CPA Evolution

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What we will cover

- Trends in the profession
- CPA Evolution
- Trends in accounting education
- Introduction to breakout sessions
Trends in the profession

- Technological innovation
- New client and business demands
- Changes to CPA core services
U.S. public accounting firm hiring

In 2016, there were 19% fewer accounting graduate firm hires since 2014.

In 2018, there were 29% fewer accounting graduate firm hires since 2014.

Source: 2017 AICPA Trends Report

Source: 2019 AICPA Trends Report
College accounting program enrollment

In 2021, 54% of accounting faculty reported declining undergraduate enrollments compared to historical averages.

Source: 2021 CPA Evolution Pulse Survey
### Growing skills demand

<table>
<thead>
<tr>
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<th>Core Skill</th>
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<tbody>
<tr>
<td>1</td>
<td>Analytical thinking and innovation</td>
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<td>2</td>
<td>Active learning and learning strategies</td>
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<td>3</td>
<td>Complex problem-solving</td>
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<td>4</td>
<td>Critical thinking and analysis</td>
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<td>5</td>
<td>Creativity, originality and initiative</td>
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<td>6</td>
<td>Leadership and social influence</td>
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<td>7</td>
<td>Technology use, monitoring and control</td>
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<td>8</td>
<td>Technology design and programming</td>
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<td>9</td>
<td>Resilience, stress tolerance and flexibility</td>
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<tr>
<td>10</td>
<td>Reasoning, problem-solving and ideation</td>
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44% of the core skills employees need to perform their roles effectively will change by 2025.

Top skills accountants need in the next 5-10 years

- Technology
- Strategic thinking
- Communication
- Customer service
- Business growth
- Partnering

Source: Sage, *The Practice of Now*. 2020
Right-skilling finance

Top skills gaps

- Digital infrastructure
- Digital implementation
- People skills
- Leadership

< 3%

of respondents say their finance function has the skills it needs

Source: Association of International Certified Professional Accountants and KPMG International, Finance transformation: the human perspective, 2020; global survey of 680+ senior finance and HR professionals
Accelerated shifts to profession and ecosystem
Enhancing our future through technology

SOC, Cyber, supply chain
Blockchain
Information privacy
Software functionality
.cpa Domain

69%
Of accountants said accounting firms need to increase the pace of technology adoption to stay competitive.

91%
Of accountants believe new technology delivers value to their business.

Source: Sage, *The practice of now, 2020*
Business case for sustainability

Resources

• Advisory
  – Educational webcasts and events
  – Resources and practical research tools for management accountants
  – Summary briefs on standards and frameworks

• Assurance
  – Audit roadmap
  – Updates to sustainability attestation guide
  – Training on sustainability attestation engagements and integrated reporting

Flows into sustainable funds surged to $150 billion in the last quarter of 2020.

Innovating the audit
Key drivers of the future

Technology  Methodology  Standards  New skills
Finance driving value through leadership

72% Of CFOs believe their company will need to completely rethink processes and operating models to be more resilient.

Key actions
• Double down on technology
• Leverage data and analytics
• Shape how organizations create value
• Evolve business models
• Enhance strategic thinking
• Grow skills, competencies and digital mindset

Source: Accenture, CFO Now, 2021
We are seeing...

Declining firm hiring
Declining enrollment
Skills gaps
Exam candidates
A combined NASBA-AICPA initiative aimed at evolving CPA licensure to reflect the skills and knowledge CPAs increasingly need in a technology-driven marketplace
CPA Evolution is moving forward

For feedback on how we can assist you through this transition, please reach out to us at Feedback@EvolutionofCPA.org
New model
New Exam: expected Jan. 2024

CORE
ACCT : AUDIT : TAX
Technology
= CPA
New model

- Strong core with accounting, auditing, tax and technology
- Deeper knowledge in three primary disciplines
- Enhances public protection
- Reflects reality of practice
- Adaptive and flexible
- One CPA license
For more background information, please visit EvolutionofCPA.org
What might the Exam look like?

What we expect would stay the same:

- Designed for 1-2 year level
- No more than a 16-hour Exam
- No new experience requirements to sit for the Exam
- Candidates pass 4 sections
- Exam sections can be taken in any order
- No separate time limits to pass core and discipline

*This presentation reflects current directional thinking*
How might the Exam change?

Navigating the core + disciplines:

- Candidates pass the three core sections and one discipline section (max = 4 sections)
- Candidates don’t have the option to pass additional disciplines
- All sections cover discrete content and a range of skills (including higher order)
- Discipline passed will not differentiate the license granted

This presentation reflects current directional thinking
What content might appear in each discipline?

**ISC**
- Business processes
- Information systems
- Information security and governance
- IT audits
- System and Organization Control (SOC) engagements

**BAR**
- Data analytics
- Financial risk management and planning techniques
- More advanced technical accounting and reporting
- State and local government accounting (basis of accounting, purpose of funds addressed in Core)

**TCP**
- More advanced individual tax compliance and planning
- Personal financial planning
- More advanced entity tax compliance and planning
- Property transactions

*This presentation reflects current directional thinking – Exam content is determined through the Practice Analysis*
World Economic Forum 2020 Future of Jobs Report: Job roles in *increasing* demand
Exam change timing

- Practice Analysis happening now
- Blueprint exposed for public comment available mid-2022
- Blueprint finalized in early 2023
- Launch new Exam in January 2024
How is CPA Evolution likely to impact accounting programs?

For many schools, this will be a curricular evolution, not a revolution.

Much of what is being taught today is still relevant.

Emerging areas are becoming increasingly important in accounting practice.
What skills and competencies are needed by professional staff at the Top 100 public accounting firms?

Source: 2021 CPA Evolution firm demand survey
Curriculum gap analysis

• Survey sent to over 1200 accounting department chairs
• 317 responses
• Are their accounting programs teaching:
  - Data analytics
  - IT audit
  - Cybersecurity
  - And more
• Results informing faculty resource creation
Gap analysis results: % of schools covering each topic

- **Data analytics**: 64%
- **Predictive analytics**: 40%
- **System and Organization Controls**: 23%
- **Digital acumen**: 23%
Gap analysis results: % of schools covering each topic

Cybersecurity: 40%
IT audit: 63%
IT governance: 41%
IT risk: 43%
Faculty pulse survey: Schools increasing coverage in gap areas?

- System and Organization Controls
- Cybersecurity
- IT governance
- Information process controls
- Types of data analysis

Source: 2021 CPA Evolution faculty pulse survey
Why develop the CPA Evolution Model Curriculum?

• AICPA-NASBA outreach efforts
  − Small school, HBCU discussion groups
  − Survey of 150+ educators
  − AAA, AACSB, ACBSP, IACBE

• Common questions
  − What content is “core” vs. “discipline”? 
  − How can we structure our program to prepare a future CPA?

• AAA meeting poll: How can we best support faculty?
  − 60% said model curriculum
What is the CPA Evolution Model Curriculum?

• A sample curriculum designed to support accounting programs as they navigate disruption

• A reference point for faculty to leverage as they deem appropriate based on their program’s objectives

• An aid composed of:
  – Modules, topics and learning objectives; and
  – Illustrative accounting program structures
The CPA Evolution Model Curriculum is not...

- Required for CPA licensure
- Designed for students who do not intend to pursue CPA
- Inclusive of content that is traditionally addressed in business pre-requisites (e.g. principles of accounting)
How was the CPA Evolution Model Curriculum developed?

• Four task forces (core, three disciplines)
  • SMEs from academia and practice

• Representation from:
  – Large and small schools
  – CPAs in large firms, small firms, B&I
  – State boards of accountancy
  – CPA Exam team (observers)

• Leveraged insights from current practice analysis

• Developed learning objectives over 50+ meetings
What is in the CPA Evolution Model Curriculum?

• A core with familiar content
  – Intermediate accounting
  – Accounting information systems
  – Auditing principles
  – Intermediate managerial accounting
  – Intro to taxation

• Discipline tracks focused on advanced content and emerging areas
  – Advanced financial accounting
  – Advanced managerial accounting
  – Advanced accounting data analytics
  – Info systems assurance and advisory
  – Advanced individual & entity tax
How should programs use the CPA Evolution Model Curriculum?

Review the curriculum, identifying any content that your program does not teach today.

Consider your program’s objectives and strategy in determining whether that content should be added.

Build new learning objectives into existing courses, where possible.

Where necessary, begin development of new courses.
Survey of top 100 firms: What if accounting programs were aligned with CPA Evolution?

Core

**ISC**
- IT governance and ERM
- IT general controls and cybersecurity
- Info process controls
- System & Organization Controls
- Assurance research

**BAR**
- Advanced accounting (including governmental)
- Cost accounting
- Advanced data analytics
- Accounting research

**TCP**
- Individual compliance and planning
- Corporate compliance and planning
- Personal financial planning
- Tax research
Survey results: Responses from top 100 firms

93% said their hiring of new graduates from accounting programs would likely increase, accounting program graduates would be considered more valuable than they are today or both.

Source: 2021 CPA Evolution firm demand survey
We want to hear from you

Please send us your comments at Feedback@EvolutionofCPA.org
AAA response to the CPA Evolution Model Curriculum

• AAA Education Committee currently reviewing
• Sections will also review
• Will provide feedback
“The pace of change has never been this fast, yet it will never be this slow again.”

- Justin Trudeau
Imagine the opportunities
Change will present challenges
How AAA can help

• Accounting as a part of STEM
• AAA/AACSB white paper
• CTLA Conference July 8-9
• Annual Meeting August 2-5
• Intensive Data Analytics Conference May 2022
Risk of doing nothing
AICPA Academic Resource Hub

300+ resources available

Topics include data analytics, cybersecurity and digital acumen

Free faculty access

*Educator login on This Way to CPA*
Join AICPA staff, accounting faculty and expert practitioners as they cover the latest in accounting education.

Register for upcoming webinars and view archived recordings at:

https://thiswaytocpa.com/segmented-landing/educator-webinars/
AICPA Certificate Offerings

- The AICPA offers certificates to educators and students at substantial discounts (up to 80% off)
- Certificates offered in topics such as cybersecurity, data analytics, and personal financial planning
- For more information, go to: www.ThisWayToCPA.com/CertificatePrograms
What to expect in your breakout sessions

- Co-chairs from each task force will walk through their section of the curriculum
  - What is different?
  - Insights into task force thinking
- Opportunities to ask questions
- All sessions are being recorded
  - Archived versions will be available
Thank you