

CPA – THE 150 HOUR RULE

(Presentation Outline)

Presented by Thomas Linder, C.P.A.

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Discussion Points

- ← Background – General Requirements to be a CPA
- ← Background – the Exam
- ← Why the Move to 150 Hour Rule?
- ← How can the 150 Hour Rule be met?
- ← Impact of 150 Hour Rule
- ← Resources for further Information

Background – General Requirement to be CPA

- ← Education Requirement – change from 120 to 150 qualifying semester hours
- ← Passing the CPA examination in one of the 54 licensing jurisdictions
- ← Keeping up with continuing education requirements and paying dues to the American Institute of Certified Public Accountants (AICPA) and State Chapter
- ← “Experience requirement” (usually 2 years)

Background – the Exam

- ← Exams are in early May & November
- ← You can not sit for exam without proof of eligibility (150 Hour, etc)
- ← Exam has 4 parts;
 1. Business Law and professional responsibility
 2. Auditing
 3. Accounting and Reporting
 4. Financial Accounting and Reporting
- ← Need a score of 75 to pass a section
- ← Need to “condition” to avoid retaking already passed sections

Why the move to 150 Hour Rule?

- ← Accounting & tax rules have become more complex
- ← Technology has become more sophisticated and thus control & IT systems more complex

- ← Accounting firms needs have changed. More is expected of staff earlier in their career
- ← Adds prestige to the accounting degree and brings it more into line with legal & medical professions

How can the 150 Hour Rule be met?

- ← Combining an undergraduate degree and a master's degree in accounting
- ← Combining a non-accounting undergraduate degree with a master's in accounting or an MBA with a concentration in accounting
- ← Enrolling in an integrated five-year professional accounting program leading to a master's degree in accounting
- ← Taking additional classes to supplement the undergraduate education
- ← Note that 6 licensing jurisdictions do not have 150 Hour requirement yet (as of January 2003)

Impact of 150 Hour Rule

- ← Overall passing rate has increased from approximately 12% to 16%, after introduction of 150 Hour Rule
- ← More well rounded C.P.A.'s
- ← Smaller pool of candidates – early information indicates a significant drop in candidates – less than 50% of pre-enactment levels (as of January 2003)

Resources for further Information

- ← AICPA
 - ▣ Address – American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, NY 10036-8775, USA
 - ▣ Website – www.AICPA.org
- ← State Chapters of AICPA
- ← Teaching Organizations;
 - ▣ Becker
 - ▣ ATC
- ▣ BPP