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Re: No. 16A-5513 (Act 73 and Act 15 amendments) – Proposed Regulations, State Board of Accountancy

Dear Mr. Blackburn:

Please consider my comments on the State Board of Accountancy's proposed regulations related to the implementation of Act 73 and Act 15. I have been a CPA in Pennsylvania for 30 years. I am an audit partner in a large, international public accounting firm that provides attest, tax and consulting services to some of the largest corporations and not-for-profits in the world. In addition, I am a former member and past chair of the Pennsylvania State Board of Accountancy.

Overall, I am in agreement with the proposed regulations, except the following:

- §11.23a – subsection (b) provides for a minimum competency requirement of either 400 hours of experience in certain attest services over a period of five years and at least 24 hours of CPE in listed areas, or be a member or employee of a firm that is subject to peer review.

The requirement for 400 hours over a 5 year period (minimum of 80 hours per year) is insufficient to demonstrate competency in any profession, including the accounting/audit profession. Since the Act 15 amendments to the CPA Law eliminated the requirement that a candidate have at least 400 hours of experience in attest activity in public accounting, as an internal auditor meeting certain standards, or as an auditor with a unit of the Federal, state or local government, to a more general experience requirement, it is imperative that the Board strengthen other requirements to the CPA certification. While I understand – and agree with – the proposed changes to the CPE requirements for CPA's engaged in attest activity (proposed §11.63(a)(1)), meaningful, practical experience has always been an integral part to every profession. With the pace of change in the accounting profession and the increased importance of the attest function, it would be prudent to require more than 80 hours a year of experience before the Board lets a CPA sign an audit opinion.

Subsection (b)(1)(i) allows for the 400 hours of experience over five years in attest services gained in government, industry, academia or public practice. Based on the definition of “attest activity” in the CPA Law, it is unclear how anyone could provide attest services in industry or academia. Generally, an attest activity requires the rendering of an opinion on financial information in accordance with professional standards (e.g., AICPA or PCAOB standards). This type of activity would only be performed in public accounting and, to a lesser extent, in government. Therefore, I suggest that “industry” and “academia” be deleted from this subsection.

- §11.55 – subsection (c) provides a list of areas that qualify for acceptable experience in order for a candidate to become a CPA. Subsection (10) has been added in the proposed regulations. I fail to see how teaching an accounting course qualifies as acceptable experience. While teaching has been an acceptable form of CPE, it has never been considered for the experience requirement. The Board needs to assure the public that CPA’s have real-life, hands-on experience. This can only be done by actually practicing the profession. I recommend deleting proposed subsection (10).

I thank you in advance for your consideration of my suggestions. Please feel free to contact me if you would like to discuss my comments.

Sincerely,



William J. Park, CPA

cc: Honorable Sen. Robert M. Tomlinson
Honorable Rep. Julie Harhart
Martin Levin, CPA, Chairperson – State Board of Accountancy