

CPA Examination Review Board (ERB)

Ron Nielsen, CPA/ABV/CFF, ASA, CFE, CGMA
- ERB CHAIR

June
2014

CPA Examination Review Board

- 1) Standing Committee required by the NASBA Bylaws
- 2) Provides annual assurance that Boards of Accountancy can rely on the CPA Exam and IQEX for licensing purposes
- 3) Reports directly to the Boards of Accountancy

CPA Examination Review Board

- 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 Certified Public Accountants
 - ▶ Develops the Content of the Exam
 - ▶ Develops the Exam Items
 - ▶ Scores the Exam
 - ▶ Provides Advisory Scores
 - ▶ Conducts Statistical Analyses of Exam Results

Contract Parties Reviewed

- ▶ NASBA - The National Association of State Boards of Accountancy
 - ▶ Issues Notices to Schedule (NTSs) to Eligible Candidates
 - ▶ Maintains the National Candidate Database
 - ▶ Provides Advisory Scores to Boards of Accountancy
- ▶ Prometric
 - ▶ Administers the Exam at Authorized Test Centers
 - ▶ Transmits Candidate Results to AICPA for Scoring

ERB Structure

- ▶ Examination Review Board Members (5)
 - ▶ Similar to the “audit partner” on an engagement
 - ▶ Chair – Ron Nielsen, CPA/ABV/CFF, ASA, CFE, CGMA
 - ▶ Vice-Chair and AICPA Lead Member – Whit Broome, Ph.D., CPA
 - ▶ NASBA Lead Member – Lela “Kitty” Pumphrey, Ph.D., CPA
 - ▶ Prometric Lead Member – Doug Warren, CPA, CFF, CFE
 - ▶ Second Reviewer – Nick Mastracchio, Ph.D., CPA

ERB Structure

- ▶ 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 Examination for licensing purposes
- ▶ Provides the foundation for legal defensibility of the CPA Examination to minimize the risk of litigation
- ▶ Can be downloaded from <http://www.nasba.org>

ERB Framework

- ▶ Twelve Steps for Effective Test Development¹
 - ▶ provide the framework for the ERB's review and evaluation
 - ▶ 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

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Risk-Based Approach (Example)

- ▶ **Step** – Walkthroughs by the Prometric Test Center Proctor
- ▶ **Risk**
 - ▶ Candidates can copy items for inappropriate usage.
- ▶ **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**
 - ▶ ERB staff observes whether TCAs perform walkthroughs of the testing room every 8-10 minutes.

The ERB Framework: Twelve Steps for Effective Test Development¹

1. Overall Plan (NAP) – Obtain policies, procedures, contracts; gain an understanding of changes affecting the current year.
2. Content Definition (Practice Analysis) (A) – The Exam is consistent with the Practice Analysis.
3. Test Specifications: Blueprinting the Test (CSOs and SSOs) (A) – Observe Board of Examiners meetings to ensure changes in the CSOs are consistent with the Practice Analysis and are approved by the BOE.
4. Item Development (A) – Item writers, editing/fairness review, item content review, committees, review of item statistics, items in line with Content Specification Outlines

The ERB Framework:

Twelve Steps for Effective Test Development¹

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) – Scoring key validation, rubrics, weighting, psychometric data, forensic data, pretest results

The ERB Framework: Twelve Steps for Effective Test Development¹

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) - 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 Framework: Twelve Steps for Effective Test Development¹

- ▶ Pervasive items (NAP)
 - ▶ Change Management
 - ▶ Business Continuity and Disaster Recovery
 - ▶ IT Security
 - ▶ Data Privacy

- ▶ Period Specific Items (NAP)

Questions?

References

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