

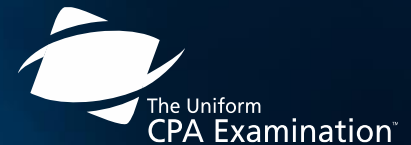


Maintaining the Relevance of the Uniform CPA Examination

Henrietta Eve, CPA

Technical Manager

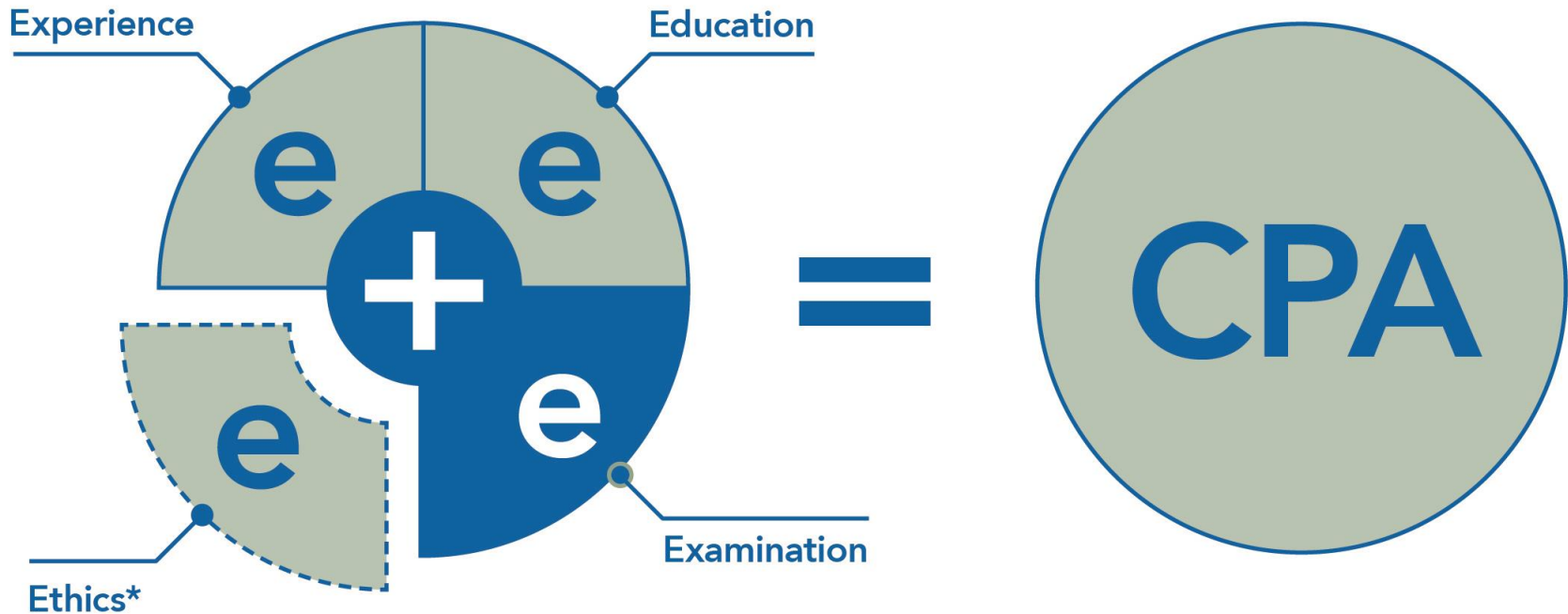
February 2016



Our Mission

Provide reasonable assurance to boards of accountancy that candidates who pass the CPA Exam possess the level of technical knowledge and the skills necessary for initial licensure to *protect the public interest*

Newly Licensed – Eligibility



**Certain states require a separate ethics assessment in addition to what is tested on the CPA Exam.*

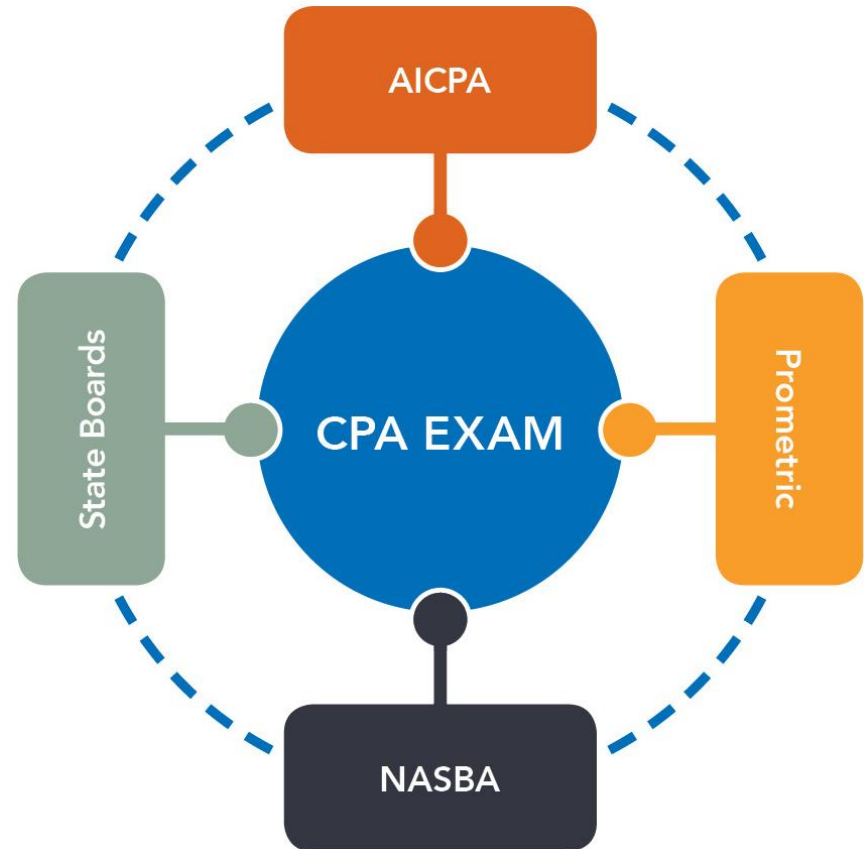
A Collaborative Effort

AICPA is responsible for the development and scoring of a valid, legally defensible examination

Prometric is responsible for the delivery of the Exam to approved test centers, scheduling test appointments, test administration and the return of results to the AICPA for scoring

NASBA, the association for boards of accountancy, provides additional services on its own and through its subsidiary, CPAES

State Boards are the licensing body and the exam helps them meet their regulatory responsibilities



Practice Analysis

Exam Through the Years



2004

Paper / Pencil Conversion



2008 - 2011

CBT-e



2014 - 2017

Next Version

Why a Practice Analysis?

***Ensures relevancy with
the profession***

What do we test?

and

How do we test it?

Research Project Timeline



What We Learned

Critical thinking,
problem solving,
analytical ability
and professional
skepticism

Content knowledge is
the key to protecting
the public interest –
but alone it is not
enough

Well-developed
research skills

Effective
communication
skills

A strong
understanding of
the business
environment and
processes

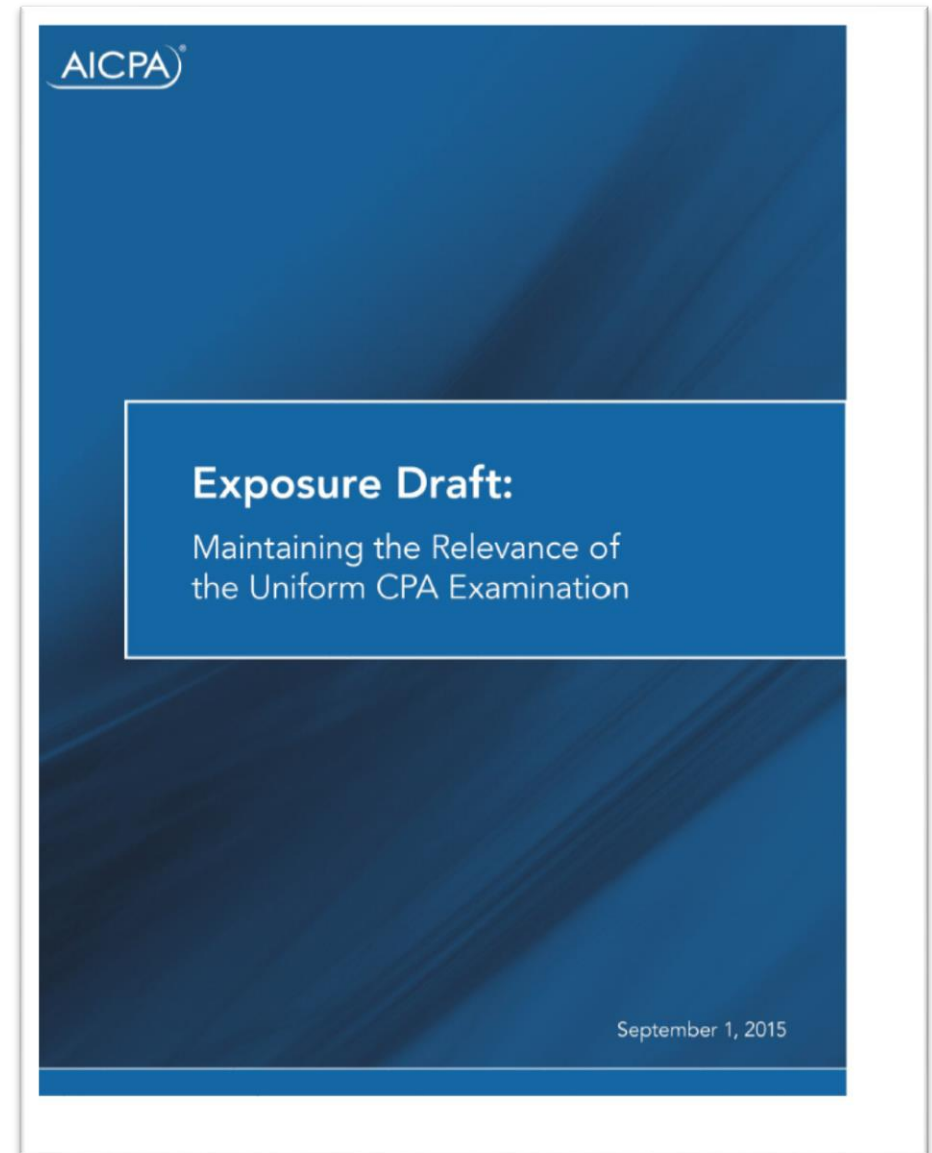
Ethics and
professional
responsibilities



Exposure Draft

Exposure Draft

- ▶ Contains our proposal for the next version of the CPA Exam
- ▶ Proposal was informed by the input of thousands of stakeholders
- ▶ Blueprints, structure, design and administration outlined in detail



Exposure Draft Feedback

- ▶ 600+ discrete comments
- ▶ 90 responses (groups/individuals)
- ▶ Under review by AICPA and Board of Examiners



Proposed Next Exam Highlights



Maintain the sections

Enhance higher order skills assessment

Reallocate skill / content

Introduce in-depth blueprints

Increase task-based simulations

Test writing separately

Uniform CPA Exam

AUD

**4 hours
MCQs
TBSs**

**Remember and
Understand
Application
Analysis
Evaluation**

BEC

**4 hours
MCQs
TBSs
Written**

**Remember and
Understand
Application
Analysis**

FAR

**4 hours
MCQs
TBSs**

**Remember and
Understand
Application
Analysis**

REG

**4 hours
MCQs
TBSs**

**Remember and
Understand
Application
Analysis**

Higher Order Skills & Blueprints

Leveling of Skills

Evaluation

Examination and use of judgment to draw conclusions

Analysis

Identification of relationships to determine causes and evidence supporting inferences

Application

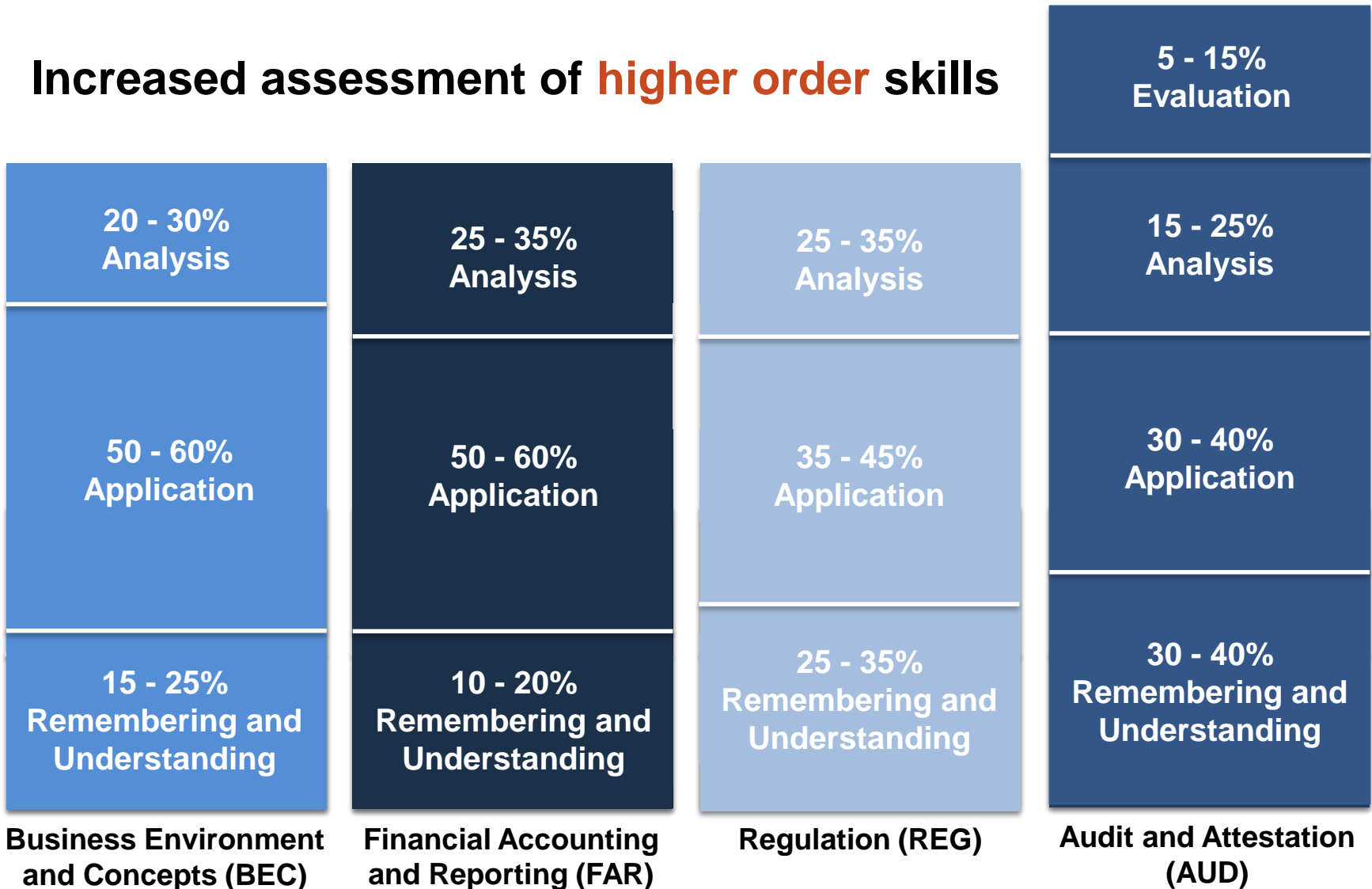
Demonstration of knowledge

Remembering and Understanding

Perception and comprehension of knowledge

Skill Allocation - Next Exam

Increased assessment of **higher order** skills



Increased Assessment of Higher Order Skills

Observe and conclude physical inventory

Calculate inventory balances and prepare journal entries

Interpret agreements, contracts and/or other supporting documentation to determine amount and timing of revenue to be recognized in the financial statements

Conclude on the sufficiency and appropriateness of evidence obtained

Content/Skill Specification Outlines

CONTENT AND SKILL SPECIFICATIONS FOR THE UNIFORM CPA EXAMINATION

Approved by the Board of Examiners
American Institute of Certified Public Accountants
May 15, 2009
Update Approved on October 10, 2014

Effective Date: January 1, 2016

Examinations Team
American Institute of Certified Public Accountants
100 Princeton South
Suite 200
Ewing, NJ 08628



American Institute of CPAs®

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, INC.

E. Consider Other Planning Matters

1. Consider using the work of other independent auditors
2. Determine the extent of the involvement of professionals possessing specialized skills
3. Consider the independence, objectivity, and competency of the internal audit function

Identify Matters Related to Planning and Prepare Documentation for Communications with Those Charged with Governance

Identifying and Attestation: Understanding the Entity and Its Environment (including Internal Control) (16% - 20%)

Determine and Document Materiality

B. Conduct and Document Risk Assessment Discussions Among Audit Team, Concurrently with Discussion on Susceptibility of the Entity's Financial Statement to Material Misstatement Due to Fraud

C. Consideration of Fraud

1. Identify characteristics of fraud
2. Document required discussions regarding risk of fraud
3. Document inquiries of management about fraud
4. Identify and assess risks that may result in material misstatements due to fraud

D. Perform and Document Risk Assessment Procedures

1. Identify, conduct and document appropriate inquiries of management and others within the entity
2. Perform appropriate analytical procedures to understand the entity and identify areas of risk
3. Obtain information to support inquiries through observation and inspection (including reading corporate minutes, etc.)

E. Consider Additional Aspects of the Entity and its Environment, including: Industry, Regulatory and Other External Factors; Strategies and Business Risks; Financial Performance

F. Consider Internal Control

AUDITING AND ATTESTATION (AUD)

Summary Blueprint

Content Area Allocation	Weight
I. Ethics, Professional Responsibilities, and General Principles	15%–25%
II. Assessing Risk and Developing a Planned Response	20%–30%
III. Performing Further Procedures and Obtaining Evidence	30%–40%
IV. Forming Conclusions and Reporting	15%–25%

Skill Allocation	Weight
Evaluation	5%–15%
Analysis	15%–25%
Application	30%–40%
Remembering and Understanding	30%–40%

AUDITING AND ATTESTATION (AUD)

Area III — Performing Further Procedures and Obtaining Evidence (30%–40%)

Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. UNDERSTANDING SUFFICIENT APPROPRIATE EVIDENCE					
				✓	Conclude on the sufficiency and appropriateness of evidence obtained during the audit engagement for an issuer or nonissuer.
				✓	Conclude on the sufficiency and appropriateness of evidence obtained during a non-audit engagement based on the objectives and reporting requirements of the engagement.
B. SAMPLING TECHNIQUES					
	✓				Understand the purpose and application of sampling techniques in an audit or non-audit engagement.
		✓			Use sampling techniques to extrapolate the characteristics of a population from a sample of items tested.
C. PERFORMING SPECIFIC PROCEDURES TO OBTAIN EVIDENCE					
1. Analytical procedures			✓		Determine the suitability of substantive analytical procedures to provide evidence to support an identified assertion.
			✓		Develop an expectation of recorded amounts or ratios when performing analytical procedures in an audit or non-audit engagement and determine whether the expectation is sufficiently precise to identify a misstatement in the entity's financial statements or disclosures.
			✓		Perform analytical procedures during engagement planning for an audit or non-audit engagement.
			✓		Perform analytical procedures near the end of an audit engagement that assist the auditor when forming an overall conclusion about whether the financial statements are consistent with the auditor's understanding of the entity.
				✓	Evaluate the reliability of data from which an expectation of recorded amounts or ratios is developed when performing analytical procedures in an audit or non-audit engagement.
				✓	Evaluate the significance of the differences of recorded amounts from expected values when performing analytical procedures in an audit or non-audit engagement.

New Simulation Type

July 2016

Document Review Simulation (DRS)

Contingent Liability Note Disclosure:

During the year ended December 31, year 6, a former vendor filed a lawsuit against the company claiming a breach of contract. The company's attorney believes that it is probable that the suit will be settled in favor of the former vendor. Settlement is anticipated to occur within the next twelve months. Based on estimates of the range of potential results, the company has recognized a loss accrual at year end of \$770,000. The full claim made by the former vendor is \$1,100,000. As a result, there is additional loss exposure totaling \$330,000. A contingent reserve has been created to mitigate the risk of loss exposure.

The company's external legal counsel believes that it is probable that the suit will be settled in favor of the company.

The company's external legal counsel does not believe that there is enough information available at the year end to determine a probable outcome of the litigation.

[Delete text]

Reset

Cancel

Accept

Settlement is anticipated to occur within the next twelve months. Based on estimates of the range of potential results, the company has recognized a gain contingency at year end of \$1,100,000. The full claim made by the former vendor is \$1,100,000. As a result, there is additional loss exposure totaling \$1,100,000. A contingent reserve has been created to mitigate the risk of loss exposure.

Field Testing Responses

“I thought the simulations were very representative of real-world examples.”

“The simulations were closer to real-life scenarios and I find that really great.”

“I believe the AICPA is moving in the right direction with these task-based simulations.”

Test Administration Model

Test Administration Model (proposed changes)

Short-Term

Reduce black-out months

Long-Term

Allow re-testing within a window

Revisit 18 months to pass 4 sections

Other candidate convenience options?

NOTE: All changes must be approved by NASBA, AICPA, Prometric, State Boards, and may require State Board rules or legislation changes, and UAA changes and approval.

Next Steps

Key Dates to Remember

April 2016

AICPA announces the details of the next version of the CPA Exam

April 2017

Next version of the CPA Exam debuts

2017 & Beyond

Continued dialogue with:

- Firms
- Regulators
- Educators

Ongoing research

Enhanced candidate convenience

Resources for Students

THIS WAY TO

CPA

The Profession

Education

Career Tools

Exam & Licensure

Accounting Competition

Join AICPA

fueled by AICPA

today's wisdom

Learn how to clean up your Web presence for the job hunt.



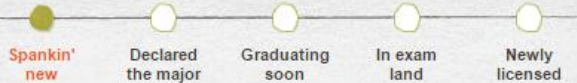
Yes, you will be judged on the tackiness of your Facebook photos.



subscribe | post to facebook | tweet this | email

get more wisdom

Tell us where you are, get hand-picked stuff:



The Profession

Bean counter, shmean counter

Five bulletproof reasons the CPA stereotype is way off.



Show me

Education

7 Surefire Ways to Sail the S.S. Scholarship

Roughly 100x easier than babysitting for tuition money.



Tell me

Scholarship [What can you snag?]

Dream job, here you come

Become an AICPA Legacy Scholar by getting an AICPA Legacy Scholarship. You'll gain skills that'll make you look even more attractive to employers. Oh yeah, and get up to \$5,000 for school. Score!

Apply now

Perks [What do you get?]

On your way to CPA? Why not meet with 400,000 of them?

Free Student Affiliate Membership in the AICPA gets you a heap of fantastic benefits, like:

- scholarship eligibility
- exclusive offers and discounts
- access to online info



Sign up

Uniform CPA Exam Resources

The screenshot shows the AICPA website's CPA Exam resources page. At the top, there is a navigation bar with links for Sign In, My Account, About, Volunteer, Join, Press, For the Public, and Help. Below this is a search bar and a 'Search' button. The main navigation menu includes Membership, Become a CPA, CPE & Conferences, Career, Interest Areas, Research, Publications, and Advocacy. The page content is organized into several sections:

- CPA Exam Overview:** A list of links including Examination Overview, For Candidates, Examination Content, Psychometrics and Scoring, Exam Newsletter, and Next CPA Exam.
- Quick Links:** A list of links including CPA Exam FAQs, AICPA CPA Exam Candidate Membership, Score Release Timeline, International FAQs, 2015 CPA Exam Booklet, CPA Exam Exposure Draft, and Elijah Watt Sells Award.
- Browse:** A section with filters for 'By Topic' (CPA Exam (141), Psychometrics (43), Exam Preparation (10), International (3), Licensure (1)) and 'By Document Type' (Article (56), Report (45)).
- What's on the CPA Exam:** A section with a 'Join' button and text explaining the exam's purpose. It includes sub-sections for 'What's on the CPA Exam', 'Pass Rates', and 'Tutorial and Sample Tests'.
- Exposure Draft Comment Period Now Closed:** A section with a sub-image and text regarding the public comment period for the Exposure Draft 'Maintaining the Relevance of the Uniform CPA Examination'.

www.aicpa.org/cpaexam

The Uniform CPA Examination

Tutorial and Sample Tests

The computer-based Uniform CPA Examination consists of multiple choice questions and simulations (case studies) that test the knowledge and skills required of entry-level CPAs. To familiarize candidates with the format and functionality of the examination, a tutorial and sample tests are provided.

IMPORTANT NOTICE

Candidates are required to review the Uniform CPA Examination tutorial and sample tests. Thorough familiarity with the examination's functionality, format, and directions is required before candidates report to test centers. Failure to follow the directions provided in the tutorial and sample tests, including the directions on how to respond, may adversely affect candidate scores.

To access the Tutorial, [click here](#).

To access the Sample Tests, [click here](#).

Thank You



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