



The Uniform  
CPA Examination®

# Uniform CPA Examination Practice Analysis

NASBA Annual Meeting

October 2013

Colleen Conrad, CPA and Craig Mills, Ed.D.



NASBA

# Purpose of the CPA Exam

- ▶ **To assess important knowledge and skills required for entry-level CPAs for the protection of the public interest**
- ▶ **Criteria for determining knowledge/skills included on CPA Exam:**
  - Relevance to work of entry-level CPAs
  - Importance to work of entry-level CPAs
  - Frequency of use by entry-level CPAs
- ▶ **Periodically assess entry-level work to determine whether the Exam needs to change to match entry-level practice**
  - There is evidence that change is needed

# What We Are Hearing About Entry-Level CPAs

## ► Skills

- Need better communications skills
- Need stronger analytic and interpretive skills
- The ability to differentiate between relevant and irrelevant information is important
- Young professionals need to have a stronger ability to integrate information from multiple sources

## ► Entry level work

- Technology and outsourcing are replacing traditional entry-level work and requiring higher order thinking earlier in one's career

# “The Committee believes that the following attributes are essential for a successful CPA”

- ▶ The ability to think critically
- ▶ A keen analytical sense
- ▶ Effective communication skills, both written and oral
- ▶ A foundation of technical knowledge in accounting theory, auditing, principles, finance, tax, business law and management principles
- ▶ Well developed research skills
- ▶ High ethical standards

New York State Society of CPAs (NYSSCPA).  
2008 Quality Enhancement Policy Committee of  
The New York State Society of CPAs



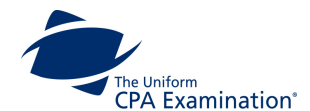
# Greatest Strength/Weakness of Recent Graduates?

Area	Strength	Weakness
Analytical thinking	4%	26%
Communication skills	0%	32%
Technical accounting knowledge	2%	3%
Information technology skills	56%	0%
Work ethic	2%	37%
Energy level	4%	2%
Global cultural awareness	9%	0%
Ability to work in teams	23%	0%
Ethical standards	0%	0%

Valerie C. Milliron

THE ACCOUNTING EDUCATORS' JOURNAL, Volume XXII 2012 pp. 43-71

Report from a forum and survey sponsored by California Society of CPAs



# How much focus should be placed on developing the following attributes? (On a scale of 1–9, 9 = high focus)

(1) Analytical thinking	8.0
(2) Written communication skills	8.2
(3) Technical accounting knowledge	7.8
(4) High ethical standards	7.6
(5) Quantitative problem solving skills	7.5
(6) Oral communication skills	7.3
(7) Research skills	7.1
(8) General business knowledge	6.6
(9) Ability to work in teams	6.0
(10) Information technology skills	5.8
(11) Work ethic	5.3
(12) Marketing skills	3.2
(13) Global cultural awareness	2.6

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# Did you feel prepared immediately after graduation in each of the following areas:

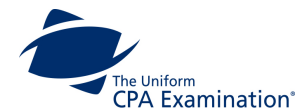
<b>YES</b>	<b>NO</b>	<b>Item Description</b>
93%	7%	Ability to work in teams
92%	8%	Ethical standards
87%	13%	Work ethic
86%	14%	Energy level
<b>78%</b>	<b>22%</b>	<b>Communication skills</b>
75%	25%	Information technology skills
<b>67%</b>	<b>33%</b>	<b>Analytical thinking</b>
58%	42%	Global cultural awareness
<b>57%</b>	<b>43%</b>	<b>Technical accounting knowledge</b>

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# What Does This Make Us Think?

- ▶ **Technical knowledge remains important**
- ▶ **Possible increase in assessment of analytical skills**
- ▶ **Possible increase in assessment of communication skills and assessment of more forms of communication (e.g. listening)**
- ▶ **The CPA Exam may need to take more advantage of test questions like the task based simulations and other kinds of performance testing**





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# Advances in Measurement

## Enhanced Skills Assessment

# The Direction of Measurement

- ▶ **Evidence Centered Design is taking a more cognitive approach to test development.**
  - What does a person have to know or be able to do?
  - What behavior would provide evidence that a person knows this or can do it?
  - What task can be designed to gather the evidence?
- ▶ **Performance testing is becoming much more common**
  - Successfully performing a task demonstrates whether candidates have the foundational knowledge and the skill to apply it.

# New Question Formats

- ▶ **AICPA is researching new question formats**
  - Access authoritative literature to figure out how to complete a financial report
  - Listening comprehension
  - Edit a document (written communication and content)
- ▶ **Programme for International Student Assessment will include assessment of collaboration skills in 2015**
- ▶ **Common Core has resulted in research on data interpretation questions and many other skills**
- ▶ **Progress is being made on scoring written content**
- ▶ **ETS iSkills**



# Some Cautions



- ▶ **The focus of the CALCPA and NYSSCPA work was on education, not assessment**
  - A limited number of people participated in the work
  
- ▶ **Licensure exams are not based on education, but rather on actual work at entry.**
  
- ▶ **Novel question formats are exciting, but need to be “fit for purpose” (entry-level and public protection)**
  
- ▶ **A Practice Analysis is required**

# What is a Practice Analysis?

- ▶ **A project designed to**
  - Document the scope of entry-level practice
  - Identify how entry-level practice is changing
  - Provide data to define the structure of the CPA Exam and the content and skills that will be tested
  - Serve as the foundation of the validity and legal defensibility of the Exam
  - Allow the Exam to remain current as changes in the profession and measurement occur
- ▶ **Conducting the practice analysis and setting the passing score are the two most important responsibilities of the BOE**
  - NASBA and AICPA work closely together on both when they occur
- ▶ **The practice analysis consists of six phases.**

# Phases of the Practice Analysis

## 1. Practice Analysis Exploration

- ❖ Interviews, focus groups, and other activities
  - ✓ Understand activities performed by entry-level CPAs
  - ✓ Identify skills required to perform the activities
  - ✓ Learn which skills are increasing and decreasing in importance
  - ✓ Provide data to define the subset of skills to be tested



## 2. Practice Analysis Confirmation

- ❖ Survey supervisors to verify the findings from Exploration
- ❖ Leveraging NASBA's ALD when possible

# Phases of the Practice Analysis

## 3. Design New CPA Examination

- ❖ What assertions will be made?
  - ✓ Currently four assertions:
- ❖ Length
  - ✓ Currently 14 Hours
- ❖ Test Specifications
  - ✓ Content: Area, Group, Topic
  - ✓ Skills: Knowledge, Understanding, Application of the Body of Knowledge
- ❖ Psychometric Model
  - ✓ Multi-Stage Adaptive Testing (Testlets)
- ❖ Consider Constraints
  - ✓ Legislative or rules changes
  - ✓ Price



# Phases of the Practice Analysis

## 4. Exposure of proposed changes

- ❖ Develop Exposure Draft and invite comments

## 5. Finalize design of revised CPA Exam

- ❖ Evaluate comments and revise design as needed

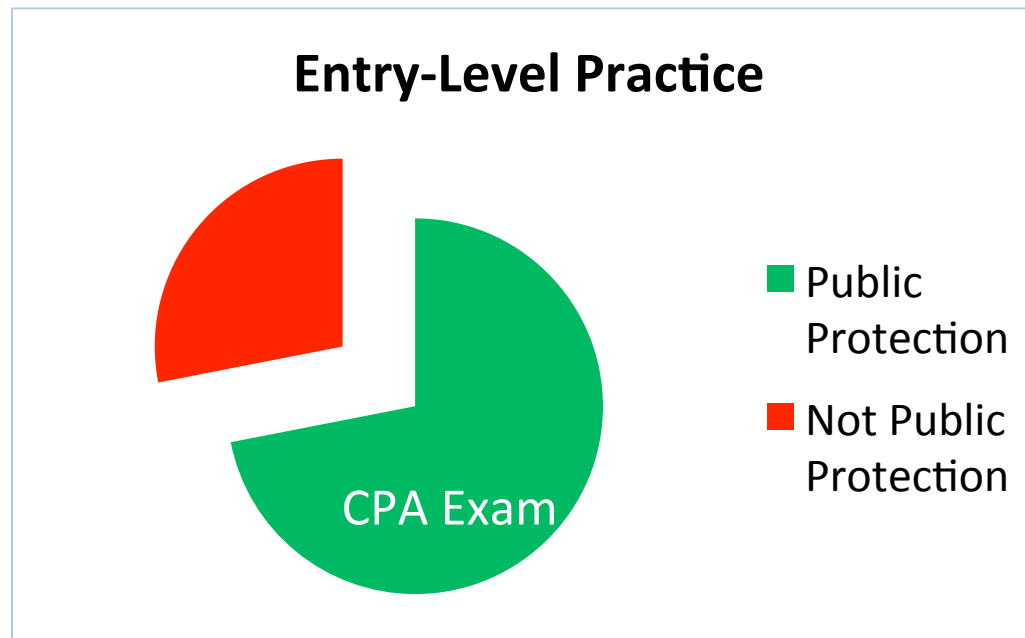
## 6. Announce new exam – CBT3

- ❖ Structure
- ❖ Length
- ❖ Test Specifications
  - ❖ (knowledge and skills to be tested)
- ❖ Psychometric Model

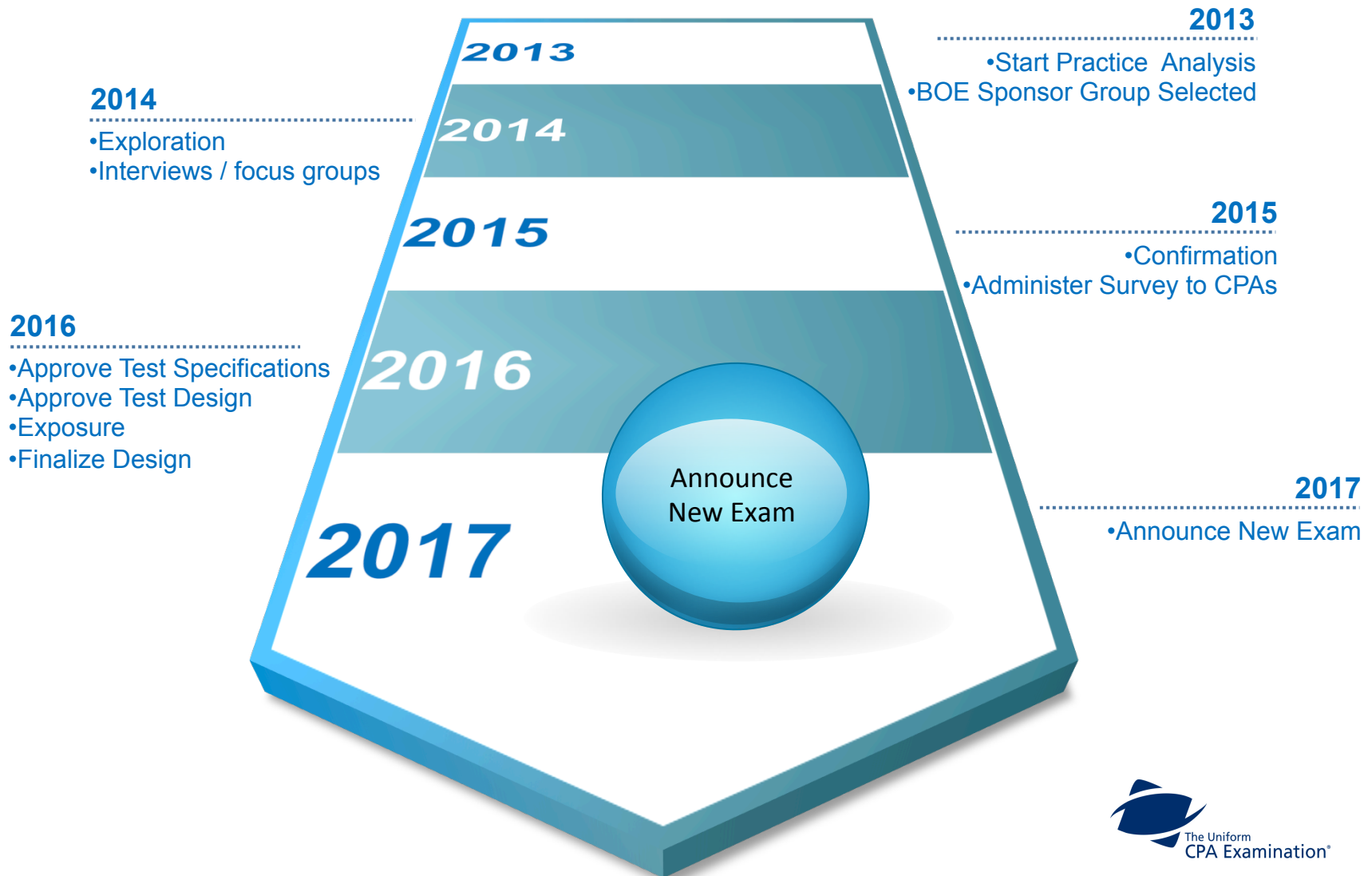


# Exploration Takes a Broad View

- ▶ Understand the full scope of entry-level work
- ▶ Evaluate which elements are important for the protection of the public.
- ▶ Consider only those elements that are important for the protection of the public for inclusion on the CPA Exam



# Practice Analysis PROJECT PLANNING



# Practice Analysis - Staff Project Team

## ▶ Executive Sponsors

- Craig Mills, AICPA
- Michael Decker, AICPA
- Ed Barnicott, NASBA

## ▶ Business Owner

- Joe Maslott, CPA, CGMA

## ▶ Project Manager

- Joanne Lindstrom, PMP

## ▶ Team Members

- CPAs
- Psychometricians
- Communications professionals (NASBA and AICPA)



# BOE Governance

## ▶ **BOE Sponsor Group**

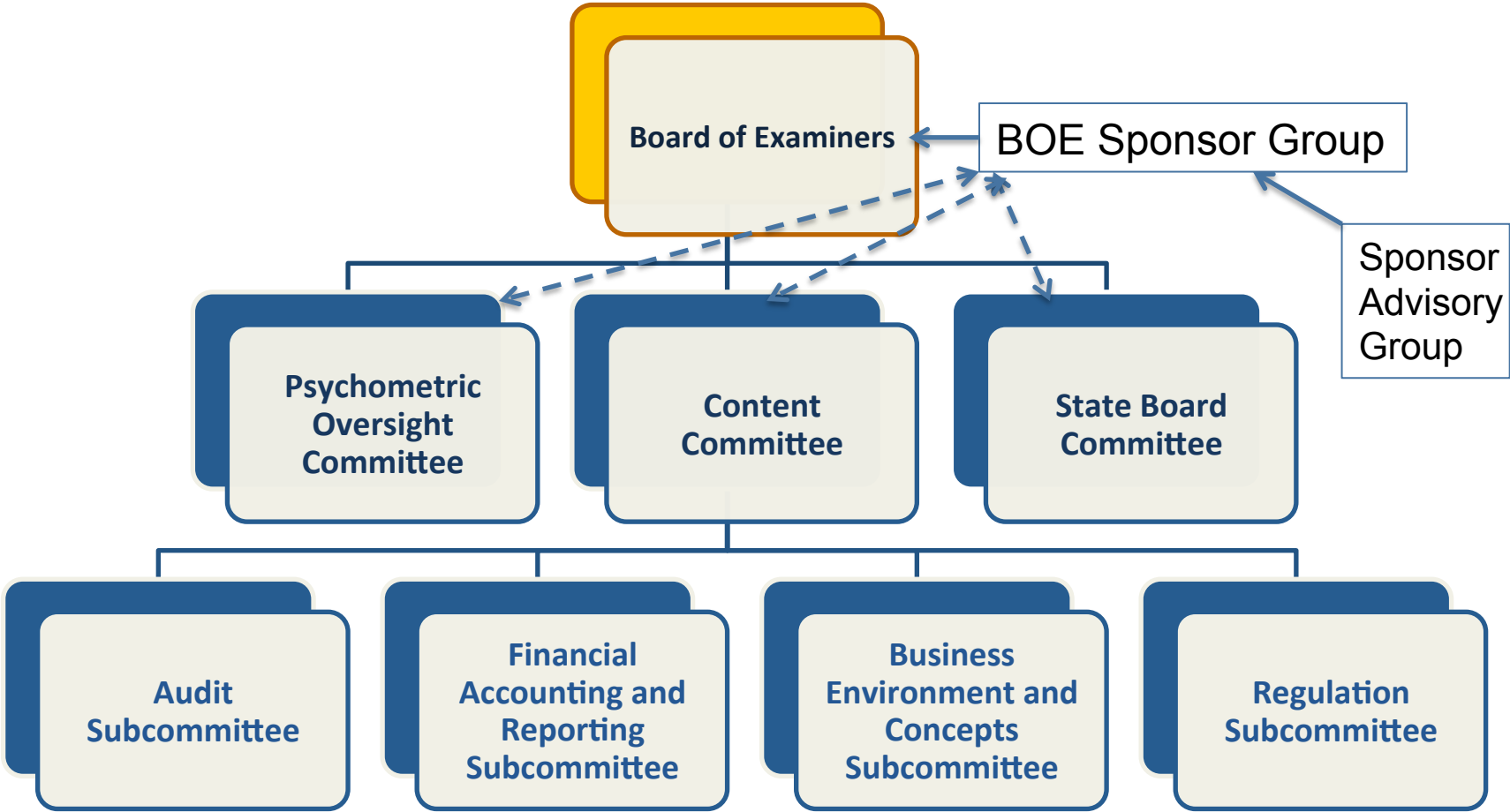
- Rick Niswander, CPA (BOE Chair)
- **Wendy Perez, CPA (BOE Past Chair)**
- **Mari DeVries, CPA (Content Chair)**
- Jacqueline Leighton, Ph.D. (Psychometric Oversight Committee)
- Amy Sutherland, CPA (Content Committee)
- **Jimmy Corley, CPA (State Board Committee)**

## ▶ **Sponsor Advisory Group**

- 10-12 Members
- Representing Key Stakeholders such as
  - **NASBA**
  - **State Boards**
  - National Regulators
  - Educators
  - Public Firms
  - Business and Industry



# BOE and the Practice Analysis





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# State Boards and the Practice Analysis



NASBA

# Additional State Board Involvement Opportunities

- ▶ Provide **feedback** at NASBA meetings
- ▶ Participate in **focus groups** during 2014
  - Executive Directors Conference
  - Regional Meetings
- ▶ Respond to **Invitations to Comment and Exposure Draft**
- ▶ Approve use of **ALD** to ensure representative survey sample
- ▶ Provide **input** to BOE State Board Committee and NASBA CBT Examination Administration Committee
- ▶ Encourage eligible licensees to **participate in survey**
- ▶ Educate **licensees and candidates**





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# Thank You!

Questions or Comments?



NASBA