Insights into the recent proposals to change the CPA exam

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by

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Wilbert Schwotzer, Past President of the National Association of State Boards of Accountancy, Associate Professor at Georgia State University, spoke at the Fourth Charles Waldo Haskins Accounting History Seminar in Atlanta, Georgia on December 1, 1989. His presentation follows as edited by Kel-Ann Eyler, Georgia State University.

Proposed changes to the CPA exam and the resulting discussion and debate suggest the need to review the source and purposes of the exam. The State Board of Accountancy of each state has statutory responsibility for the preparation, administration, and grading of the CPA exam. All fifty-four Boards of Accountancy purchase the preparation and grading services of the American Institute of Certified Public Accountants, Board of Examiners. Thus, the Board of Examiners is the sole provider and designer of the CPA exam. The CPA exam, as a licensing exam, is intended to protect the public welfare by testing for minimal competency in standards that are job-related, deal with tasks found in accounting practice, and include matters that are important to the public's welfare.

In March, 1987, the Board of Examiners issued an exposure draft that included three principal changes in the CPA exam: (1) combine the contents of the current Accounting Theory and Accounting Practice sections and reallocate the subject matter into two new sections, (2) make the exam all-objective which would include, continued on page 16
but is not limited to, the use of multiple-choice questions, and (3) shorten the exam to two days, rather than the current two and a half days. These proposed changes were intended to achieve more extensive and consistent content and grading which would increase the reliability and validity of the exam.

Protests to the proposed changes were mostly centered on the elimination of the essay questions. Some critics noted that the Board of Examiners' practice analysis study, which was concluded in 1983, identified writing, oral, and interpersonal skills as the three most important skills in the practice of accounting. However, the Board of Examiners decided that these three skills, along with research skills, were not to be included in the scope of the CPA Examination's content.

Writing skills were not included in the scope of the exam because "they are general skills not unique to the practice of public accountancy....Generally, educational training is relied on to ensure minimum competency for these skills...." (Exposure Draft, p. 4). Critics of this position have pointed out that colleges and universities are not providing acceptable educational training in writing skills. Furthermore, discontinuing the use of essay questions would send the wrong message to CPA candidates. After much debate and discussion with the State Boards of Accountancy, the Board of Examiners agreed to retain essay questions and to grade the essays for writing skills.

A committee has been established by the American Institute of Certified Public Accountants to study issues related to the testing of communication skills of CPA candidates. The Board of Examiners has also begun another practice analysis study, with an expected completion date of July, 1990, to consider the cognitive skills level at which the CPA exam should be set based on actual accounting practice. In addition, a "white paper," entitled "Perspectives on Education: Capabilities for Success in the Accounting Profession," issued in April, 1989, by the chief executive officers of the then eight largest public accounting firms, has led to the formation of the Accounting Education Change Commission.

The efforts to improve the quality of accounting education and the testing of CPA candidates will hopefully encourage academics to break the shackles of "teaching to the test" and to encourage the Board of Examiners and the State Boards of Accountancy to be more innovative in efforts to improve the CPA exam. Regardless, efforts will probably continue to improve the quality and proficiency of accounting graduates.

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the publisher's staff to do that for us. We do believe that we need to ensure from the start that it is professional, meaning inter alia that our anecdotes should be properly referenced.

Your thoughts, for and against, one-page ideas, maps, poems, pictures, and illustrations should be sent to one of the committee members, any one of the officers of the Academy, or to the Chairman of the Educational Committee: Michael F. van Breda, School of Business, Southern Methodist University, Dallas, TX 75275-0333.