



The Uniform  
CPA Examination

# The Uniform CPA Examination<sup>®</sup> Then, Now and Beyond

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# Some Things Never Change... But Some Do



**CPA EXAM:  
SOME THINGS NEVER CHANGE**



## OUR MISSION

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

# Who is the newly licensed CPA?

- ▶ **Fulfilled jurisdiction requirement**
- ▶ **Possesses the knowledge and skills of someone with two years worth of experience**
- ▶ **The Exam must assess the knowledge and skills required of newly licensed CPA**



# Key Concepts



Validity



Reliability



Fairness

# Key concepts

Validity and Reliability



Reliability



# Validity: Protecting the Public Interest

- ▶ Are we testing what we should be testing?
- ▶ What does the CPA Exam score mean?



- Practice Analysis
- Item writing and review
- Setting passing score
- Test Assembly
- Statistics



# Test Assembly

	Current Exam
Content Specifications (Exam Blueprints)	Area level MCQ + TBS
Skill Specifications (Exam Blueprints)	4 levels each item coded for level MCQ + TBS
Statistical Specifications	Difficulty, discrimination, reliability
Item Use	Usage across and within testing windows

# Reliability

## ► Consistency

- Across candidates
- Over time

## ► Methods for ensuring reliability

- Pretesting
- Test assembly
- Scoring



# Test Security

- **Multiple test forms per section**
- **Test forms assigned at random**
- **Multiple versions per test form**
- **Random ordering of test questions within each version of form**
- **Data monitoring and review**



# Fairness

**We build the tests so that  
whichever one you take, it's  
comparable to all others.**



# What Do The Newly Licensed Need?

- ▶ **Critical thinking**
- ▶ **Problem solving**
- ▶ **Analytical ability**
- ▶ **Professional skepticism**
- ▶ **Communications skills**
- ▶ **Core accounting competencies**



# Alignment with the Profession

- ▶ **Consistently supports licensure**
- ▶ **Quarterly updates**
  - Emerging standards
  - Obsolescence reviews
  - Content changes and continuous improvements
- ▶ **Annual updates**
  - Content changes and continuous improvements
- ▶ **Major updates via Practice Analysis**
  - Significant changes in 2004, 2011, 2017, and 2021



# **CPA EXAM: SOME THINGS DO CHANGE**

	CPA Exam – Pre-2004 Computerization	CPA Exam – Post-2004 Computerization
<b>Section Formats</b>	5 sections of 20 hrs	1 section of 4.5 hrs 1 section of 4 hrs 2 sections of 3 hrs (2004)
		2 sections of 4 hrs 2 sections of 3 hrs (2011)
		4 sections of 4 hrs (2017)
<b>Item Types</b>	MCQs, case studies, and essays	MCQs, simulations (all kinds), and essays
<b>Test Form Assembly</b>	2 forms of each section (each form scrambled 10 different ways; no content overlap)	~18 forms of each section (all forms scrambled; minimal content overlap)
<b>Administration</b>	2 windows x 2.5 days annually	4 windows x 60 days each (240 testing days)
		4 windows x 70 days each (280 testing days) (2016)
		Continuous testing (2020)

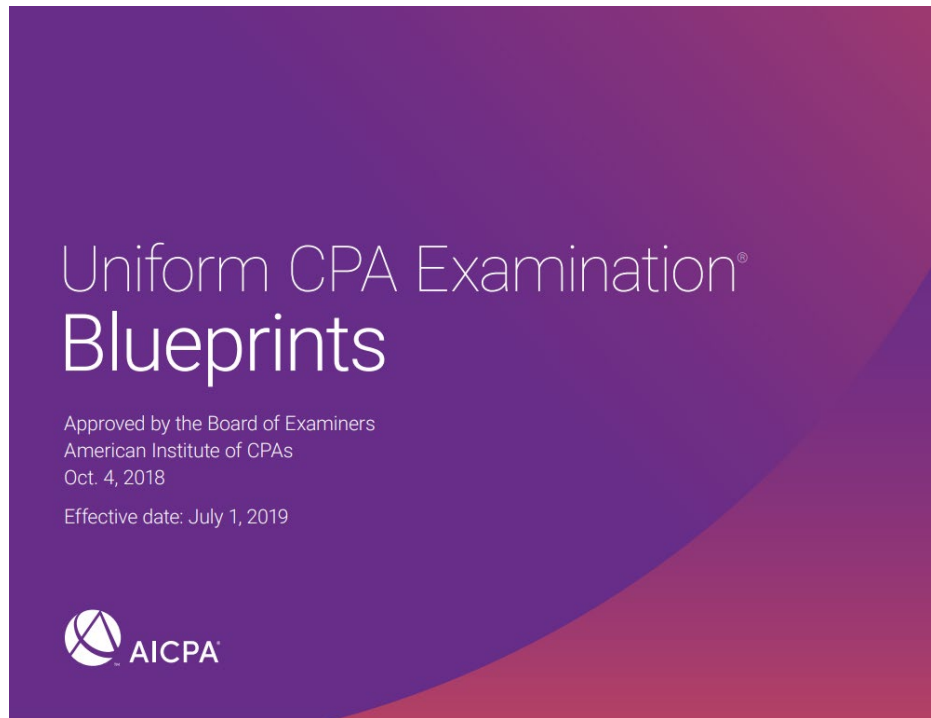


	CPA Exam – Pre-2004 Computerization	CPA Exam – Post-2004 Computerization
<b>Test Locations</b>	Minimal U.S. locations	More than 340 U.S. locations
	U.S. administration only	Administration in U.S., Brazil, Europe, Japan, and Middle East
	Concert halls, convention centers, fairgrounds, etc.	Modern Prometric test centers
<b>Scoring</b>	Manual and computer	All computer
<b>Score Release</b>	Within 3 months	~Every 20 days
<b>Licensure</b>	Complete all sections in 3 years (2 administrations/year)	Complete 4 <sup>th</sup> section within 18 months of passing first (6 windows/18months)
		Continuous testing (2020)

	CPA Exam – Pre-2004 Computerization	CPA Exam – Post-2004 Computerization
<b>Performing Calculations</b>	Calculator	Online calculator and spreadsheet (Excel in 2018)
<b>Entering Answers</b>	#2 Pencil w/eraser	Computerized in 2004
		New software in 2017 and 2018
<b>Windows vs. Windows</b>	Possible window in the testing room	Windows on computer screen with different information during Exam
<b>Security</b>	Human proctors	Human proctors, biometrics, audio/video taping
<b>Accounting Standards</b>	Remember the Literature?	Online Authoritative Literature
<b>Pass All Sections (First Attempt)</b>	~28%	~28%
<b>AICPA fees</b>	2004 section fee - \$45	Section fee through 2021 - \$100

# **CPA EXAM: WHERE WE ARE TODAY**

# CPA Exam Blueprints



[aicpa.org/examblueprints](https://aicpa.org/examblueprints)



Content  
Organization &  
Weighting



Skill  
Allocation  
& Weighting

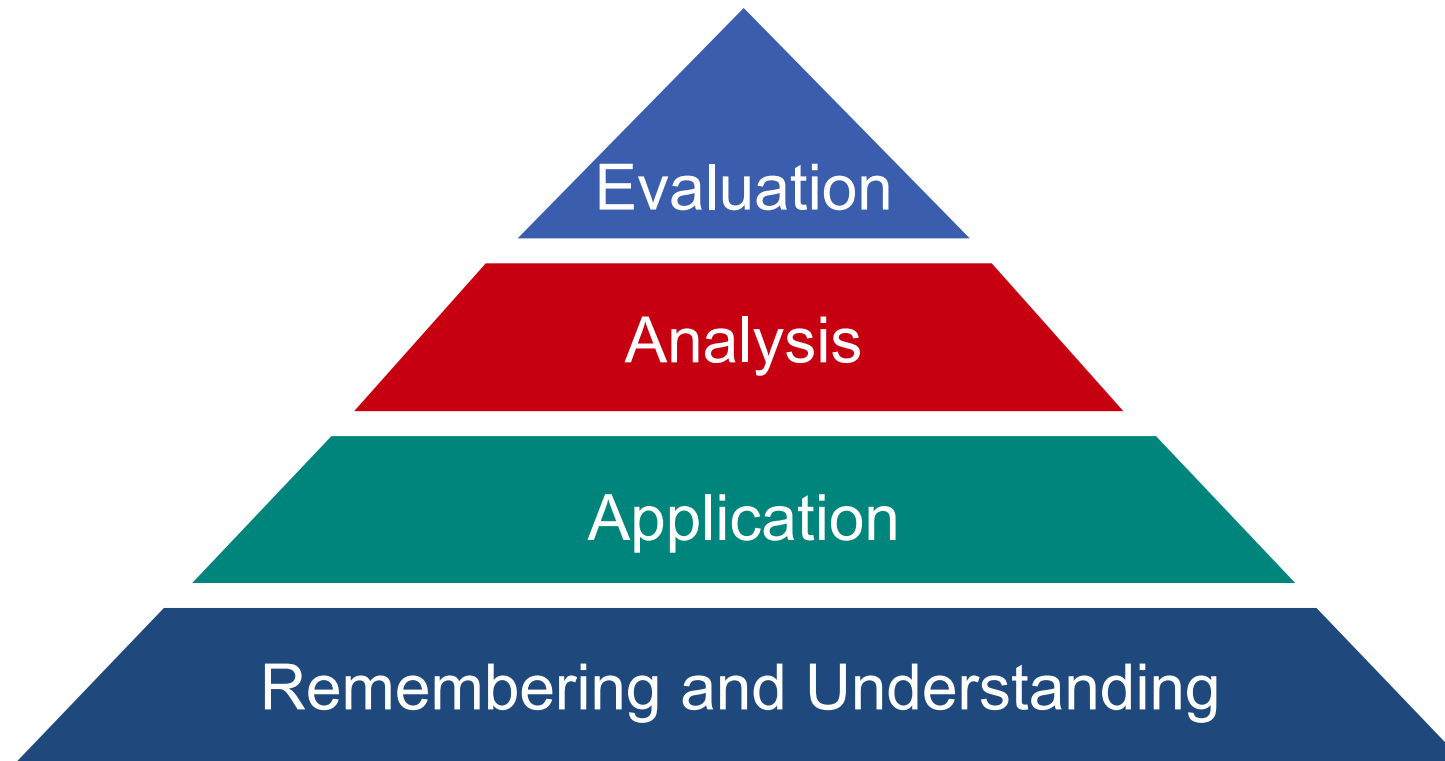


Representative  
Tasks



References

# Skill Levels



# AUD

## Auditing and Attestation

### Content Areas

• Ethics, Professional Responsibilities, and General Principles	15-25%
• Assessing Risk and Developing a Planned Response	20-30%
• Performing Further Procedures and Obtaining Evidence	30-40%
• Forming Conclusions and Reporting	15-25%

### Skill Weighting

• 5-15%	Evaluation
• 15-25%	Analysis
• 30-40%	Application
• 30-40%	Remembering and Understanding

**72**

MCQ

**8**

TBS

## 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%

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

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>A. Understanding sufficient appropriate evidence</b>					
			✓		Investigate evidence that either contradicts or corroborates management explanations, expectations and other hypotheses throughout an audit or non-audit engagement.
				✓	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>B. Sampling techniques</b>					
	✓				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
<b>C. Performing specific procedures to obtain evidence</b>					
<b>1. Analytical procedures</b>					
			✓		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 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.



# BEC

## Business Environment and Concepts

### Content Areas

- Corporate Governance
- Economic Concepts and Analysis
- Financial Management
- Information Technology
- Operations Management

### Allocation

17-27%

17-27%

11-21%

15-25%

15-25%

### Skill Weighting

- 20-30% Analysis
- 50-60% Application
- 15-25% Remembering and Understanding

**62**

MCQ

**4**

TBS

**3**

WCT

# FAR

## Financial Accounting and Reporting

### Content Areas

- Conceptual Framework, Standard-Setting and Financial Reporting
- Select Financial Statement Accounts
- Select Transactions
- State and Local Governments

### Allocation

25-35%

30-40%

20-30%

5-15%

### Skill Weighting

- 25-35% Analysis
- 50-60% Application
- 10-20% Remembering and Understanding

**66**

MCQ

**8**

TBS

# REG Regulation

## Content Areas

- Ethics, Professional Responsibilities and Federal Tax Procedures
- Business Law
- Federal Taxation of Property Transactions
- Federal Taxation of Individuals
- Federal Taxation of Entities

## Allocation

10-20%

10-20%

12-22%

15-25%

28-38%

## Skill Weighting

- 25-35% Analysis
- 35-45% Application
- 25-35% Remembering and Understanding

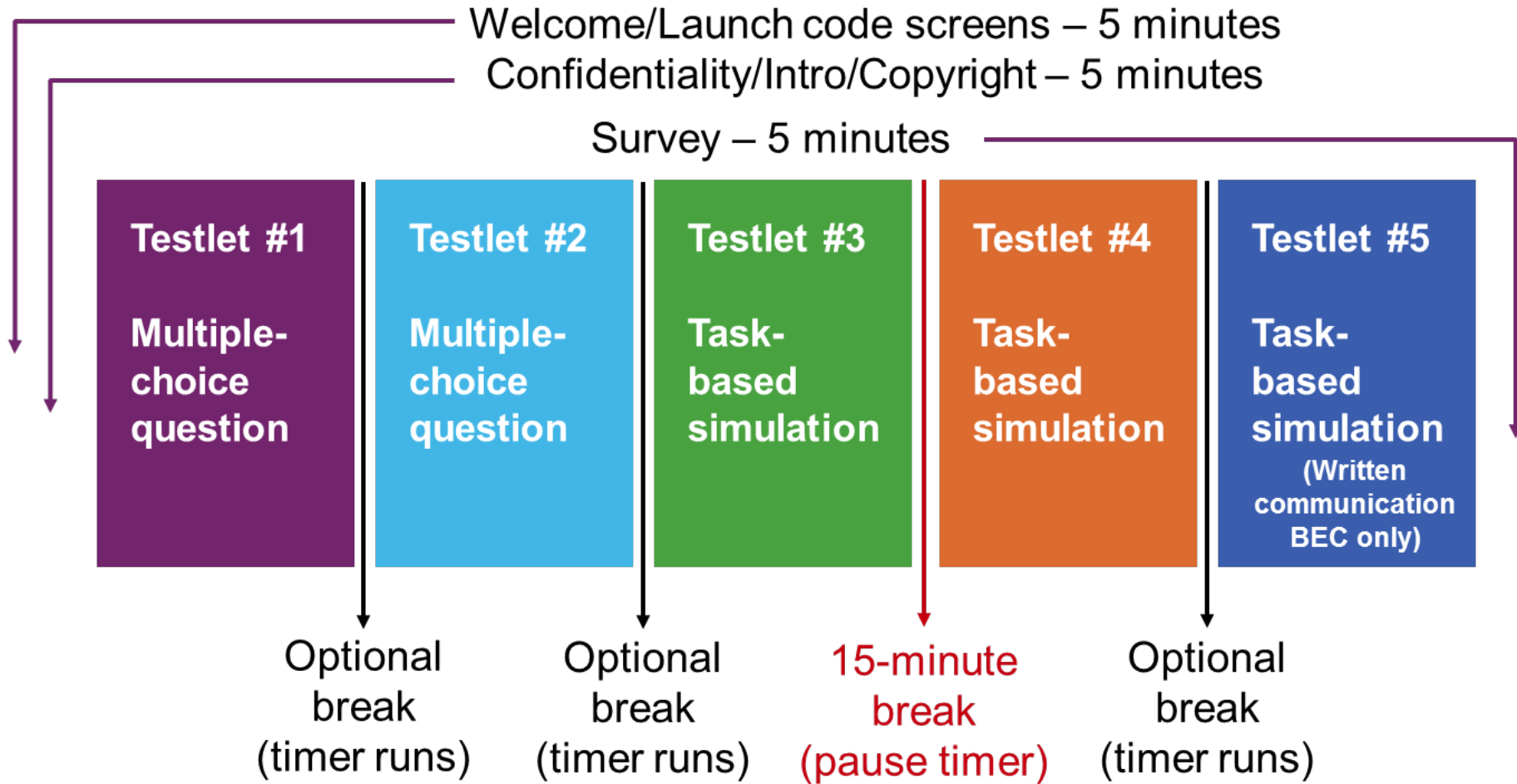
**76**

MCQ

**8**

TBS

# Exam Structure



EXHIBITS

- Email from Controller
- Inventory Count Sheet

- Supplier Report
- Perpetual Inventory Listing

- Warehouse Map (Read Only)
- Answer Key

The auditor established the following information relating to the inventory count and product lines of JBU.

- There was no product movement on the day of the count.
- The loading dock is part of Warehouse A for the purposes of the count.
- All product lines within each storage area have been identified on the warehouse maps.
- The warehouse map is reflective of the warehouse on the day of the count.
- Inventory values in the perpetual inventory listing are based on the most recent purchase price.
- Materiality for year-end audit \$8,000
- Performance materiality: \$5,000

Complete the inventory tasks below by using the information provided in the exhibits above:

- In column B, quantify the required adjustment, if any, to the product line in the perpetual inventory system.
  - Enter increases to the perpetual inventory listing as positive whole dollars.
  - Enter decreases to the perpetual inventory listing as negative whole dollars.
  - If no adjustment to the perpetual inventory listing is required, enter a zero (0).
- In column C, select the justification for the required audit adjustment, or the reason why no audit adjustment is required, by selecting from the option list provided. A justification can be used once, more than once, or not at all.
- Assume that there is only one reason for each product line discrepancy.

	A	B	C
1	Product line	Adjustment required to inventory balance, if any (\$)	Justification for adjustment required
2	Widgets - 10mm	120	
3	Widgets - 5mm	120	
4	Hex bolts	120	
5	<b>Total</b>	0	

Supplier Report

Supplier Report: Widget-Wiz Co.

SKU 267-3

On September 25, year 4, JBU acquired 100 units of SKU 267-3 with a unit price of \$7.99. Subsequent to this acquisition, JBU sold a total of 25 units of 267-3 to third parties for \$11.99, and utilized 70 units of the product in the manufacture of equipment being held for sale in warehouse B.

SKU 267-5

The company has not made a purchase of SKU 267-5 subsequent to February, year 3. In prior years, JBU had a regular customer for this product line but during year 3, this customer became insolvent.

SKU 267-1

In March, year 4, JBU purchased 5,000 units of SKU 267-1. Half of the units were used in the manufacture of equipment that has subsequently been sold. A further 30% of the units were sold to third parties during year 4 and 5% of the units are in ending inventory. The remaining 15% of the units were provided to a customer on a consignment basis on December 31, year 4. These units were sold by the customer on January 3, year 5.

SKU 267-4

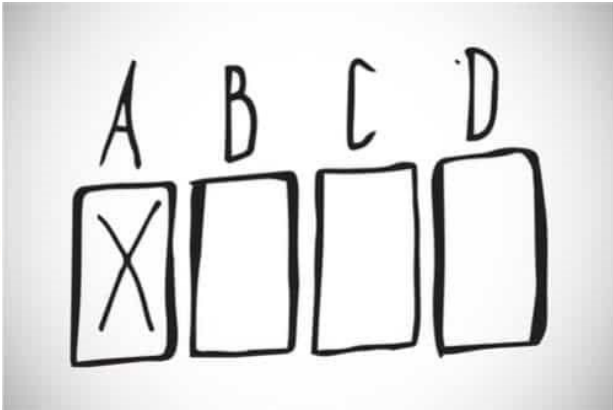
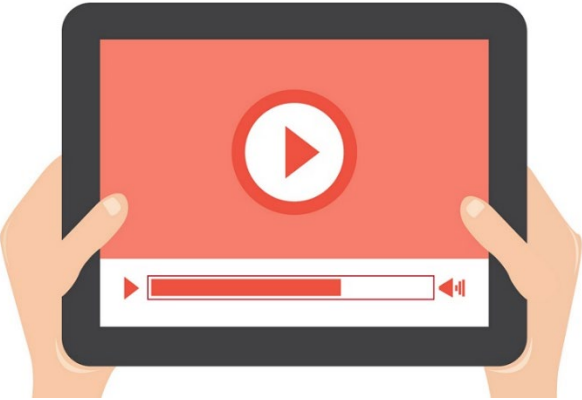
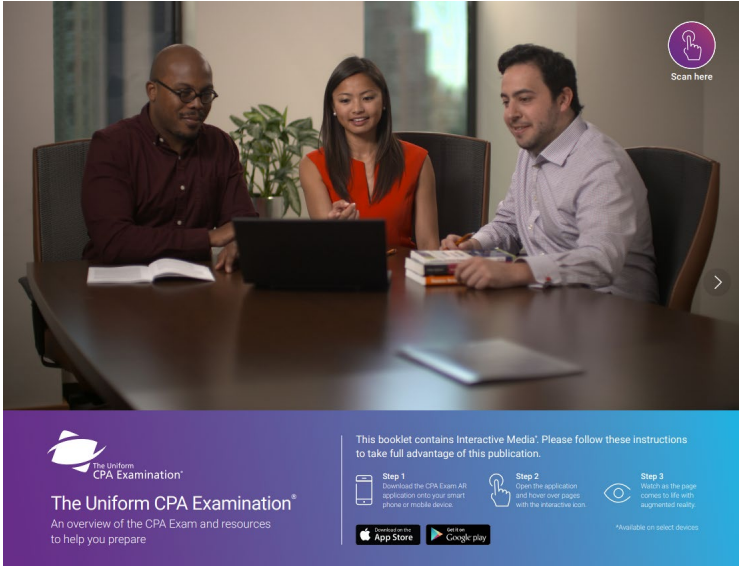
In December, year 3, the company purchased 100 units of SKU 267-4. During year 4, the company sold 50 units of SKU 267-4. In November, year 4, with stock on hand of 50 units, the company purchased 100 units of SKU 267-4.

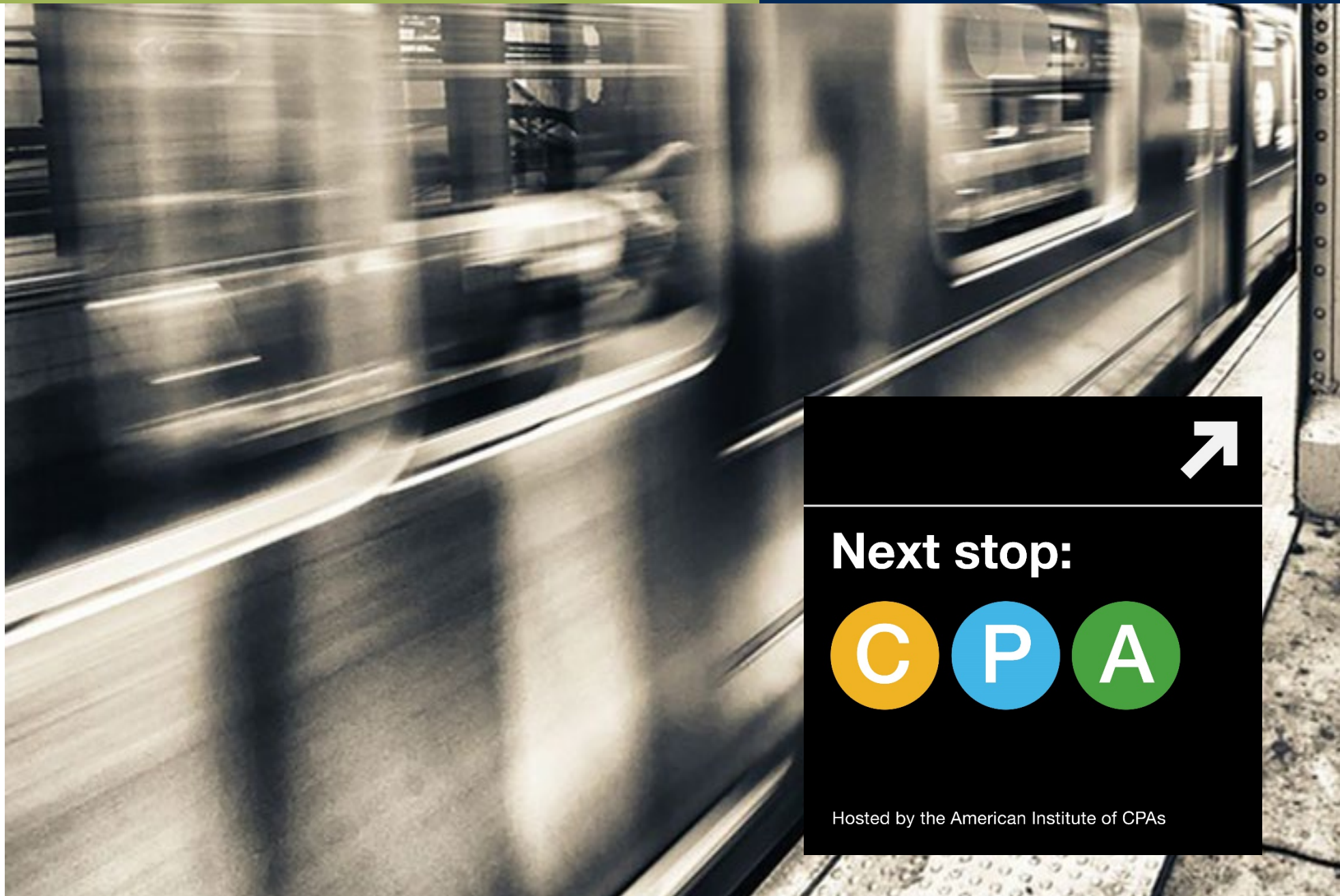
Warehouse Map (Read Only)

Warehouse A		Warehouse B	
Hex Bolts [561-3]	Bolts - 1/4 inch [490-2]	Bolts - 1/4 inch [490-2]	Widgets - 10mm [267-1]
Flat Washers [671-0]	Hex Bolts [561-3]	Widgets - 20mm [267-3]	Flat Washers [671-0]
Widgets - 10mm [267-1]	Copper Coil [290-1]	Copper Coil [290-1]	Wrenches [583-5]
Widgets - 5mm [267-4]		Hex Bolts [561-3]	Large Plates [352-2]
Loading Docks:		Returns Area:	
Large Plates [352-2]	Copper Coil [290-1]	Hex Bolts [561-3]	

# **CHANGING HOW WE CONNECT WITH CANDIDATES**

# Candidate Connection





**Next stop:**



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# **CPA EXAM: MOVING FORWARD**

# Practice Analysis 2019

## ► What?

- Technology Revolution
- Critical Knowledge and Skills

## ► When?

- May 2019 – April 2020

## ► How?

- Firm meetings
- Focus groups
- Ranking panels
- Exposure Draft / Invitation to Comment



# Practice Analysis 2019

## ► What have we heard so far?

- Stable hiring trends
- Critical thinking / problem-solving skills remain paramount
- Newly licensed doing more sooner
- Support for prioritization / pruning
- Understanding the business
  - Information systems and business processes
- Data / digital mindset
- Excel skills are essential
- Increased reliance on SOC reports
- Research skills
- Communication skills



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**Thank You**  
**Questions?**

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