



# **NASBA**

## **111TH ANNUAL MEETING**

### **Update on the Uniform CPA Examination**

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# Uniform CPA Examination Developments

**2018 NASBA Annual Meeting**

**Colleen K. Conrad, CPA – Executive VP / COO  
NASBA**

**Michael Decker – VP Examinations  
AICPA**



NASBA



# CPA EXAM CHANGES

# Annual Blueprint Review - Objective

- ▶ **Review and propose updates to the section Blueprints for significant changes that have occurred since the last Practice Analysis - Annual Blueprint Review.**
  - Significant changes could be attributable to:
    - Standard-setting activity
    - Regulatory or legislative activity
    - Emerging trends in newly licensed practice
    - Technological innovation

# Subcommittee Review Process

- ▶ **Discuss the following questions to identify possible revisions to the Blueprint:**
  1. Are there any task statements that need to be updated or removed in response to technical obsolescence?
  2. Should task statements be added to a Group or Topic to expand upon or add more detail to existing task statements?
  3. Should any task statements be updated to better match the defined skill level in the Blueprint?
  4. Are there any Groups or Topics that need to be updated or removed in response to technical obsolescence?
  5. Are there any References that need to be updated or removed in response to technical obsolescence?

# Subcommittee Review Process (continued)

## ► Discuss the following questions to identify possible revisions to the Blueprint:

6. Are there any Groups or Topics that may no longer be relevant for newly licensed practice?
7. Are there any task statements that may no longer be relevant for newly licensed practice?
8. Are there any topics not in the Blueprint that may now be relevant for newly licensed practice?
9. Are the current Area weightings still appropriate?
10. Are the current Skill weightings still appropriate?
11. Is a new Practice Analysis needed to adequately respond to a significant level of changes within the profession?

# AUD Blueprint Updates (Highlights only)

## ► Updates to Section introduction (page AUD3)

- Add “audit data analytics” to Area II content description
- Add “analytical procedures using audit data analytics” to Area III content description

# AUD Blueprint Updates (Highlights only)

## ▶ Add new ANALYSIS level task statement to Area II, Group E, Topic 3

### **Further procedures responsive to identified risks**

- Assess risks of material misstatement using audit data analytic outputs (e.g., reports and visualizations) to determine relationships among variables and interpret results to provide a basis for developing planned audit procedures.



# AUD Blueprint Updates (Highlights only)

## ▶ Add a new ANALYSIS level task statement to Area III, Group C, Topic 1

### Analytical procedures

- Perform analytical procedures using outputs (e.g., reports and visualizations) from audit data analytic techniques to determine relationships among variables and interpret results in an audit or non-audit engagement.

# AUD Blueprint Updates (Highlights only)

## ► Add two new ANALYSIS level task statements to Area III, Group C, Topic 6

### All other procedures

- Determine the attributes, structure and sources of data needed to complete audit data analytic procedures.
- Use audit data analytic outputs (e.g., reports and visualizations) to determine relationships among variables and interpret results to meet objectives of planned procedures in an audit or non-audit engagement.

# **EXAM RELEVANCE & ALIGNMENT**

# Maintaining Exam Alignment with Practice

## ▶ Tax Law (REG - January 2019)

- 1,800 items reviewed
- Lost 10% of multiple-choice questions and 45% of simulations

## ▶ Field testing of audit data analytics

## ▶ Continued interviews with firms

- In advance of a future Practice Analysis

# CONTINUOUS TESTING

# INITIAL STEPS

- ▶ **Determination from AICPA, NASBA and Prometric that continuous testing is feasible**
- ▶ **Positive reaction from:**
  - NASBA CBT Administration Committee
  - NASBA Executive Directors Committee
  - Executive Directors at March 2018 ED Conference
  - State Boards at Regional Meetings

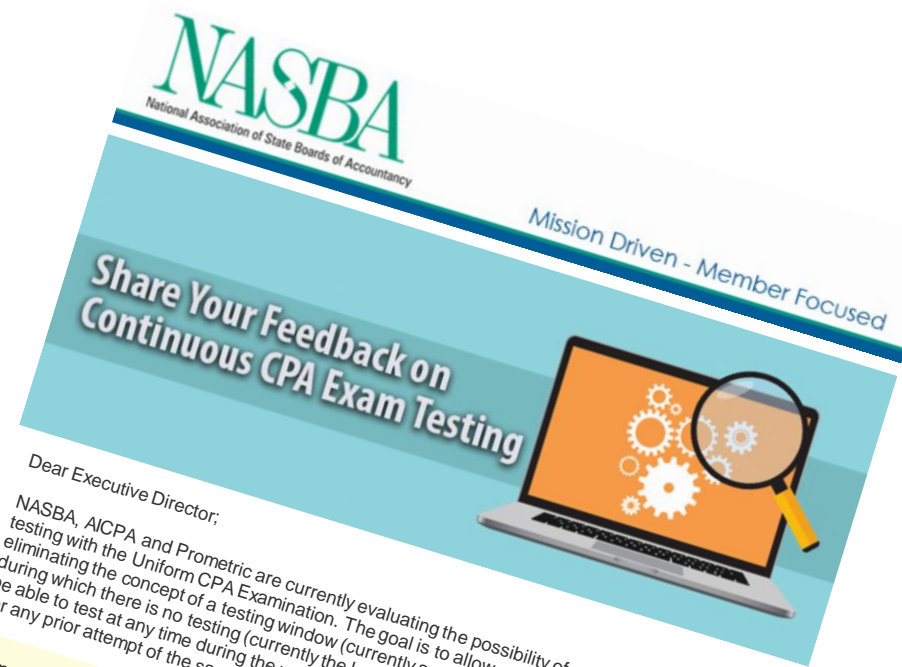
## NEXT STEPS

- Confirmation of support for change - SURVEY
- Update model rules for exposure - APPROVED
- Finalize model rules for state board consideration / implementation
- State boards work on updating rules / gaining support for statute changes, if necessary
- AICPA and NASBA work on infrastructure / software changes
- Ultimately – communication plan / implementation

# Board Survey on Continuous Testing

Kicked Off on  
10/8/2018

Please  
Respond!



Dear Executive Director;

NASBA, AICPA and Prometric are currently evaluating the possibility of moving to continuous testing with the Uniform CPA Examination. The goal is to allow candidates to test year-round by eliminating the concept of a testing window (currently a calendar quarter) and the dark month during which there is no testing (currently the last month of the testing window). Candidates would be able to test at any time during the year and could retake an Exam section as soon as the score for any prior attempt of the same section has been released.

- To move to continuous testing will require changes to board rules in some states. In a few states, the statute will require changes. The following are examples of changes that may be required.
- Remove any reference to specific testing periods (windows) from rules and/or statute.
  - Remove any language indicating that candidates cannot test during a dark month or period from rules and/or statute.
  - Remove any language prohibiting retaking a failed section in the same test window from rules and/or statute.

It will also be crucial to consider substantial equivalency and mobility as each jurisdiction changes its rules / statute, so effective dates of changes will be very important, and will need to be coordinated.

Changes to Model Rules required to support continuous testing have been reviewed by the ED and CBT Admin Committees and are under review by the UAA Committee. Once changes are



# ASPIRATIONAL DATE IN SURVEY

January 1, 2020

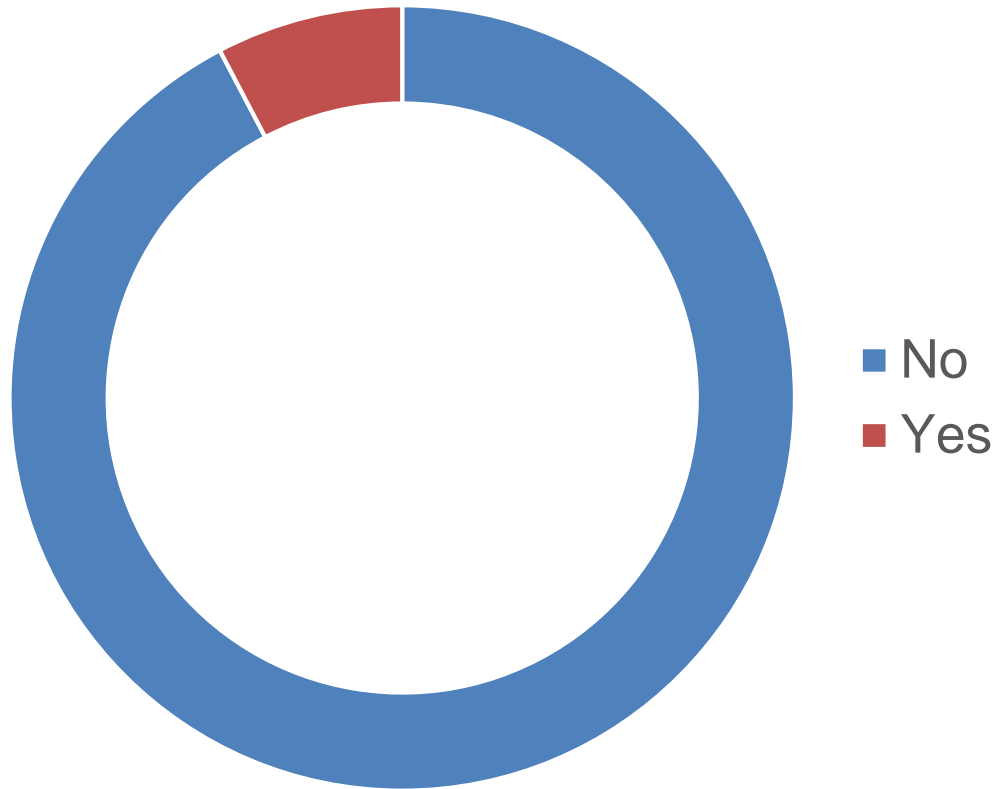
## Model Rule Change for Exposure

**(2) (a) Subject to subsection (b),** Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.

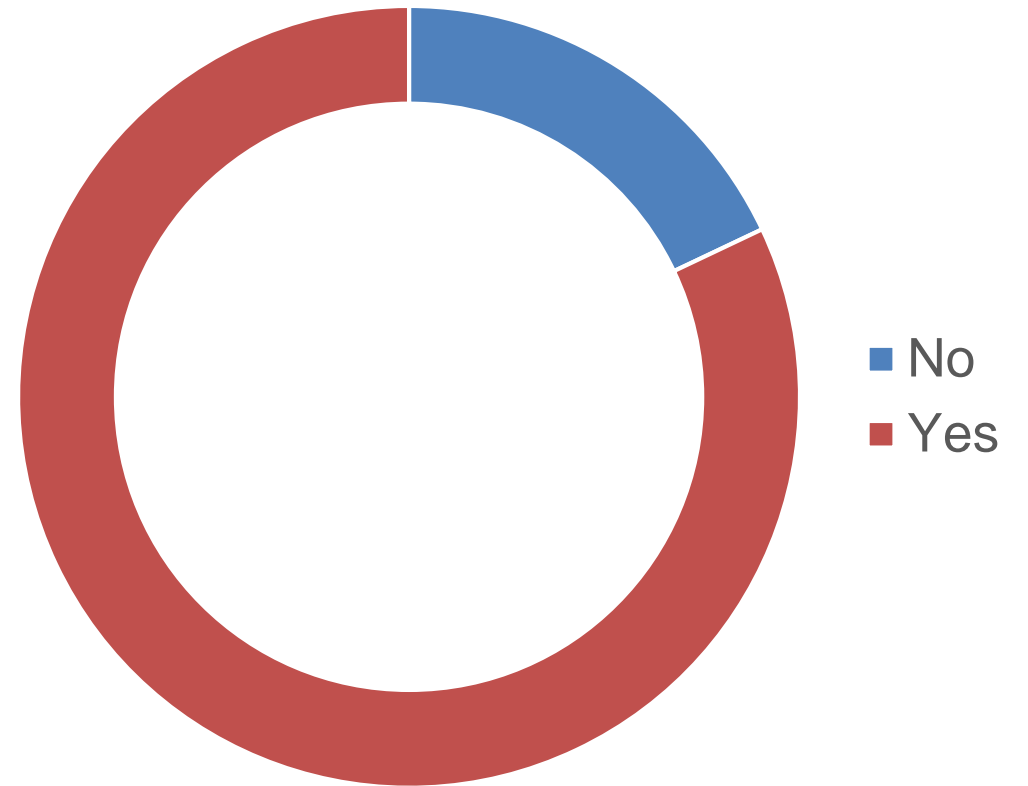
**(b) If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (a) will no longer be effective, and a Candidate can retake a Test Section once their grade for any previous attempt of that same Test Section has been released.**

# Definition of Window – Statute or Rule? (Early Survey Results)

## Statute Defines Test Window?

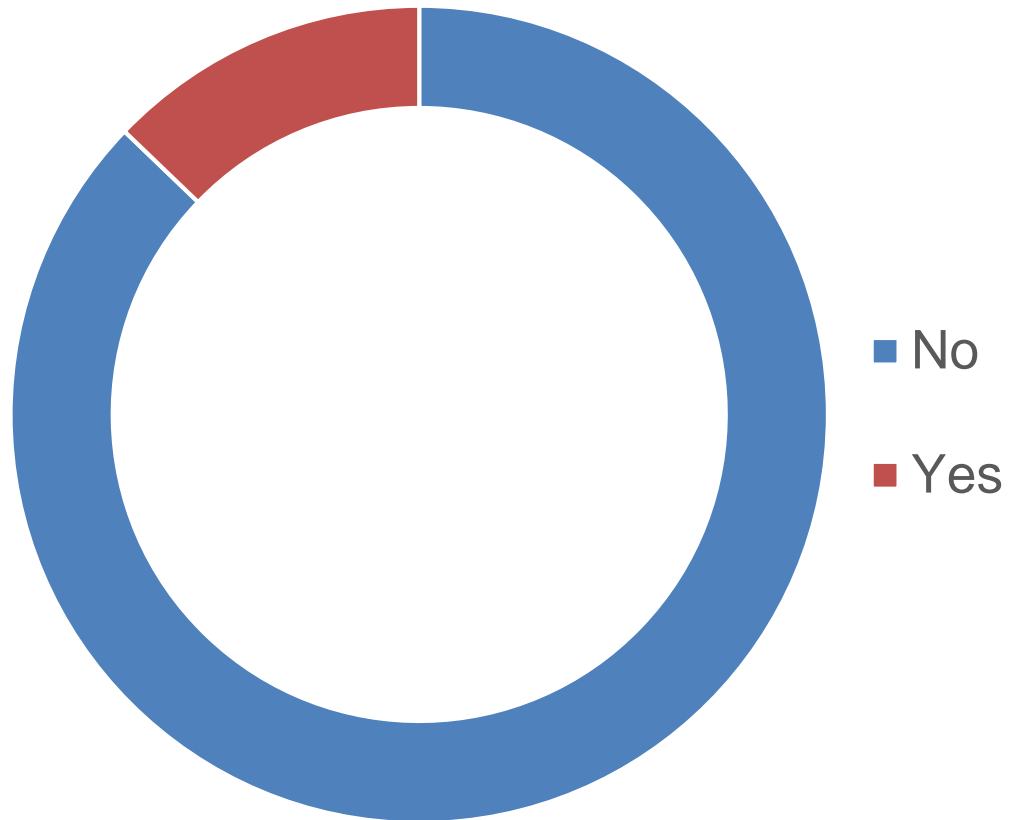


## Rule Defines Test Window?

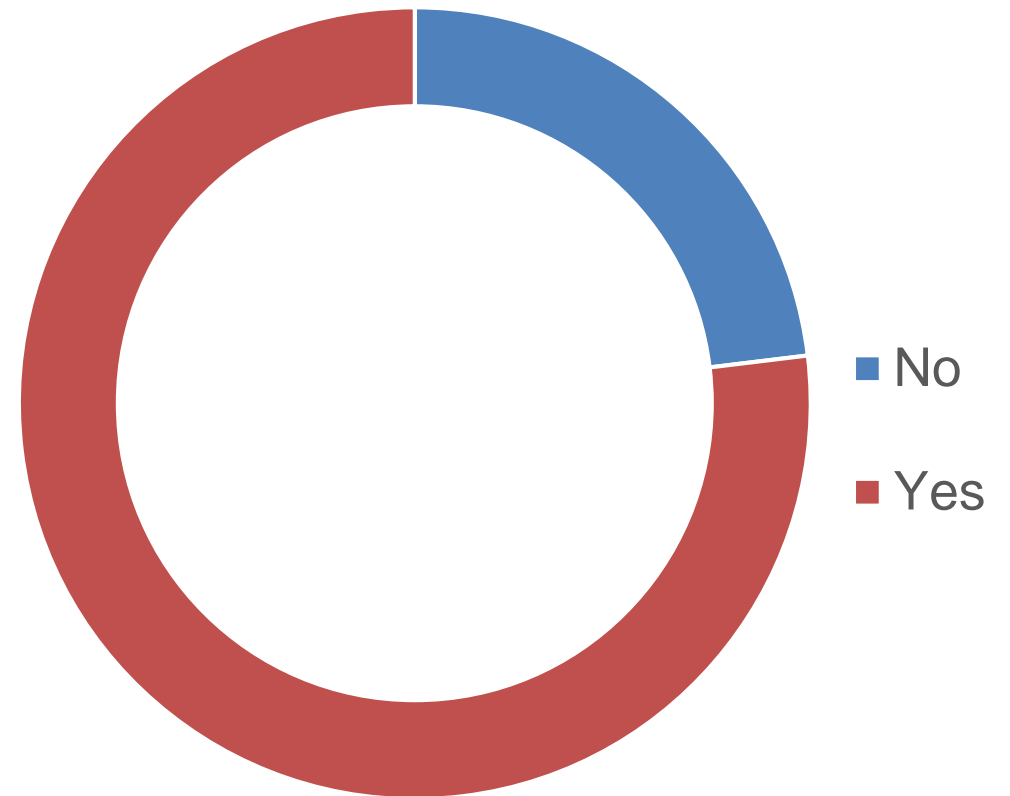


# Ability for Candidate to Retest in a Window (Early Survey Results)

## Statute States No Retest?

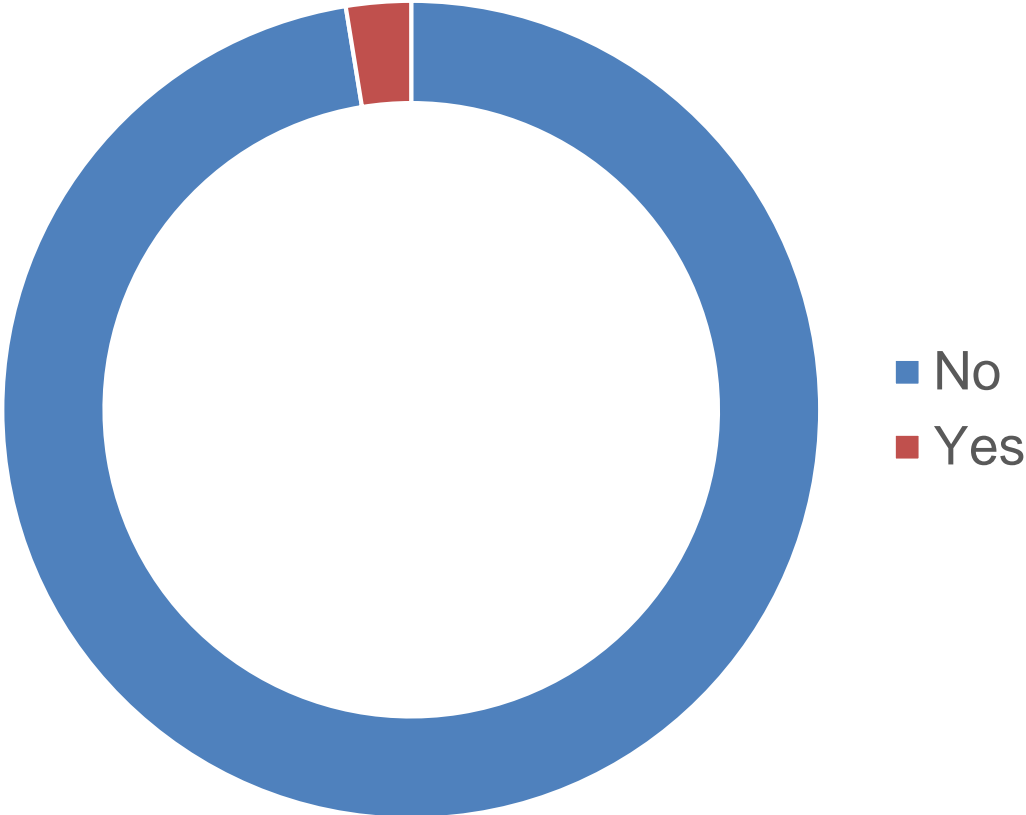


## Rule States No Retest?

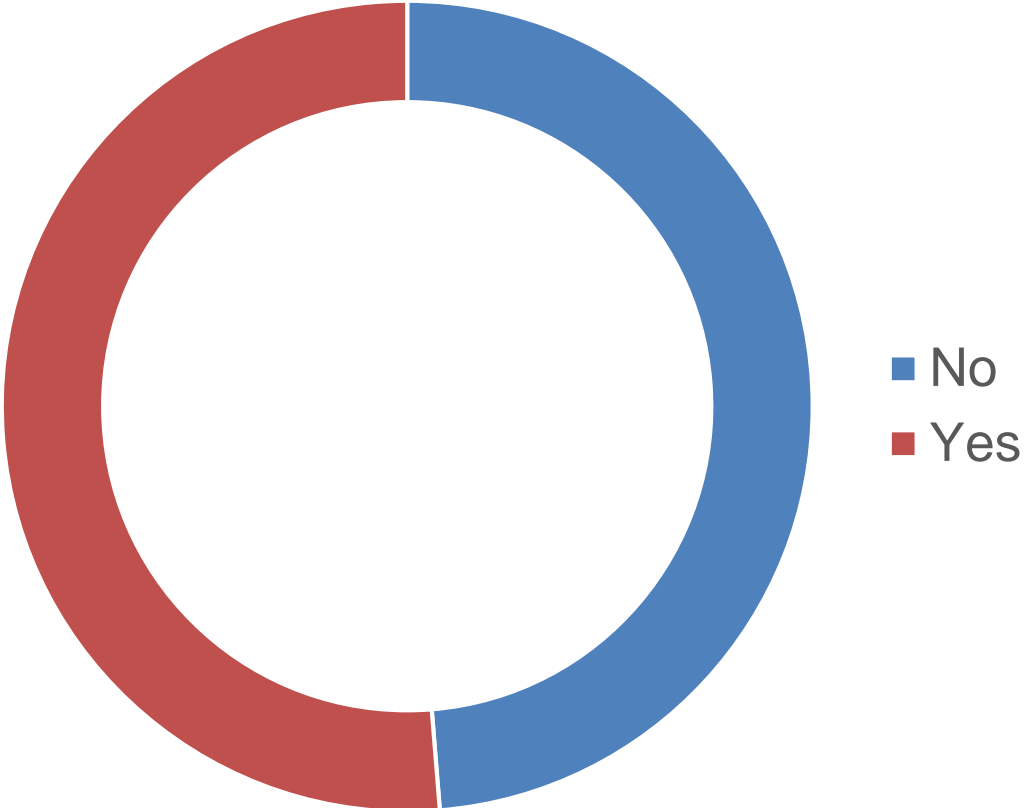


# Limitation on Test Period (Early Survey Results)

## Statute Limits Test Period?



## Rule Limits Test Period?



# Estimated Time To Change Statutes / Rules

Time Needed to Change Statute	Total
4 months or less	2
4-8 months	2
8-12 months	9
12-16 months	6
16-20 months	2
20-24 months	5
(blank)	13
<b>Early Survey Total</b>	<b>39</b>

Time Needed to Change Rule	Total
4 months or less	7
4-8 months	11
8-12 months	12
12-16 months	1
16-20 months	3
20-24 months	4
(blank)	1
<b>Early Survey Total</b>	<b>39</b>

# INTERNATIONAL EXPANSION

# EU International Testing Expansion

- ▶ **Testing locations launched October 1, 2018**
  - Germany, Ireland, United Kingdom (England/Scotland)
- ▶ **Eligible candidates from the following countries may also test in the new locations:**
  - Norway, Russia, Switzerland, United States, and all nations of the European Union
- ▶ **Includes IQEX**





# Future International Testing Expansion

## ► India

- Securing No Objection Certificate from ICAI
- NASBA-AICPA-Prometric defining initial launch criteria
- Considerations of launch strategy
  - Security
  - Volumes
  - Candidate, educator, employer, and review course provider (RCP) communications



