CPA Examination Review Board (ERB)

2013 NASBA Regional Meetings

Nicholas J. Mastracchio – ERB Chair
Onita Porter – CPA Exam Review Board Director

CPA Examination Review Board (ERB)

1) Standing Committee required by the NASBA Bylaws

2) Provides annual assurance that the CPA examinations (and other examinations in general use by the Boards of Accountancy for the licensing of Certified Public Accountants) can be relied upon to meet statutory requirements for Boards of Accountancy

3) Reports directly to the Boards of Accountancy

CPA Examination Review Board (ERB)

4) Performs evaluations and reviews that

- can be performed more effectively by a single agency acting on behalf of all Boards of Accountancy

- are highly technical and time consuming

- evaluate the psychometric quality and content of a licensing examination or to review its preparation, scoring and administration

- evaluate the security and integrity of the electronic architecture and data communications surrounding a computer-based test (CBT)

Contract Parties Reviewed

- AICPA – American Institute of CPAs
- NASBA – National Association of State Boards of Accountancy
- Prometric

ERB Structure

- **Examination Review Board Members** (5) – similar to "audit partner" on an engagement
  - Chair – Nick Mastracchio, Ph.D., CPA
  - Vice-Chair and NASBA Lead Member – David Vaudt, CPA
  - AICPA Lead Member – Ron Nielsen, CPA/ABV/CFF, ASA, CFE, CVA
  - Prometric Lead Member – Whit Broome, Ph.D., CPA
  - Second Reviewer – Sandy Wilson, CPA, CFE, CFFA

- **Examination Review Board Staff** (2) – perform review procedures and report work to ERB Members
  - Director – Onita Porter, CPA, CGMA
  - Audit Manager – Shawn Jackson, CPA, CISA, CITP, CGMA

- **Consultants** (2)
  - Psychometric Consultant/Test Development Specialist – Steven Downing, Ph.D.
 - IT Consultant – Michael Harnish, CPA, CITP, CISA, CDP, EnCE

The Report of the ERB

- Issued annually to the Boards of Accountancy at the NASBA regional meetings in June

- Describes the work performed by the ERB during a specified period of time

- Expresses assurance to Boards of Accountancy that they can rely on the CPA Examinations for licensing purposes

- Provides the foundation for legal defensibility of the CPA Examinations to minimize the risk of litigation

- Can be downloaded from the NASBA website: http://www.nasba.org

ERB Framework

▸ Twelve Steps for Effective Test Development[1]
  ◦ provide the framework for our review and evaluations
  ◦ based on the *Standards for Educational and Psychological Testing* (*Standards*)
    • represent the consensus opinion concerning all major policies, practices and issues in assessment
    • each step tied to at least one *Standard*

Risk-based Approach to ERB Work Program

Risk

⬇

Objective

⬇

Control in place
that meets objective

⬇

Testing procedure
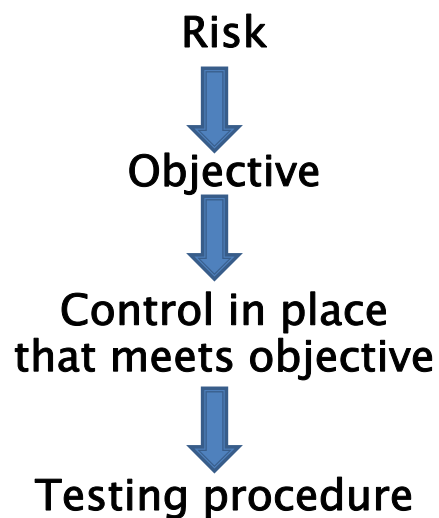
Example of Risk-based Approach

▸ **Step** –Walkthroughs (Prometric Test Center Proctor – Observe)

▸ **Risk**
  ◦ Description: "Harvesting – Candidates can copy items for inappropriate usage"
    · Inherent Risk – risk without controls present (High)
    · Residual Risk – risk that still remains after controls are applied (Low)

▸ **Objective** – Candidates are adequately monitored throughout exam to ensure they don't access unauthorized notes/equipment, consult with others, or copy exam items.

▸ **Control Activity** – TCAs must walk through the testing room every 8-10 minutes to monitor candidates

▸ **Testing Procedure** – Site visit reviewer – Observe whether TCAs perform walkthroughs of the testing room every 8-10 minutes. Note the use of scanner or other method of recording the walkthroughs.

The ERB Review and Evaluation Framework: Twelve Steps for Effective Test Development[1]

1) **Overall Plan (NAP)** – obtain policies, procedures, contracts; gain an understanding of changes affecting the current year

2) **Content Definition (Practice Analysis) (A)** – tested only when changes are made to the Practice Analysis

3) **Test Specifications: Blueprinting the Test (CSOs and SSOs) (A)** – observe Board of Examiners and Content Committee meetings

4) **Item Development (A)** – item writers, editing/fairness review, item content review, committees, review of item statistics, items in line with CSOs

The ERB Review and Evaluation Framework: Twelve Steps for Effective Test Development[1]

5) **Test Design and Assembly (A)** – panels match CSO, panel difficulty, enemy cueing, overexposure, security

6) **Test Production (A, P)** – packaging the test; item security during production and system failure; communication between AICPA and Prometric regarding test packaging issues

7) **Test Administration (NAP)** – adaptive test function, PII, test center operations, personnel policies, NTSs (expiration dates, criteria per state), repeat test takers; multiple day testers, statistical data collection

8) **Scoring Test Responses (A)** – Key validation, rubrics, weighting, psychometric data, forensic data, pretest results

The ERB Review and Evaluation Framework: Twelve Steps for Effective Test Development[1]

9) **Establishing Passing Scores (Standard Setting) (A)** – evaluated by the ERB psychometrician when the Board of Examiners reevaluates the passing standards

10) **Reporting Test Results (A, N)** – accuracy, security of transmission; requests for grade appeals and rescores

11) **Item Banking (A, P)** – review of items for continued content relevance/accuracy; security considerations of item banking; policies for moving items in and out of item bank, making changes to items; item bank transmission (AICPA–Prometric)

12) **Test Technical Reports (A, N)** – presentation of validity evidence for CPA Examinations and IQEX; reviewed by ERB psychometrician

The ERB Review and Evaluation Framework: Twelve Steps for Effective Test Development[1]

▸ **Pervasive items (NAP)**
  ◦ New software/hardware
  ◦ Business continuity and disaster recovery
  ◦ Data Privacy

▸ **Period Specific Items (NAP)** – Example: For 2011, CBTe changes
  ◦ Authoritative Literature
  ◦ Calculator
  ◦ Content of the CPA Examination – new CSOs
  ◦ Passing Score
  ◦ Scoring Weights
  ◦ Section Structure
  ◦ Section Time Allocations
  ◦ Task-Based Simulations (TBS) – New Question Format

Questions???

Contact Information

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References

1. "Twelve Steps for Effective Test Development."
   Handbook of Test Development (Downing, Haladyna, 2006)