply the CBA staff with the necessary information to complete the educational review.

Attachments





# Lake Tahoe Community College

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## Accreditation and Calendar

Lake Tahoe Community College is a two-year public degree granting institution, fully accredited by the Western Association of Schools and Colleges. The College operates on a quarter calendar. An Associate in Arts Degree is conferred for ninety (90) quarter units, a 2.0 grade point average, and specified courses.

## Explanation of Grades and Grade Points

A	Excellent	4 grade pts
B	Good	3 grade pts
C	Average	2 grade pts
D	Passing (less than satisfactory)	1 grade pt
F	Fail	0 grade pts
CR	Credit (at least satisfactory)*	0 grade pts
NC	No Credit (less than satisfactory)*	0 grade pts
P	Pass (at least satisfactory)**	0 grade pts
NP	No Pass (less than satisfactory)**	0 grade pts
I	Incomplete (units not counted in GPA)	0 grade pts
W	Withdrawal (units not counted in GPA)	0 grade pts
MW	Military Withdrawal (units not counted in GPA)	0 grade pts
IP	In Progress (units not counted in GPA)	0 grade pts
RD	Report Delayed (units not counted in GPA)	0 grade pts
AU	Audit (0 units)	0 grade pts

## Family Rights and Privacy Act

This educational record has been released in accordance with the Family Educational Rights and Privacy Act of 1974 as amended. Information contained in these records may not be released to a third party without written consent of the student.

## Course Coding

N = Non degree applicable

\* Used prior to Summer 2009

\*\* Used Summer 2009 and subsequent quarters

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