



NASBA



**RESOLVE**



A STRONG DETERMINATION TO SERVE



# CPA Evolution



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# THE CHANGING MARKETPLACE

Having the resolve to regulate in an era of rapid change.

**Technological  
innovation**

**New marketplace  
demands**

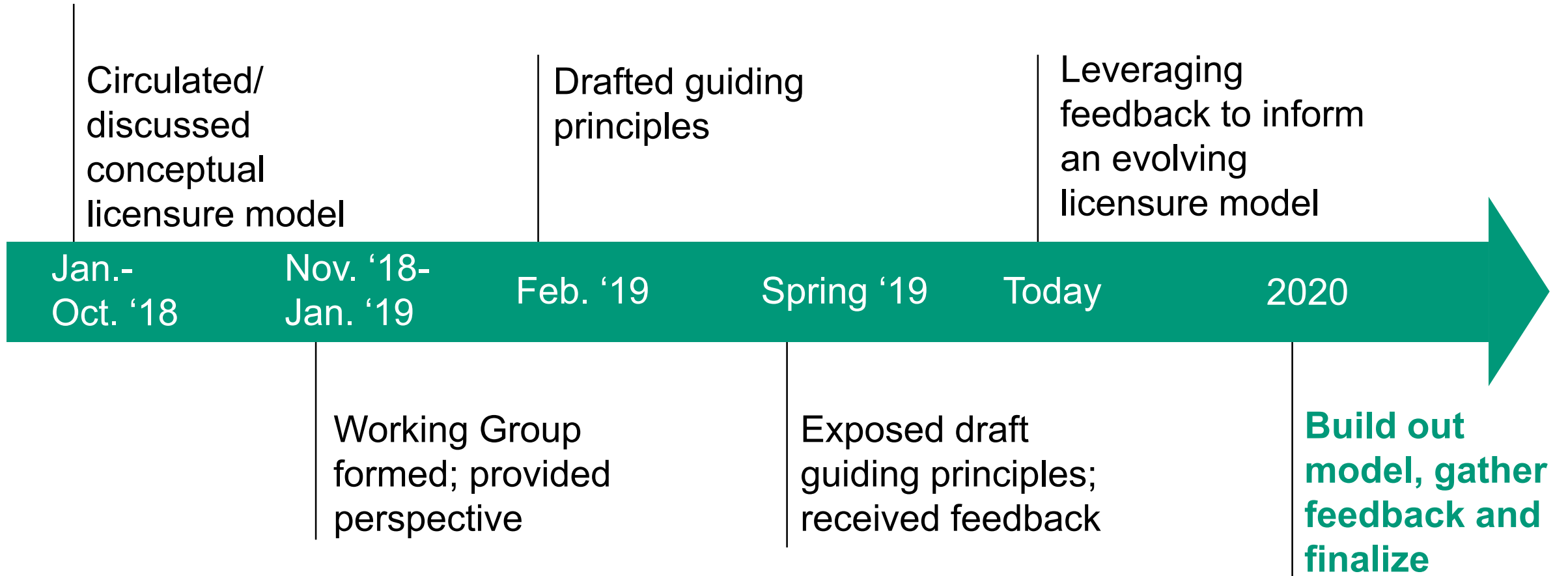
**Pipeline and  
hiring trends**



# CPA Evolution

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 progress



# Draft Guiding Principles

- We must adapt quickly
- Technological expertise is essential
- Licensure requires rethinking
- We must expand our view of the CPA candidate
  - All must demonstrate core competencies
- Change should be rapid yet deliberate





## Principle #4 Revision

- The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. ~~This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students.~~ All must demonstrate minimum required competencies necessary to perform the evolving professional accounting services as a CPA.



2,000+

stakeholders gave feedback

# NASBA and AICPA stakeholder outreach

Boards of  
Accountancy

NASBA  
Board

Volunteer  
committees

AICPA  
Council

Federal  
regulators

Academia

Students

Firms of  
all sizes

State  
Societies

Technology  
experts

CPAs in  
business and  
industry

Young  
professionals



## Support for:



Need to change



Bigger technology emphasis

## A model that will:



Position CPA for the future



Bring needed skills to the profession



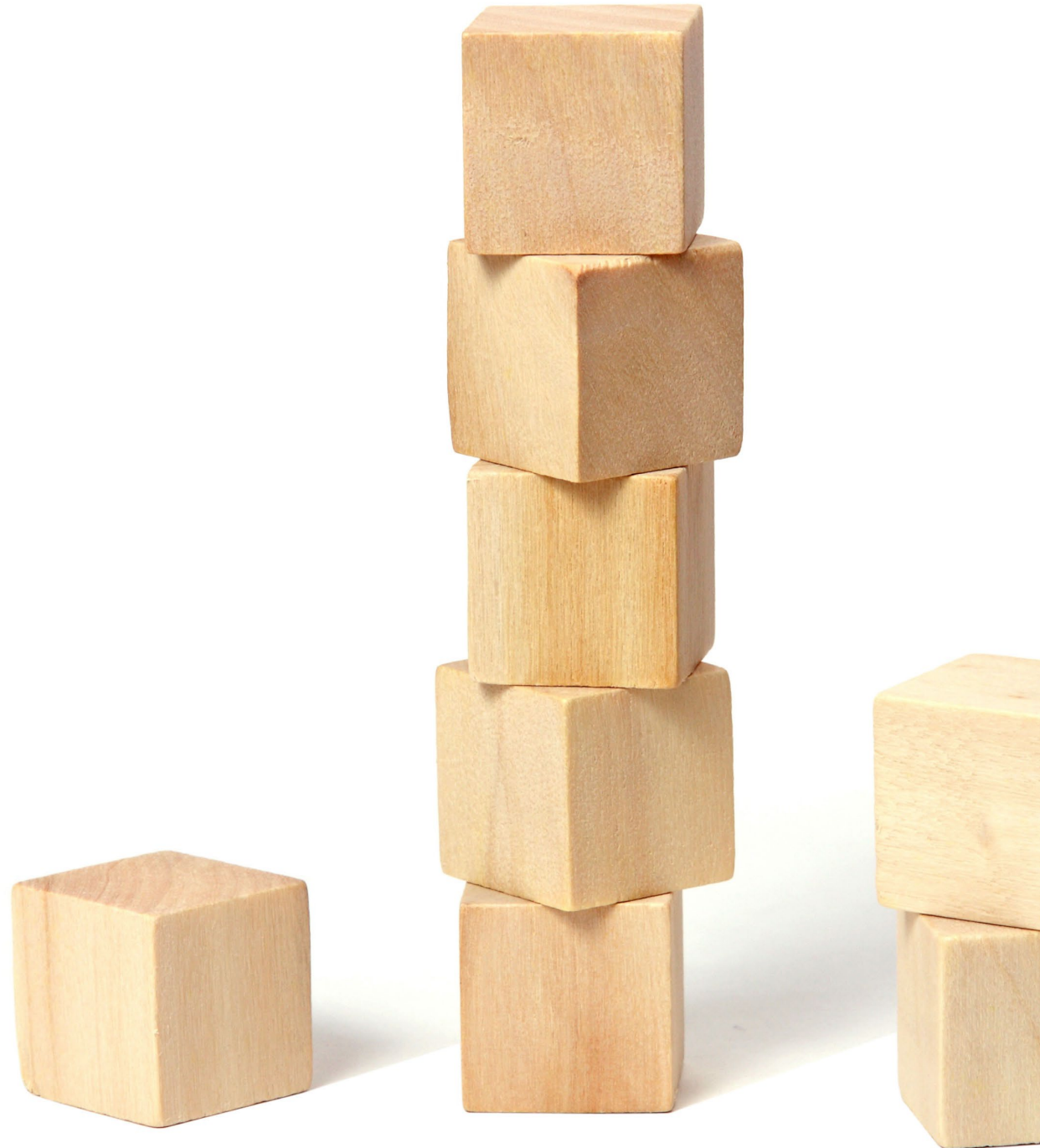
Protect the public interest

# What we heard

## Focus on...

- A core that includes accounting, auditing, tax and technology
- Education that aligns with the core
- Experience requirements that support audit quality
- Supporting existing CPAs
  - Reskilling
  - Promoting emerging services

**...while developing appropriate messaging to modify licensure in current environment**



This should be  
about more than  
just technology.

To future-proof the profession and  
regulation of the profession,  
we must **think differently.**

# Body of knowledge for newly licensed CPAs is growing...



Body of  
knowledge

*Compared to 1980, today there are:*

**3X** as many pages in the  
Internal Revenue Code

**4X** as many accounting standards

**5X** as many auditing standards



Body of knowledge for newly licensed CPAs is growing...



Body of  
knowledge

**CPA firms told us:**

- Procedures historically performed by newly licensed CPAs are being:
  - Automated
  - Off-shored
  - Performed by paraprofessionals

**Result: Newly licensed CPAs need to know more earlier in their career**

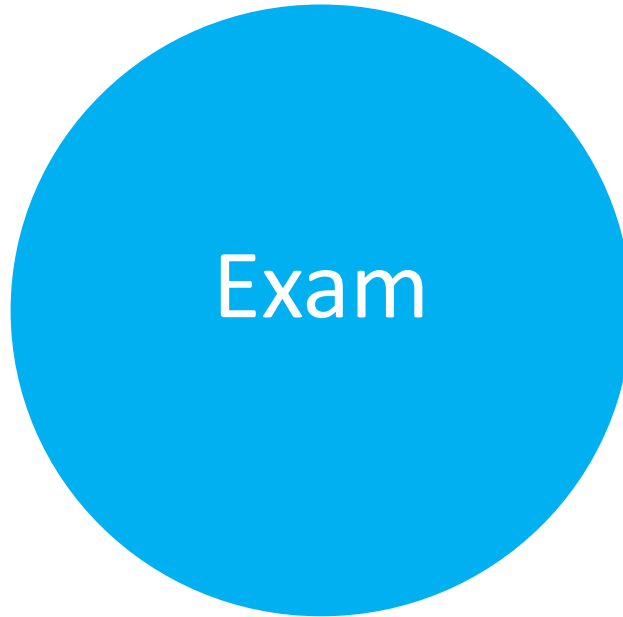
Body of knowledge for newly licensed CPAs is growing...



### **Demands of practice require deeper skillsets**

- Critical thinking
- Professional judgment/skepticism
- Problem solving
- Understanding of business
  - Systems, controls, risk
- Data management and analysis
- SOC engagements

...but Exam stays the same size.



# What is the exam like today?

## Then

- Paper exam offered twice annually
- Take all un-passed sections at each sitting
- Multiple choice, problems and essays
- Exams were taken on piers, in gymnasiums

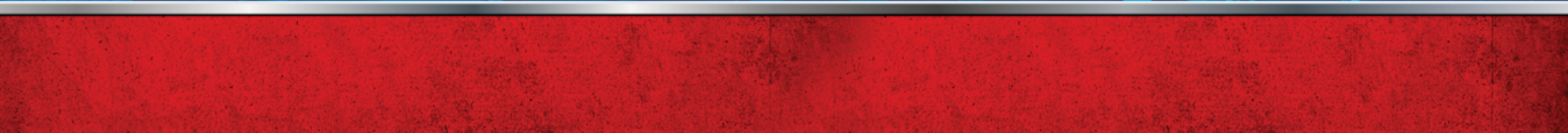
## Now

- Computerized exam offered 280 days annually
- Take one section at a time
- Multiple choice, task-based simulations, constructed response questions
- Exams taken in Prometric testing centers

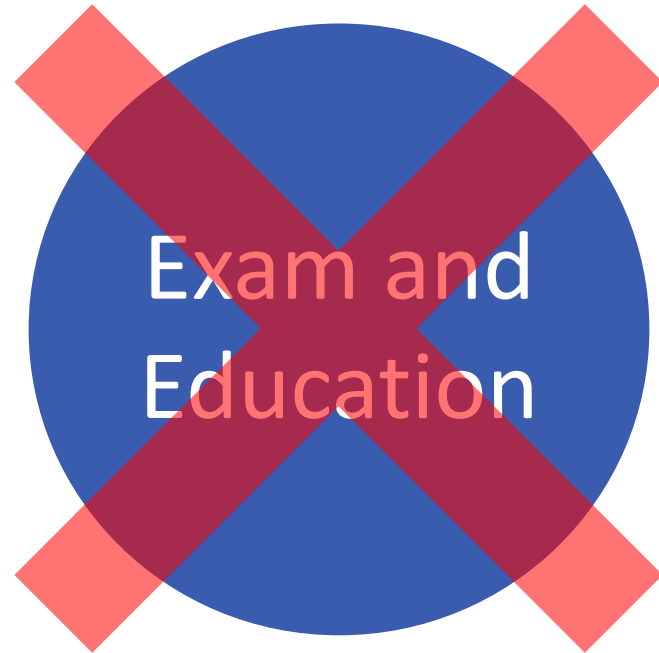




# What we did



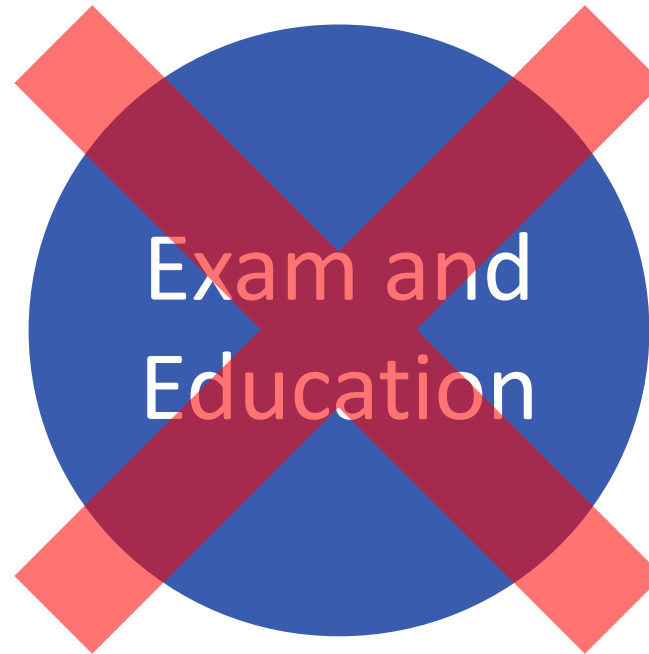
Stretch to cover more material with less depth



**Impact**

- Requirements for licensure are watered down
- Candidates know less about what matters most

# Increase Exam and curriculum hours



## Impact

- Increases barriers to entry, impacting pipeline
- Unsustainable approach over long term



# Other models considered

- CPA – Audit, CPA – Tax, etc.
- Two tier
- Medical
- Legal
- Engineering

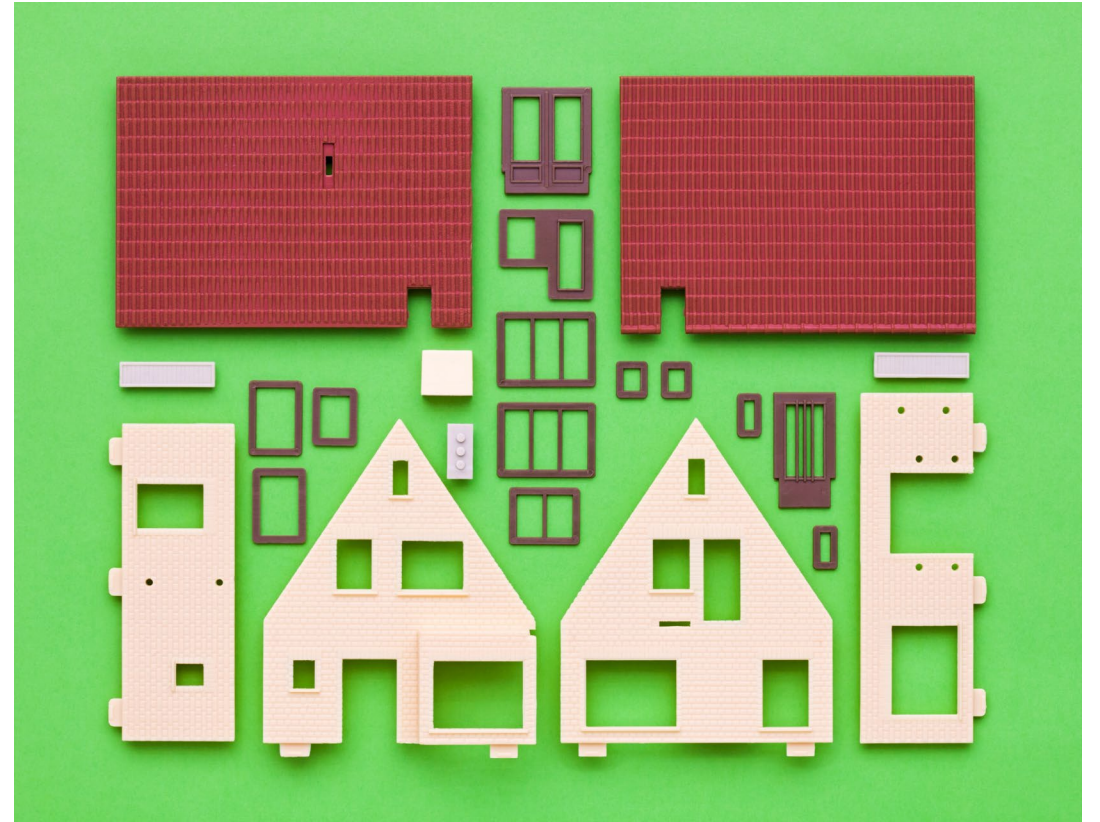




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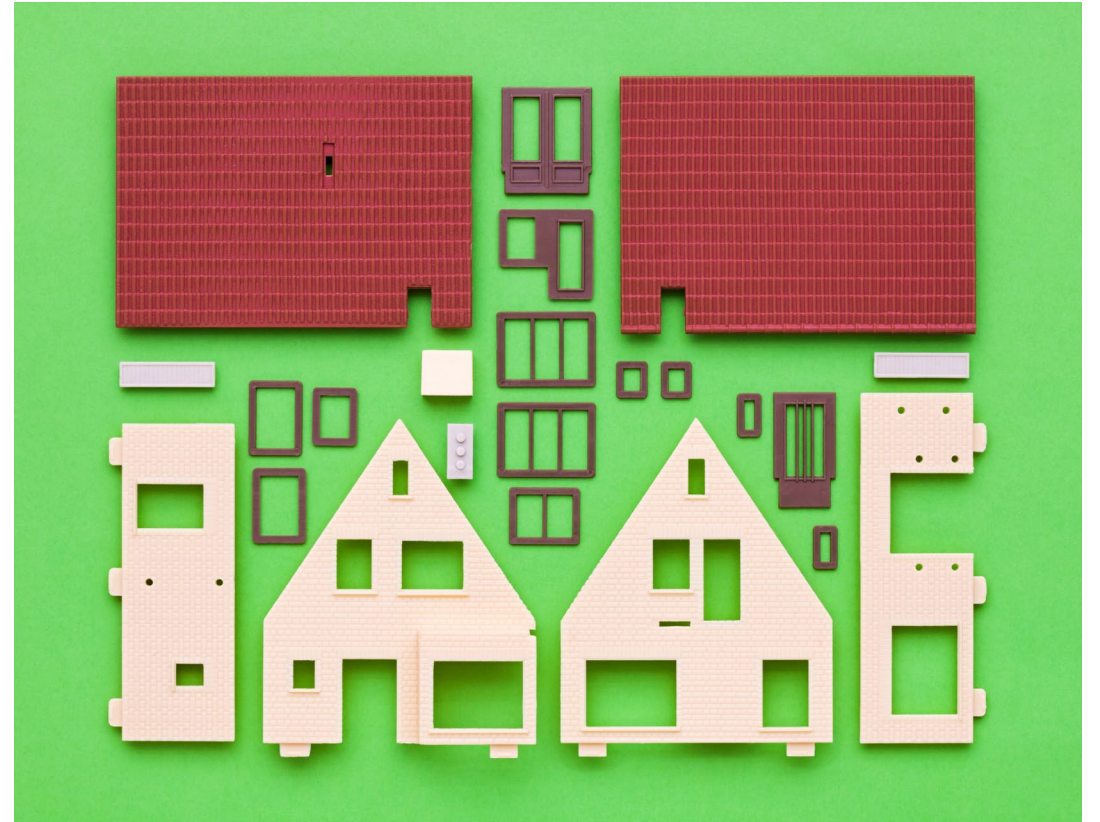


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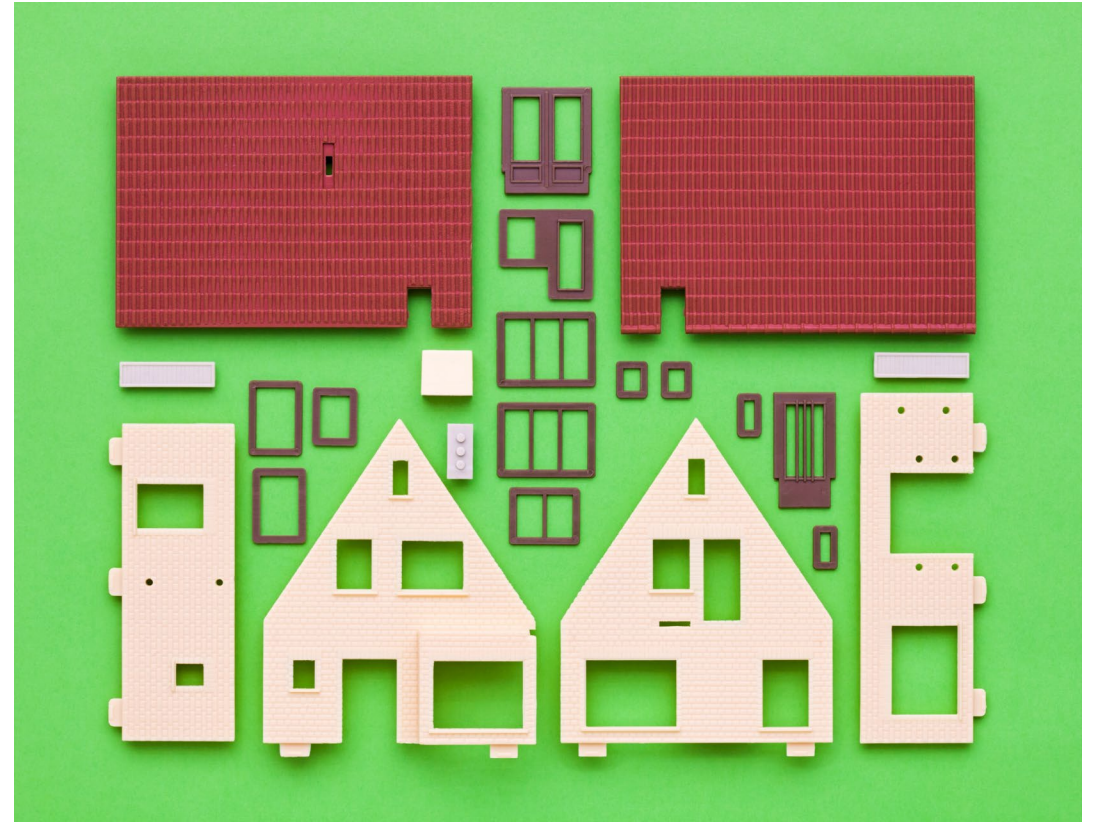
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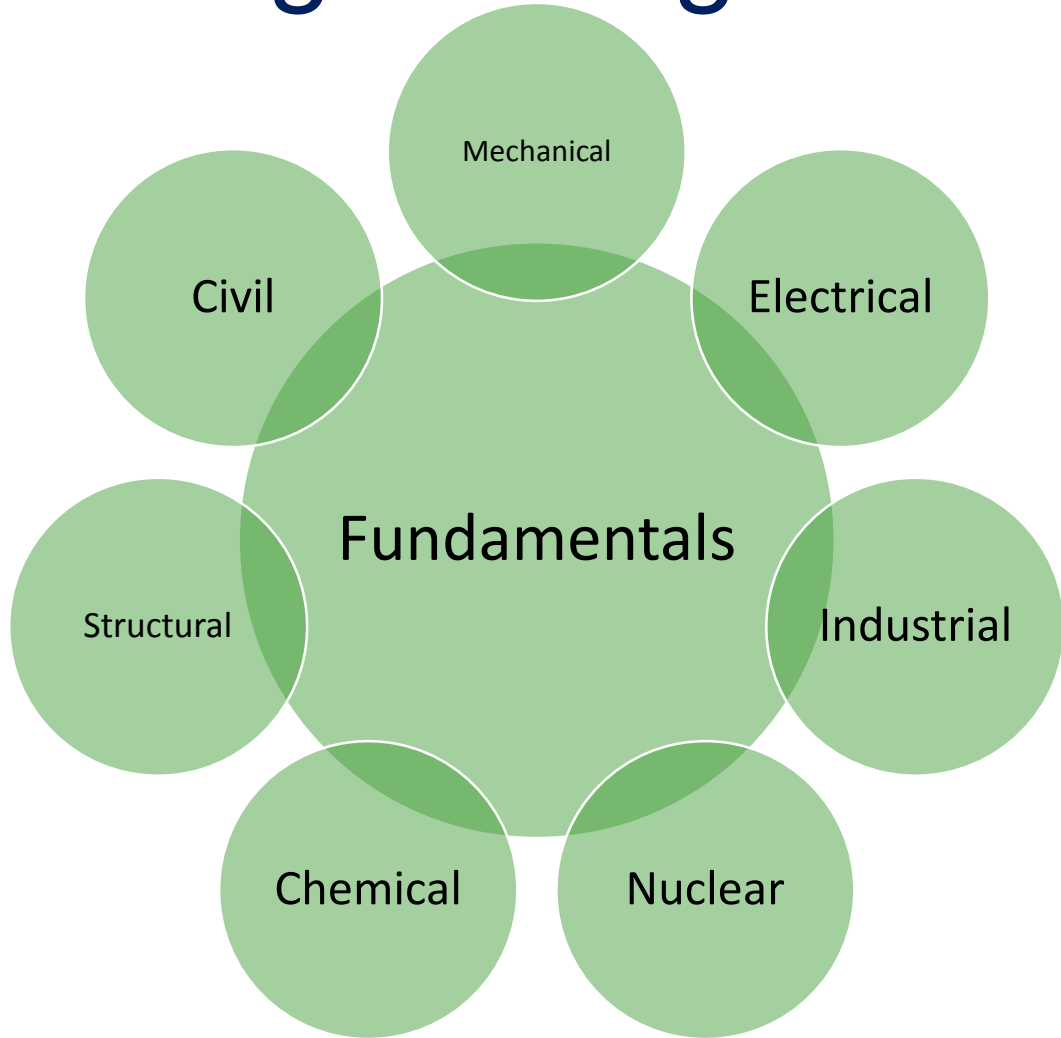


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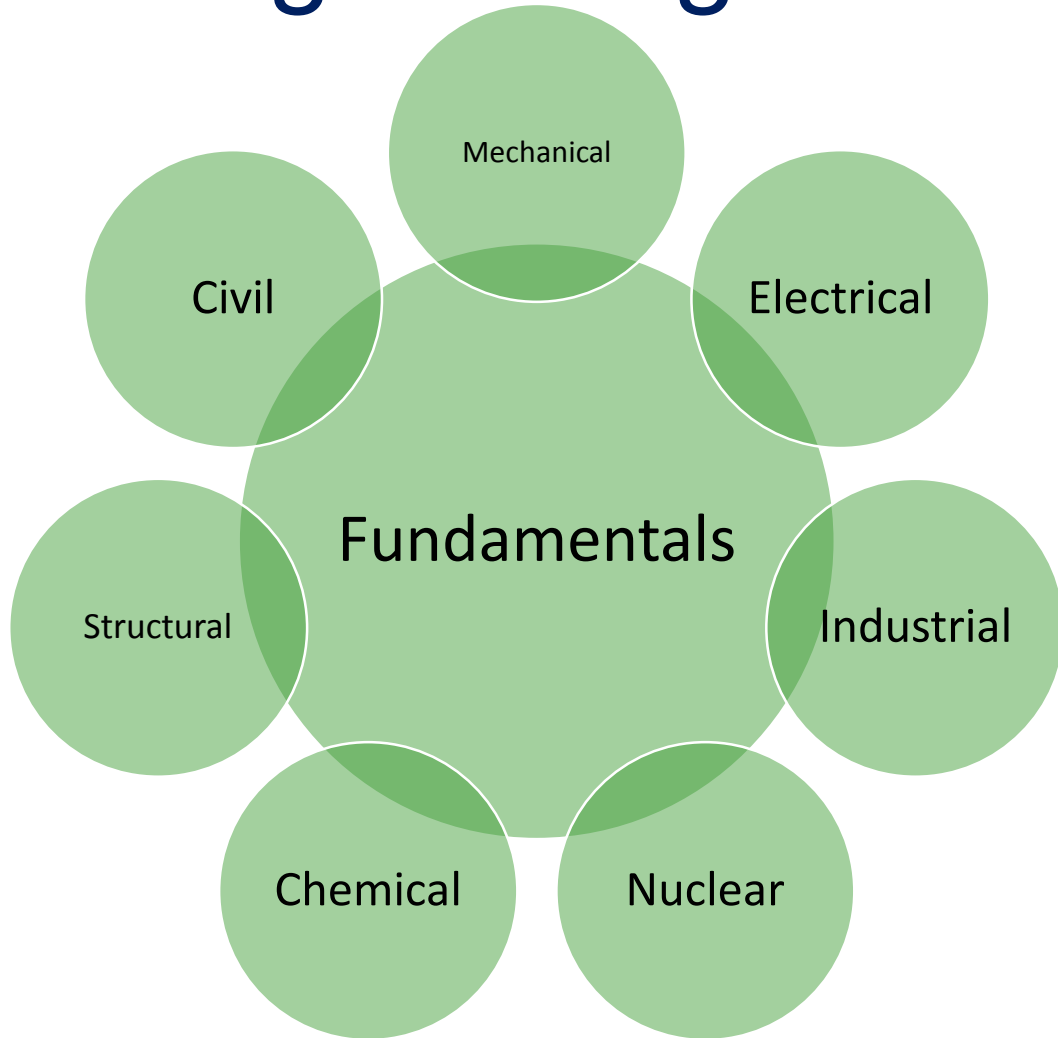
# Engineering Model



**Professional  
Engineer (PE)**



# Engineering Model



 Competence

 PE

With signing authority



# NASBA-AICPA leadership current thinking

NASBA volunteer leadership

AICPA volunteer leadership

State Board and State Society leadership

Senior NASBA and AICPA staff

Small firm

Top 100 firm

Big 4 firm

Technology expertise

Tax expertise

A&A expertise

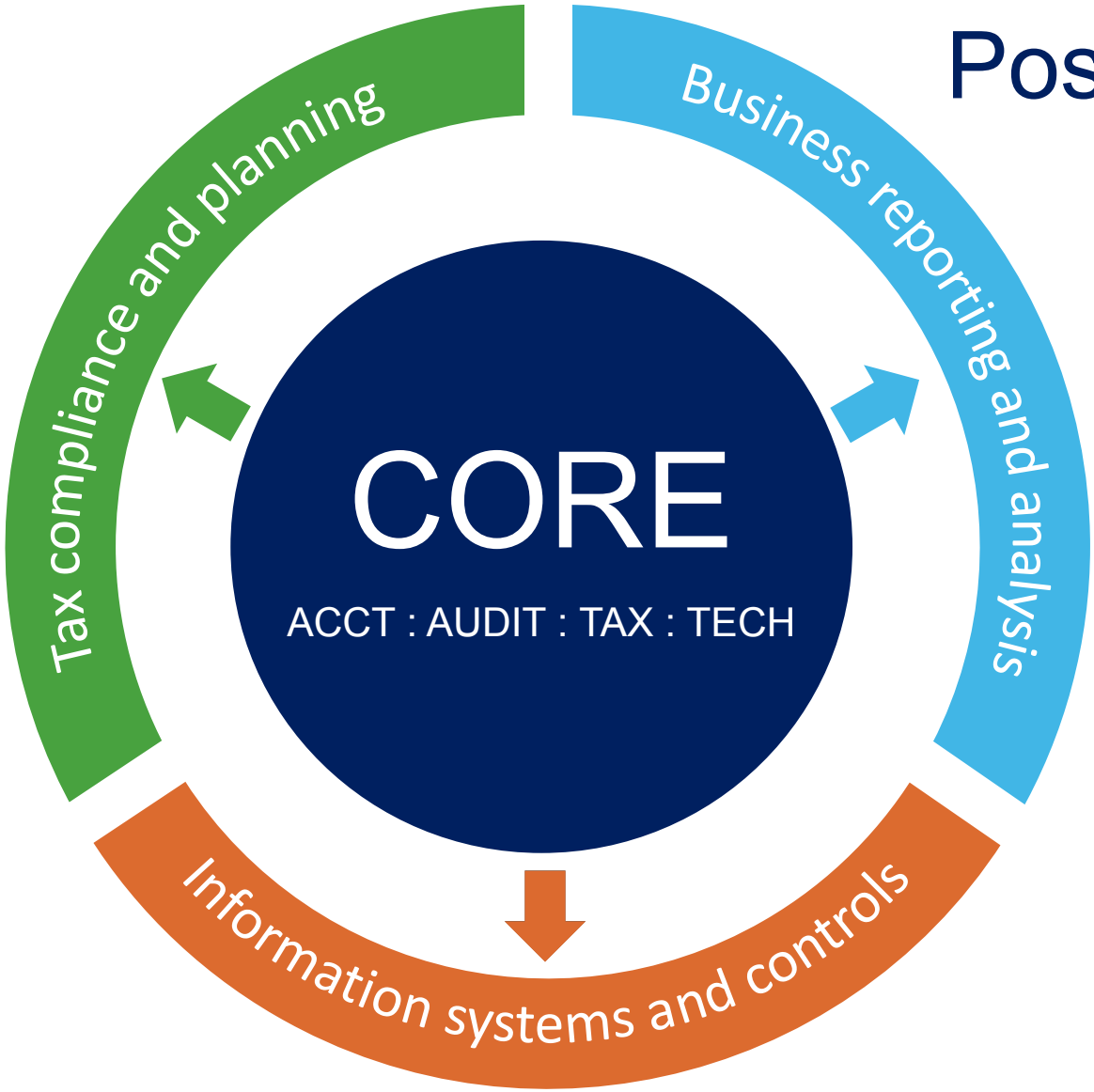
Governmental expertise

Consulting expertise

Regulatory expertise

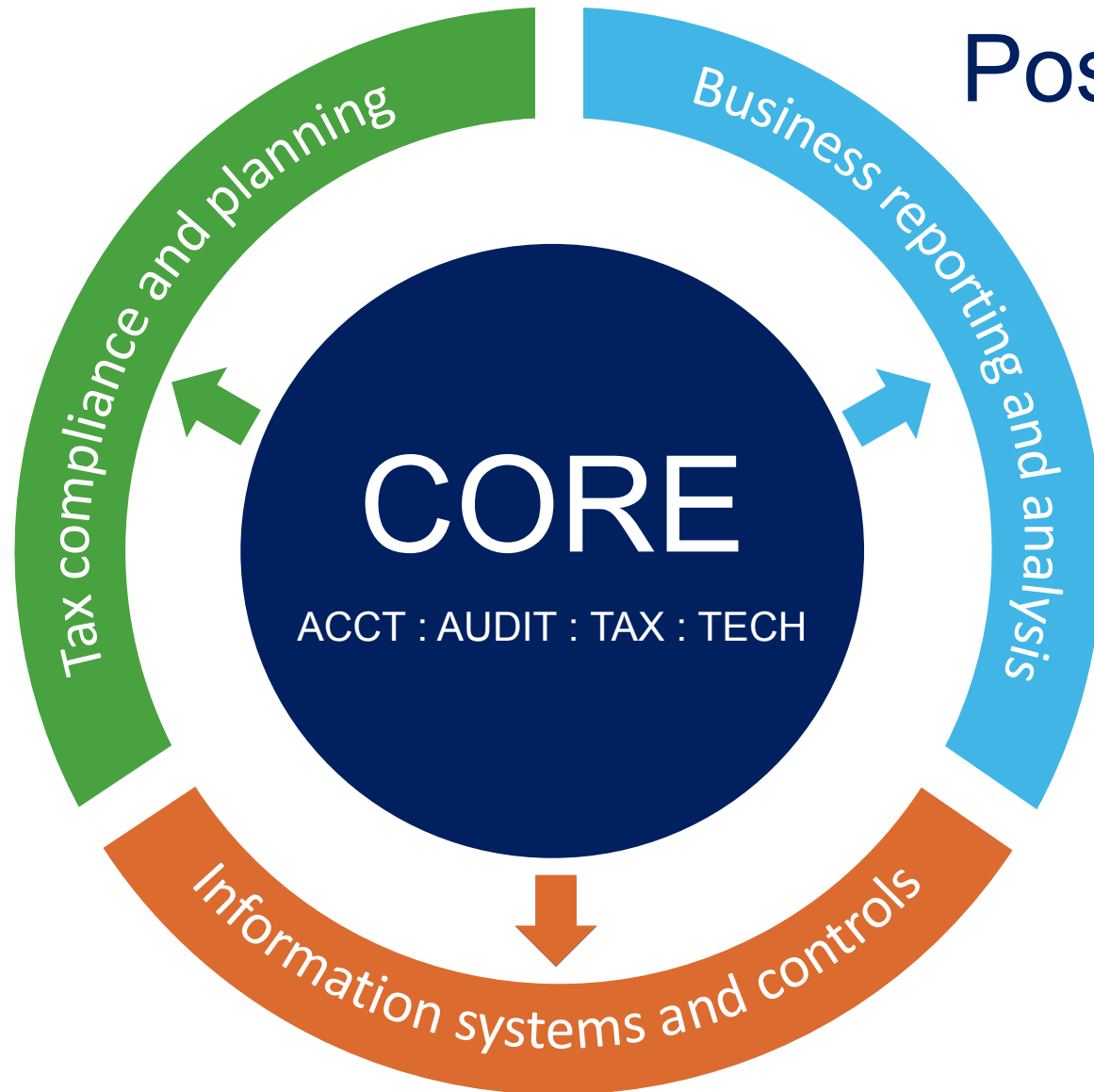
Testing/Exam expertise

Possible model for discussion



= CPA

# Possible model for discussion

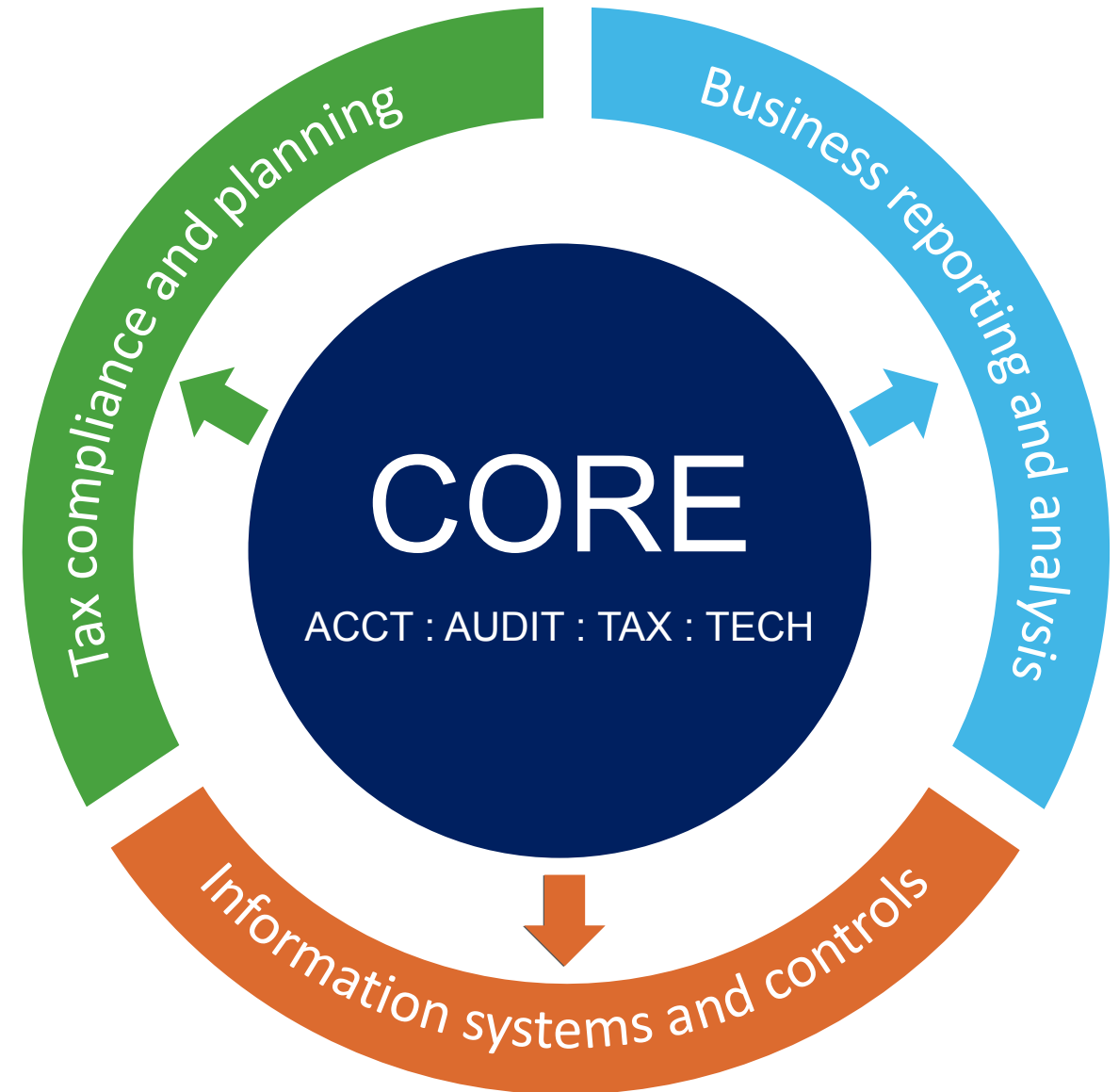


- Strong core with accounting, auditing, tax and technology
- Deeper knowledge in three primary disciplines
- Reflects reality of practice
- Adaptive and flexible
- One CPA license
- Enhances public protection



# For example...\*

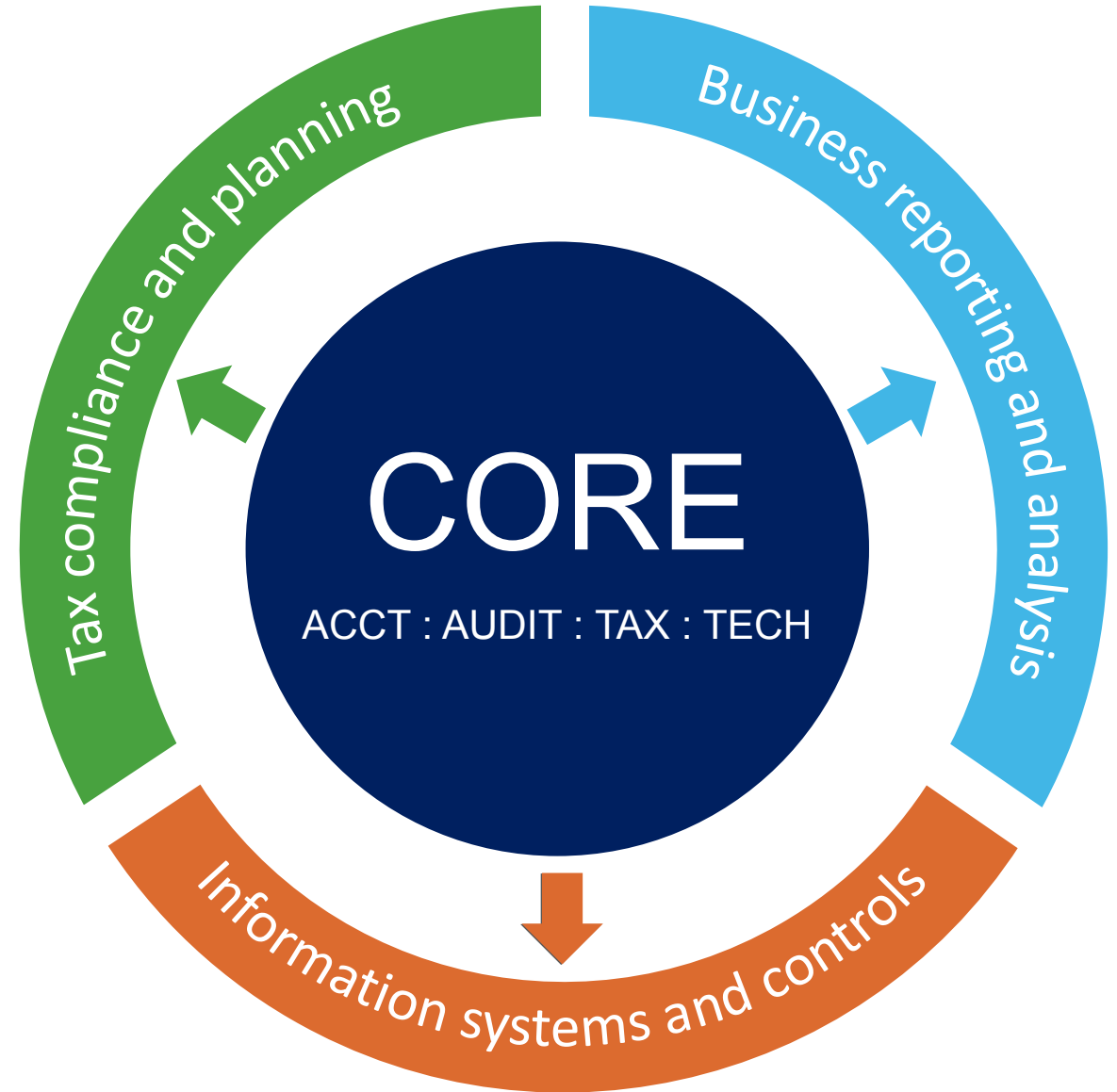
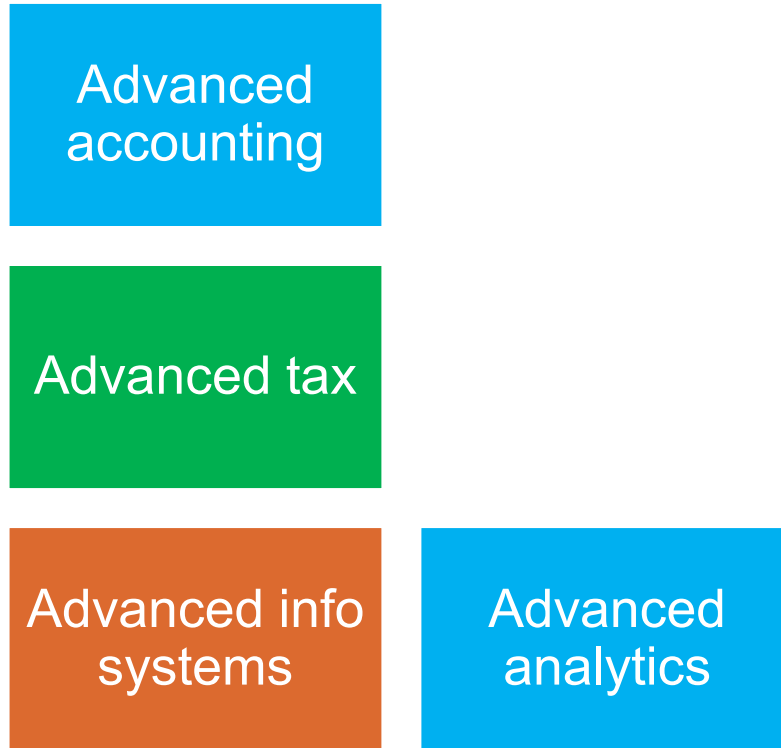
Principles and intermediate accounting	Advanced accounting	Audit and attest
Tax fundamentals	Advanced tax	Ethics
Fundamentals of info systems, analytics	Advanced info systems	Advanced analytics
Business law	Economics	Finance



\* Content would be determined by formal practice analysis

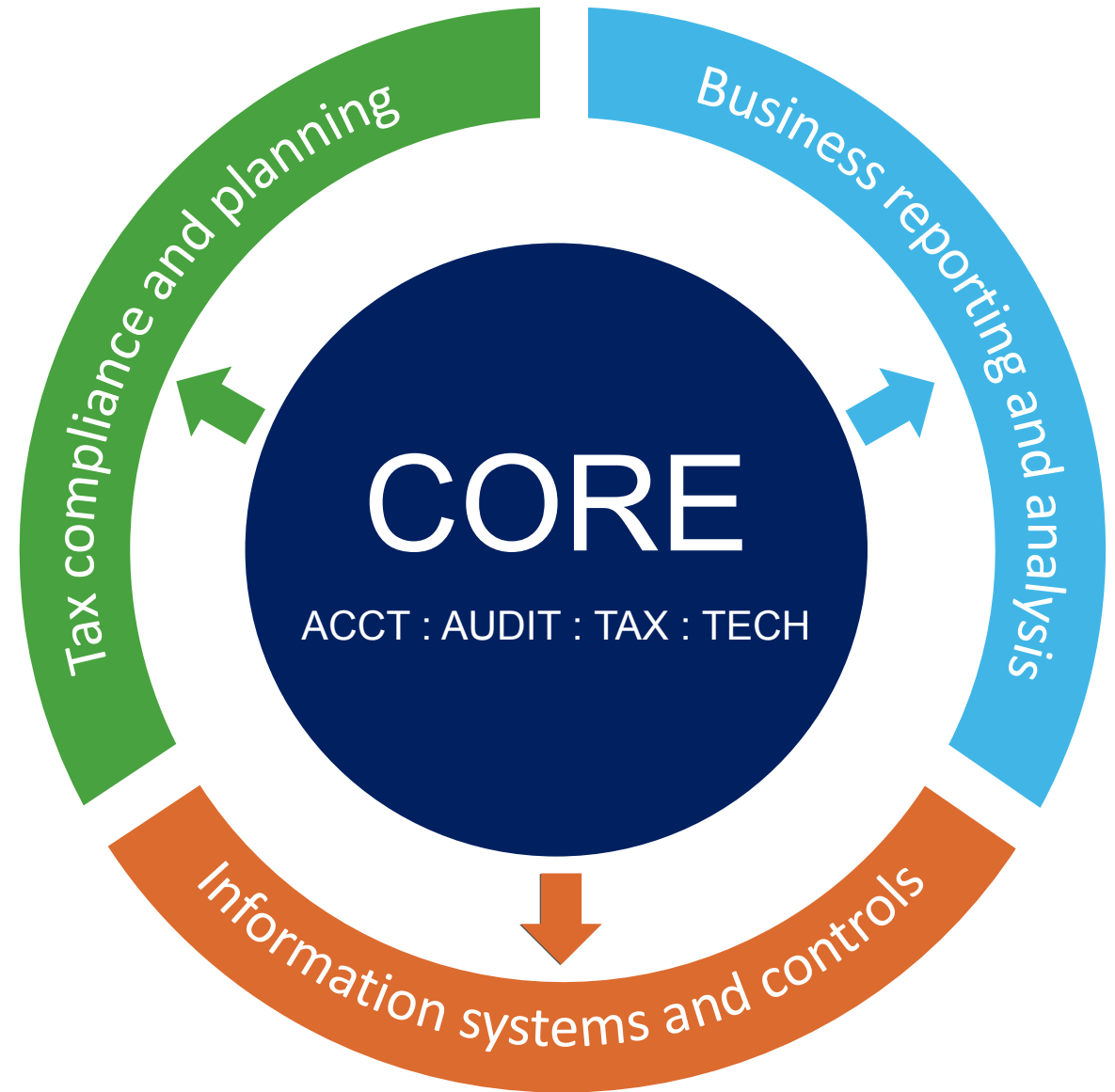


For example...\*



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# Where do we go from here?

- Discussion and feedback at breakout sessions tomorrow morning
- Build model and continue to seek feedback
- Continuing dialogue into 2020
  - NASBA Executive Directors Conference
  - AICPA Regional & Spring Council
  - State Boards and State Societies
  - NASBA Regional Meetings
  - NASBA and AICPA Boards of Directors
- **Goal: Finalize model in summer 2020**
- Plan and map out implementation



# Regional Breakout Breakfasts

- Interactive exercises
- Opportunity to provide feedback







NASBA

# RESOLVE

A STRONG DETERMINATION TO SERVE



# Thank you