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# Proposed Content and skill specifications for the uniform CPA examination; Exposure draft (American Institute of Certified Public Accountants), 2008

American Institute of Certified Public Accountants. Board of Examiners

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# EXPOSURE DRAFT

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## PROPOSED CONTENT AND SKILL SPECIFICATIONS FOR THE UNIFORM CPA EXAMINATION

2008

Prepared by the Board of Examiners of the  
American Institute of Certified Public Accountants  
Comments should be received by July 31, 2008, and addressed to:

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## **INTRODUCTION**

The AICPA Board of Examiners (BOE) is pleased to share with you this exposure draft, which proposes changes in the content specification outlines (CSOs) and introducing expanded (separate) skill specification outlines (SSOs) for the Uniform CPA Examination based on results of the 2008 Practice Analysis. If adopted, the proposed CSOs/SSOs will become effective based upon a timeline to be set by the BOE.

The Uniform CPA Examination is a licensure examination, the purpose of which is “to admit individuals into the profession only after they have demonstrated entry-level knowledge and skills necessary to protect the public interest in a rapidly changing business and financial environment.” The content and skills tested on the CPA Examination are based on the input from various stakeholders including the BOE and BOE committees, all of whom used the findings from the practice analysis as the cornerstone for their decision-making process.

The BOE oversees the development, administration and scoring of the Uniform CPA Examination. In its oversight role, the BOE ensures that activities and procedures are implemented to keep the CPA Examination consonant with the knowledge and skill requirements of entry-level CPAs. The BOE is supported by the Content Committee and its Preparation Subcommittees, the Psychometric Oversight Committee (POC), and the State Board Committee.

### **Purpose of Content/Skill Specification Outlines**

The CSOs/SSOs are intended to provide a comprehensive framework that is representative of the knowledge and skills required for the various practice areas of the profession. The purpose of the CSOs/SSOs is to:

- Ensure across CPA Examination administrations consistent coverage of knowledge and skills important to the protection of the public interest as determined by the practice analysis and other relevant information.
- Provide guidance about questions to include on the CPA Examination to those who are responsible for preparing it.
- Assist candidates in preparing for the CPA Examination by delineating the knowledge and skills that may be tested.
- Apprise educators about the knowledge and skills candidates will need to pass the CPA Examination and to function as entry-level CPAs.

### **Summary of Proposed Changes to the CSOs**

The updated CSOs will be implemented within the current examination structure of four separately scored sections:

- Auditing & Attestation (AUD)
  - Financial Accounting & Reporting (FAR)
  - Regulation (REG)
  - Business Environment & Concepts (BEC)
-

The following table summarizes the current and proposed CSOs for the Auditing & Attestation (AUD) section. In the proposed CSOs for AUD the topic outline and area weightings have been reorganized based upon the nature of services provided by certified public accountants. Ethics and independence will now be tested in the AUD section instead of the REG section; however topics related to ethics and responsibilities in tax practice will continue to be tested in the REG section. Under the current CSOs, topics related to information technology were tested primarily in BEC. The proposed AUD CSOs now include topics related to knowledge required in order to assess risks surrounding internal control of information systems, from the perspective of providing auditing or attestation services.

<b>AUD</b>	<b>Summary of Current CSOs</b>	<b>Summary of Proposed CSOs</b>
Area I	Plan the Engagement (22-28%)	Auditing Engagements (51-57%)
Area II	Internal Control (12-18%)	Assurance & Attestation Engagements (8-12%)
Area III	Obtain & Document Information (32-38%)	Accounting & Review Services Engagements (16-20%)
Area IV	Review & Evaluate Work Performed (8-12%)	Professional Responsibilities (including Ethics & Independence) (16-20%)
Area V	Communications & Reporting (12-18%)	N/A

The following table summarizes the current and proposed CSOs for the Financial Accounting & Reporting (FAR) section. Regulatory reporting requirements (e.g. SEC reporting) have been added to Area I, and the topics related to other comprehensive bases of accounting (OCBOA) have been expanded to include financial statements of employee benefit plans/trusts.

<b>FAR</b>	<b>Summary of Current CSOs</b>	<b>Summary of Proposed CSOs</b>
Area I	Concepts & Standards for Financial Statements (17-23%)	Conceptual Framework, Standard Setting & Regulatory Reporting Requirements for Financial Statements (13-17%)
Area II	Typical Items in Financial Statements (27-33%)	Financial Statement Accounts (26-34%)
Area III	Specific Types of Transactions (27-33%)	Unique Transactions, Events & Disclosures (31-39%)
Area IV	Governmental Accounting & Reporting (8-12%)	Governmental Accounting & Reporting (8-12%)
Area V	Not-for-Profit Accounting & Reporting (8-12%)	Not-for-Profit Accounting & Reporting (8-12%)

The following table summarizes the current and proposed CSOs for the Regulation (REG) section. As noted above, ethics and independence will now be tested in the AUD section instead of the REG section; however topics related to ethics and responsibilities in tax practice will continue to be tested in the REG section. Within Area VI topics have been expanded to include tax-exempt organizations and taxation of estates. Topics related to business structure that the current CSOs include in the BEC section Area I will now be included as part of the business law area of REG.

<b>REG</b>	<b>Summary of Current CSOs</b>	<b>Summary of Proposed CSOs</b>
Area I	Ethics & Professional & Legal Responsibilities (15-20%)	Ethics & Professional & Legal Responsibilities (15-19%)
Area II	Business Law (20-25%)	Business Law (17-21%)
Area III	Federal Tax Procedures & Accounting Issues (8-12%)	Federal Tax Accounting, Procedures & Planning (11-15%)
Area IV	Federal Taxation of Property Transactions (8-12%)	Federal Taxation of Property Transactions (9-13%)
Area V	Federal Taxation – Individuals (12-18%)	Federal Taxation – Individuals (16-22%)
Area VI	Federal Taxation of Entities (22-28%)	Federal Taxation of Entities (18-24%)

The following table summarizes the current and proposed CSOs for the Business Environment & Concepts (BEC) section. The BEC section will now include topics on corporate governance, which includes rights, duties, responsibility and authority of boards of directors, officers, and other employees. In addition, the corporate governance area includes topics of internal control from the perspective of corporate governance. BEC topics related to information technology and information systems have been redefined and will be presented from the perspective of management of a business entity. Area V of the current CSOs for BEC has been expanded into two separate areas (Area V & Area VI), and additional topics have been added.

<b>BEC</b>	<b>Summary of Current CSOs</b>	<b>Summary of Proposed CSOs</b>
Area I	Business Structure (17-23%)	Corporate Governance (8-12%)
Area II	Economic Concepts (8-12%)	Economic Concepts (12-16%)
Area III	Financial Management (17-23%)	Financial Management (19-23%)
Area IV	Information Technology (22-28%)	Information Systems & Communication (13-17%)
Area V	Planning & Measurement (22-28%)	Strategy & Planning (17-23%)
Area VI	N/A	Operations Management (17-23%)

## **International Financial Reporting Standards (IFRS)**

Currently the FAR section tests knowledge and understanding of accounting principles generally accepted in the United States of America (US GAAP) for business enterprises, not-for-profit organizations, and governmental entities. Growing acceptance of IFRS in the financial reporting community, as well as recent actions of the Securities and Exchange Commission (SEC) are indicators that IFRS could become a body of accounting principles generally accepted in the United States of America.

The proposed CSOs for FAR include within Area I topics related to the conceptual framework, standard-setting processes and regulatory filing requirements for financial statements. Included within these topics will be questions related to International Financial Reporting Standards (IFRS). If IFRS becomes generally accepted in the United States of America, it would become eligible for expanded testing within Area I of the FAR section, as well as testing in Area II (Financial Statement Accounts) and Area III (Unique Transactions, Events & Disclosures) within the FAR section.

As part of the BOE's ongoing efforts to monitor changes in the profession, the AICPA Examinations Team and the BOE are assessing various strategies to respond to this change should it occur.

## **Summary of Proposed Changes to the SSOs**

The proposed new SSOs reflect several changes from the current skill specifications, which are defined only in general terms within the current CSOs. Currently five skills are identified as necessary for protection of the public interest in the current CSOs: Communication, Research, Analysis, Judgment, and Understanding. Supplemental research was performed as part of the 2008 Practice Analysis to obtain a better understanding of the skills that are important for entry-level CPAs, how they are linked to the tasks that CPAs perform, and how they might be assessed by the CPA Examination. This research considered the results of the practice analysis survey and identified areas in which more detailed definitions could be developed to describe the skills necessary for CPA candidates to demonstrate readiness for licensure. The Content Committee used the information from this research along with the practice analysis survey data to define the broad categories into which these skills should be classified for the purpose of determining proportions or weights to be used in measuring candidate proficiency in these areas. To that end, this exposure draft provides – in the form of expanded (separate) SSOs - more in-depth descriptions underlying the skills necessary for entry-level CPAs than described in the current CSOs. The skills outlines in the proposed SSOs include three broad categories of skills, with detailed definitions that apply to the individual skills that fall within those categories. The new categories are as follows:

- Knowledge and Understanding
- Application of the Body of Knowledge, including Analysis, Judgment, Synthesis, Evaluation, and Research
- Communication

## **THE ROLE OF THE PRACTICE ANALYSIS**

A practice analysis forms the foundation for the CPA Examination and is required of all professional licensure testing programs that assess important components of job performance. Adhering to standards and practices developed by experts in educational, licensing and certification testing, a practice analysis provides a way to evaluate the knowledge, tasks and skills required of entry-level CPAs, to determine the feasibility and resources required for assessment, and to develop a blueprint documenting the content and skills of the examinations. Test questions are developed in accordance with the blueprint, and this chain of evidence forms the basis for content validity and legal defensibility of the examination. For the purpose of identifying and developing CPA Examination content and skills necessary to protect the public interest, an entry-level CPA is defined as “one who has fulfilled the applicable jurisdiction’s educational requirements and has the knowledge and skills typically possessed by a person with up to two years’ experience.”

The practice analysis process must be repeated periodically to ensure the continued relevance of the examination to the profession. The most recent CPA Examination practice analysis was completed in 2000. Since that time, the CPA profession has experienced many changes that have affected work in various practice settings. The BOE approved the work performed under the 2008 Practice Analysis to address these changes as they relate to the content and skills of the Uniform CPA Examination.

### **The Practice Analysis Oversight Group**

The Practice Analysis Oversight Group (PAOG), a special committee of the BOE, provided leadership for the 2008 Practice Analysis. The PAOG was organized to have broad stakeholder representation as well as the expertise needed to ensure the success of the practice analysis. The mission of the PAOG is “to ensure that the 2008 Practice Analysis is developed utilizing professionally sound processes, including best practices, which result in a valid and legally defensible Uniform CPA Examination.” Throughout the project, the PAOG reviewed the deliverables of staff and committees, and requested additional information, explanation or justification such that the PAOG was satisfied that the work was accurate, thorough and in keeping with best practices. In this respect, they provided oversight for this project for the BOE. The PAOG also relied on the POC and the Content Committee (both represented on the PAOG) to provide the specialized and technical knowledge the project required. The POC is responsible for research design and methodology and oversaw the research in support of the project as it progressed through all of its phases. The Content Committee is ultimately responsible for survey content and updating the CSOs/SSOs to reflect the results of the survey findings.

The AICPA Examinations Team managed the conduct of the practice analysis on behalf of the BOE and the PAOG, providing professional, administrative, and logistical support to the project.

## **OVERVIEW OF THE 2008 PRACTICE ANALYSIS**

The conduct of the 2008 Practice Analysis was a major undertaking, requiring the expertise of CPA subject matter experts, psychometricians, and data collection professionals, as well as – and most importantly – the cooperation of large numbers of CPAs in completing practice analysis surveys.

The main components of the 2008 Practice Analysis included:

- Developing the list of knowledge, task, and skills statements to be rated in the survey;
- Collecting, analyzing, and reporting the survey data; and
- Revising the content and skill specifications to reflect current practice using empirical data and expert judgment.

Following is an overview of the 2008 Practice Analysis; a full technical report will be issued at the end of 2008.

### **Developing the Survey Instrument**

The knowledge, task, and skills surveys that were included in the 2000 Practice Analysis were used as the starting point for developing the 2008 survey instrument. The process of updating and performing initial revision to the 2000 instruments occurred in two phases. In the first phase, volunteer subject matter experts as well as members of the Content Committee and its Preparation Subcommittees, – namely, the Auditing & Attestation (AUD) Subcommittee, the Financial Accounting & Reporting (FAR) Subcommittee, the Regulation (REG) Subcommittee, and the Business Environment & Concepts (BEC) Subcommittee – were asked to evaluate each survey statement and indicate whether it should be retained, removed, or revised, in addition to specifying which new knowledge, skill, or task statements should be added. The pool of volunteer subject matter experts was compiled from requests for nominations through the National Association of State Boards of Accountancy (NASBA) Board of Directors and NASBA's CPA Examinations Licensing Committee and the PAOG; persons who were on, had applied to or rolled-off AICPA Exams and other technical committees; persons who had applied for AICPA committee service through NASBA's CPA Examinations Licensing Committee; and solicitation of key AICPA technical staff for nominees. The volunteer reviewers were chosen to reflect the diversity of the CPA profession and included representation across public accounting, business and industry, academe, and government. Other characteristics considered for reviewers included gender, ethnicity, region, and size of firm/company. In preparation for the second phase, the Examinations Team staff considered the reviewers' responses and prepared a revised set of statements for further review by a specially convened panel of subject matter experts.

In the second phase, a panel of ten subject matter experts was convened to analyze and discuss the results of the initial reviews. Panel members were again chosen to reflect the diversity of the CPA profession and included representation across public accounting, business and industry, academe, and government. Of primary importance was each panel member's knowledge of the activities performed by entry-level CPAs, as well as experience in supervising new licensees. The composition of the panel and its participants was approved by the Content Committee and reviewed by the PAOG.

The work of the panel yielded a revised set of knowledge, task, and skills statements reflective of the current workplace responsibilities of entry-level CPAs. Following review and modification by the

Content Committee, the POC reviewed the final list of statements and made recommendations concerning the appropriate rating scales to be utilized. The final list of statements – 460 in all – was approved by the Content Committee and reviewed by the PAOG.

## **Survey Methodology**

In order to reach the target sample – individuals who supervise entry-level CPAs – the PAOG decided with guidance from the POC that because no database exists that identifies CPAs in this capacity, a reasonable proxy would be to draw the survey sample from CPAs who have been certified between 2 and 15 years (this is the “sampling frame”). To this end, the PAOG approved the use of the AICPA database for the principal sampling database because it is the only national source from which representative samples can be extracted. Additionally, the PAOG addressed the concerns expressed by some CPA Examination stakeholders that the use of the AICPA membership database would exclude a significant number of CPAs from participation. As a result, the PAOG authorized a supplemental survey of non-AICPA-members and invited each state board to submit data on 200 of its licensees with between two and fifteen years of experience.

Prior to launching the survey nationwide online, the survey instrument was pilot tested online to provide feedback on format and appearance, clarity of instructions, and functionality. Executive directors and chairs of state boards of accountancy, along with members of the BOE, the Content Committee, the POC, the PAOG and AICPA Examinations Team staff, participated in pilot testing of the survey instrument.

## **Data Collection**

The collection of practice analysis data was a two-step process. First, CPAs were asked to register by answering a few demographic questions online so that eligibility could be determined. (No currently existing database identifies CPAs who supervise entry-level CPAs). Registration invitations were sent to about 96,000 AICPA member CPAs nationwide between May and June 2007. Invitations were also sent to CPA licensees whose contact information was provided by 22 State Boards of Accountancy – about 3,000 licensees after excluding AICPA members and foreign CPAs in the state lists – in an attempt to obtain input for a comparative sample of non-AICPA members who supervise entry-level CPAs. CPAs identified through this registration process as meeting the required criteria were then sent a website link and invited to complete the online survey.

A total of 6,185 AICPA member CPAs registered to participate in the survey roughly half of whom (3,004) were qualified and sent links to the survey. This yielded 1,954 completed surveys – a 65% response rate. Among those included in the samples provided by state boards of accountancy, 346 (12%) responded to the invitation to register, of whom 75 (21%) were qualified, and nearly all (71, or 95%) completed the survey.

The respondent profile data confirm that entry-level CPAs and those who supervise them are likely to be employed in public accounting – about 80% of survey respondents are employed in public accounting, nearly mirroring the 2000 practice analysis survey. Survey respondents were also geographically dispersed.

To maximize the survey completion rate, the 460 knowledge, task, and skills statements were administered to respondents using a matrix sampling methodology as recommended by the POC and approved by the PAOG. The statements were organized into logical groupings of knowledge, task and skills statements across 16 survey forms, each containing about 45 statements; “linking” statements were used to test the assumptions of random distribution of survey forms to determine

whether there were any significant differences in the respondents by survey form. For each statement, respondents were first asked to indicate the relevance of the statement to entry-level CPAs. Respondents were then asked to rate the statements they deemed relevant on two dimensions: the importance of each to the work of an entry-level CPA and how frequently entry-level CPAs perform the given task or utilize the knowledge or skill.

### **Data Analysis Plan**

A comprehensive data analysis plan was developed by the POC and the Content Committee and reviewed by the PAOG. This plan guided the AICPA Examinations Team Psychometrics staff in preparation of the survey data/analytic reports used by the Content Committee and its subcommittees in updating the CSOs/SSOs. The reports included summary descriptive statistics for all survey statements on the relevance, frequency, and importance dimensions. These data were stratified by key respondent demographics (public accounting/business and industry, gender, region) and by certain comparative samples of respondents (e.g., non-AICPA member CPAs, academics, and executives).

### **Process for Developing the Revised Content and Skill Specification Outlines**

As with the data analysis plan, the process for developing the revised content and skill specifications was developed by the Content Committee and the POC and reviewed by the PAOG. To develop the CSOs, the Content Committee and its subcommittees met jointly and used the survey data analysis reports coupled with their professional judgment to:

- Review the individual statements and determine whether any should be deleted based on practice analysis ratings (relevance, importance, and frequency)
- Determine how the statements should be categorized by content areas for the updated CSOs
- Review practice analysis ratings on the finalized set of statements
- Reach consensus on a recommended range of percentages to be assigned to each content area
- Develop recommended CSO outlines to reflect the revised weightings and statements determined in the previous steps

A similar process, based upon the practice analysis survey results, was used by the Content Committee to develop the SSOs. The Content Committee also considered research performed by cognitive scientists for testing skills of entry-level CPAs. The research performed by the cognitive scientists was enhanced by information obtained from the survey results and CPAs who participated in the research sessions facilitated by the cognitive scientists. The Content Committee used the survey data analysis reports coupled with their professional judgment and the research from the cognitive scientists to:

- Determine the categories into which the various skills would be classified for the SSOs
- Review the individual statements and determine whether any should be deleted based on practice analysis ratings (relevance, importance, and frequency)
- Classify the statements into the categories identified for the SSOs

- Review practice analysis ratings on the finalized set of statements
- Reach consensus on a recommended range of percentages to be assigned to each skill category
- Develop recommended SSO outlines to reflect the revised weightings and statements determined in the previous steps

As part of their deliberations, the Content Committee also reviewed all responses to open-ended survey questions, and discussed emerging issues in the profession to ensure that such issues were adequately represented in the CSOs/SSOs. In addition, members of the Content Committee and AICPA staff participated in conference calls with standard-setters to obtain feedback about emerging issues in the profession.

The work undertaken for the practice analysis, which was overseen by the PAOG, and based upon recommendations by the POC and the Content Committee, resulted in proposed CSOs and SSOs which were approved by the BOE for this exposure draft.

## PROPOSED CONTENT SPECIFICATION OUTLINES (CSOS)

The outline portions of the content specifications identify the extent of the technical content to be tested on each of the four sections of the Uniform CPA Examination. The outlines list the areas, groups, and topics to be tested in the following manner:

I. *(Roman numeral)* **Area**

A. *(Capital letter)* **Group**

1. *(Arabic numeral)* **Topic**

Each outline is followed by information about selected publications that candidates may study to prepare for the Uniform CPA Examination.

### Weights

The percentage range following each area represents the approximate percentage of total test questions associated with the area. The ranges are designed to provide flexibility in building the examination, and the midpoints of the ranges for all areas in each section total 100%. The examination questions will be selected from each area to fall within the percentage allocation range. No percentages are given for groups or topics. The presence of several groups within an area or several topics within a group does not imply equal importance or weight will be given to these groups or topics on an examination.

### Auditing and Attestation

The Auditing and Attestation section tests knowledge and understanding of the following professional standards: Auditing standards promulgated in the United States of America (related to audits of issuers, nonissuers, governmental entities, and employee benefit plans), standards related to attestation and assurance engagements, and standards for performing accounting and review services. This section also tests knowledge of professional responsibilities of certified public accountants, including ethics and independence.

In addition to demonstrating knowledge and understanding of the professional standards, candidates are required to demonstrate the skills required to apply that knowledge in performing auditing and attestation tasks as certified public accountants. The outline below specifies the tasks and related knowledge in which candidates are required to demonstrate proficiency:

I. Auditing Engagements (51% - 57%)

A. Plan the Engagement

1. Determine nature and scope of engagement for issuers
2. Determine nature and scope of engagement for nonissuers

3. Determine nature and scope of engagement for compliance auditing
4. Assess engagement risk and the CPA firm's ability to perform the engagement relating to engagement responsibilities
5. Assess engagement risk and the CPA firm's ability to perform the engagement relating to staffing and supervision requirements
6. Assess engagement risk and the CPA firm's ability to perform the engagement relating to quality control considerations
7. Assess engagement risk and the CPA firm's ability to perform the engagement relating to management integrity
8. Assess engagement risk and the CPA firm's ability to perform the engagement relating to researching information sources for planning and performing the engagement
9. Communicate with the predecessor auditor
10. Decide whether to accept or continue the client and engagement including determining the appropriateness of the engagement to meet the client's needs
11. Establish an understanding with client
12. Determine and document materiality levels for financial statements taken as a whole; establish and document level of tolerable misstatement
13. Determine the extent of the involvement of professionals possessing specialized skills
14. Consider using the work of other independent auditors
15. Consider the internal audit function
16. Consider related parties and related party transactions
17. Consider other planning matters

**B. Consider Internal Control**

1. Perform procedures to assess the control environment in accordance with the COSO framework.
2. Obtain and document an understanding of business processes and information flows

3. Perform and document walkthroughs of transactions from inception through recording in the general ledger
4. Determine the effect of information technology on the effectiveness of an entity's internal control
5. Identify key inherent risks associated with general controls in a financial IT environment, including change management, backup/recovery, and network access (e.g. administrative rights)
6. Identify key inherent risks associated with application functionality that supports financial transaction cycles, including: application access control (e.g. administrative access rights); controls over interfaces, integrations, and e-commerce; significant algorithms, reports, validation, edit checks, error handling, etc.
7. Identify controls that might be effective in preventing or detecting misstatements
8. Consider limitations of internal control
9. Consider the effects of service organizations on internal control

**C. Assess Risk**

1. Obtain an understanding of the client's operations, business, and industry including internal control
2. Assess the risk of material misstatements from errors, fraud, and illegal acts by clients
3. Consider fraud risk factors
4. Consider improper revenue recognition
5. Consider the risk of management override of internal controls
6. Assess whether the entity has designed controls to mitigate key risks associated with general controls or application functionality
7. Obtain evidence to determine whether controls are implemented
8. Document the key elements of the understanding obtained regarding each of the aspects of the entity and its environment, including each of the components of an entity's internal control, to assess risks

9. Perform and document risk assessment procedures, including inquiries of management and others at client, analytical procedures, and observation/inspection
10. Perform and document tests of controls
11. Identify financial statement assertions and formulate audit objectives including significant financial statement balances, classes of transactions, disclosures, and accounting estimates
12. Relate the identified risks to relevant assertions and consider whether the risks could result in a material misstatement to the financial statements
13. Assess the risk of material misstatement that relates to both financial statement level and specific assertions
14. Develop overall responses to risks identified and use the risks of material misstatement to drive the nature, timing and extent of further audit procedures
15. In designing audit procedures, consider the audit risk model and the relationship of the components of the risk of material misstatement (inherent risk and control risk) to detection risk
16. Document significant risks identified, related controls evaluated, and overall responses to address assessed risks

**D. Obtain and Document Evidence to Form a Basis for Conclusions**

1. Perform audit sampling
2. Perform analytical procedures
3. Confirm balances and/or transactions with third parties
4. Examine inventories and other assets
5. Perform other tests of details and balances
6. Perform computer-assisted audit techniques (CAATs), including data query, extraction and analysis
7. Perform substantive tests before the balance sheet date
8. Perform tests on unusual year-end transactions
9. Evaluate contingencies

10. Obtain and evaluate lawyers' letters
11. Review subsequent events
12. Obtain representations from management
13. Identify material weaknesses, significant deficiencies and other control deficiencies
14. Identify matters for communication with those charged with governance
15. Prepare audit documentation from evidence gathered
16. Document the summary of uncorrected misstatements and related conclusions
17. Prepare other audit documentation including documentation of new information, and changes after documentation completion date
18. Retain audit documentation as required by standards and regulations

**E. Review the Engagement**

1. Perform analytical procedures
2. Evaluate the sufficiency and appropriateness of audit evidence and document engagement conclusions
3. Evaluate whether financial statements are free of material misstatements
4. Consider whether substantial doubt exists about an entity's ability to continue as a going concern
5. Consider other information in documents containing audited financial statements
6. Review the work performed to provide reasonable assurance that objectives are achieved

**F. Prepare Communications**

1. Reports on audited financial statements
2. Reports required by government auditing standards
3. Reports on compliance with laws and regulations
4. Reports on internal control

5. Reports on the processing of transactions by service organizations
6. Special reports
7. Reissue reports
8. Communicate internal control related matters identified in the audit (errors, fraud, illegal acts)
9. Communications with those charged with governance
10. Other reporting considerations
11. Subsequent discovery of facts existing at the date of the auditor's report
12. Consideration after the report date of omitted procedures

## II. Assurance and Attestation Engagements (8% - 12%)

### A. Plan the Engagement

1. Determine nature and scope of engagement
2. Assess engagement risk and the CPA firm's ability to perform the engagement relating to engagement responsibilities
3. Assess engagement risk and the CPA firm's ability to perform the engagement relating to staffing and supervision requirements
4. Assess engagement risk and the CPA firm's ability to perform the engagement relating to quality control considerations
5. Assess engagement risk and the CPA firm's ability to perform the engagement relating to management integrity
6. Assess engagement risk and the CPA firm's ability to perform the engagement relating to researching information sources for planning and performing the engagement
7. Decide whether to accept or continue the client and engagement including determining the appropriateness of the engagement to meet the client's needs
8. Establish an understanding with client
9. Develop overall strategy and plan the engagement
10. Determine the extent of the involvement of professionals possessing specialized skills

11. Consider using the work of other accountants
12. Consider other planning matters
13. Identify agreed-upon materiality limits
14. Determine and prepare the engagement program defining the nature, timing, and extent of the procedures to be applied.

**B. Assess Attestation Risk**

1. Obtain an understanding of the client's operations and business
2. Consider inherent risk, control risk and detection risk when restricting attestation risk to an appropriate level

**C. Obtain and Document Evidence to Form a Basis for Conclusions**

1. Perform procedures as required to accumulate sufficient and appropriate evidence
2. Select and apply procedures to provide a reasonable basis for the level of assurance to be expressed

**D. Review the Engagement**

1. Perform analytical procedures
2. Evaluate the sufficiency and appropriateness of evidence and document engagement conclusions
3. Review the work performed to provide reasonable assurance that objectives are achieved

**E. Prepare Communications**

1. Reports on agreed-upon procedures
2. Reports on financial forecasts and projections
3. Reports on pro forma financial information
4. Reports on internal control
5. Reports on compliance attestation
6. Other reports

### III. Accounting and Review Services Engagements (16% - 20%)

#### A. Plan the Engagement

1. Determine nature and scope of engagement
2. Assess engagement risk and the CPA firm's ability to perform the engagement relating to engagement responsibilities
3. Assess engagement risk and the CPA firm's ability to perform the engagement relating to staffing and supervision requirements
4. Assess engagement risk and the CPA firm's ability to perform the engagement relating to quality control considerations
5. Assess engagement risk and the CPA firm's ability to perform the engagement relating to management integrity
6. Assess engagement risk and the CPA firm's ability to perform the engagement relating to researching information sources for planning and performing the engagement
7. Communicate with the predecessor accountant
8. Decide whether to accept or continue the client and engagement including determining the appropriateness of the engagement to meet the client's needs
9. Establish an understanding with the client
10. Consider change in engagement
11. Develop strategy
12. Develop work plan
13. Consider the need for professionals possessing specialized skills
14. Determine if reports are to be used by third parties
15. Consider other planning matters

#### B. Obtain and Document Evidence to Form a Basis for Conclusions

1. Obtain an understanding of the client's operations, business, and industry
2. Obtain knowledge of accounting principles and practices in the industry and the client

3. Obtain knowledge of stated qualifications of accounting personnel
4. Perform analytical procedures for review services
5. Obtain representations from management for review services
6. Perform other engagement procedures
7. Consider departures from generally accepted accounting principles (GAAP) or other comprehensive basis of accounting (OCBOA)
8. Prepare documentation from evidence gathered
9. Retain documentation as required by standards
10. Review the work performed to provide reasonable assurance that objectives are achieved

**C. Prepare Communications**

1. Reports on compiled financial statements
2. Reports on reviewed financial statements
3. Restricted use of reports
4. Communicating to management and others
5. Subsequent discovery of facts existing at the date of the report
6. Consider degree of responsibility for supplementary information

**IV. Professional Responsibilities (16% - 20%)**

**A. Ethics and Independence**

1. Code of Professional Conduct (AICPA)
2. Public Company Accounting Oversight Board (PCAOB)
3. Securities and Exchange Commission (SEC)
4. Government Accountability Office (GAO)
5. Department of Labor (DOL)
6. Sarbanes-Oxley Title II
7. Sarbanes-Oxley Title III, Section 303

**B. Other Professional Responsibilities**

1. Sarbanes-Oxley Act of 2002, Title IV
2. Sarbanes-Oxley Act of 2002, Title I

## References – Auditing and Attestation

- AICPA Statements on Auditing Standards and Interpretations
- Public Company Accounting Oversight Board (PCAOB) Standards (SEC-Approved) and Related Rules
- U.S. Government Accountability Office Government Auditing Standards
- Single Audit Act, as amended
- Office of Management and Budget (OMB) Circular A-133
- AICPA Statements on Quality Control Standards
- AICPA Statements on Standards for Accounting and Review Services and Interpretations
- AICPA Statements on Standards for Attestation Engagements and Interpretations
- AICPA Audit and Accounting Guides
- AICPA Auditing Practice Releases
- AICPA Code of Professional Conduct
- Sarbanes-Oxley Act of 2002
- Department of Labor Guidelines and Interpretive Bulletins re: Auditor Independence
- SEC Independence Rules
- Employee Retirement Income Security Act of 1974
- Current textbooks on auditing and other attestation services

## Financial Accounting and Reporting

The Financial Accounting and Reporting section tests knowledge and understanding of accounting principles generally accepted in the United States of America (GAAP) for business enterprises, not-for-profit organizations, and governmental entities.

In addition to demonstrating knowledge and understanding of accounting principles, candidates are required to demonstrate the skills required to apply that knowledge in performing financial reporting and other tasks as certified public accountants. To demonstrate such knowledge and skills, candidates will be expected to perform the following tasks:

- Prepare and/or review source documents including account classification, and enter data into subsidiary and general ledgers.
- Calculate amounts for financial statement components.
- Reconcile the general ledger to the subsidiary ledgers or underlying account details.
- Prepare account reconciliation and related schedules; analyze accounts for unusual fluctuations and make necessary adjustments.
- Prepare consolidating and eliminating entries for the period.
- Identify financial accounting and reporting methods and select those that are appropriate.
- Prepare consolidated financial statements, including balance sheets, income statements, and statements of retained earnings, equity, comprehensive income, and cash flows.
- Prepare appropriate notes to the financial statements.
- Analyze financial statements including account and trend analysis.
- Apply accounting principles and judgment to evaluate assumptions and methods underlying fair value calculations of financial statement components.
- Produce required financial statement filings in order to meet regulatory or reporting requirements (e.g. Form 10-Q, 10-K, Annual Report).
- Determine appropriate accounting treatment for new or unusual transactions.

The outline below specifies the knowledge in which candidates are required to demonstrate proficiency:

- I. Conceptual Framework, Standards, Standard Setting and Regulatory Requirements for Financial Statements (13% -17%)
  - A. Process by which Accounting Standards are Set and Roles of Accounting Standard-Setting Bodies

- B. Conceptual Framework**
    - 1. For-profit financial reporting
    - 2. Not-for-profit (nongovernmental) financial reporting
    - 3. Governmental financial reporting
  
  - C. Financial Reporting, Presentation and Disclosures in General-Purpose Financial Statements**
    - 1. Balance sheet
    - 2. Income statement
    - 3. Statement of comprehensive income
    - 4. Statement of changes in equity
    - 5. Statement of cash flows
    - 6. Accounting policies and other notes to financial statements
    - 7. Consolidated and combined financial statements
  
  - D. Regulatory Requirements (e.g. SEC)**
  
  - E. Other Financial Statement Presentations, including Other Comprehensive Bases of Accounting (OCBOA)**
    - 1. Cash basis
    - 2. Modified cash basis
    - 3. Income tax basis
    - 4. Personal financial statements
    - 5. Financial statements of employee benefit plans/trusts
  
  - II. Financial Statement Accounts: Recognition, Measurement, Valuation, Calculation, Presentation and Disclosures (26% - 34%)**
    - A. Cash and Cash Equivalents**
  
    - B. Receivables**
  
    - C. Inventories**
-

- D.** Deferred Costs: Capitalized, Prepaid and Other Assets
  - E.** Property, Plant and Equipment
  - F.** Investments
  - G.** Intangible Assets
  - H.** Other Long-Term Assets
  - I.** Payables and Accrued Liabilities
  - J.** Deferred Revenues
  - K.** Notes and Bonds Payable
  - L.** Other Liabilities
  - M.** Equity Accounts
  - N.** Revenues
  - O.** Costs and Expense
- III.** Unique Transactions, Events and Disclosures: Recognition, Measurement, Valuation, Calculation, Presentation and Disclosures (31% - 39%)
- A.** Accounting Changes and Corrections of Errors
  - B.** Business Combinations
  - C.** Contingent Liabilities, Commitments and Guarantees
  - D.** Discontinued Operations, Disposals of Long-Lived Assets, and Exit Costs
  - E.** Earnings Per Share (Simple and Complex Capital Structures)
  - F.** Extraordinary Items
  - G.** Fair Value Reporting
  - H.** Financial Instruments (Derivatives and Non-Derivatives), including Off-Balance-Sheet Transactions
  - I.** Foreign Currency Transactions and Translation
  - J.** Income Taxes
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- K.** Interim Financial Reporting
  - L.** Leases
  - M.** Liability vs. Equity
  - N.** Nonmonetary Transactions
  - O.** Pensions, Postretirement and Other Postemployment Benefits
  - P.** Related Parties and Related Party Transactions
  - Q.** Research and Development Costs
  - R.** Revenue Recognition
  - S.** Segment Reporting
  - T.** Share-Based Payments
  - U.** Software Costs
  - V.** Subsequent Events
  - W.** Transfers and Servicing of Financial Assets
- IV. Governmental Accounting and Reporting (8% - 12%)**
- A.** Governmental Accounting Concepts
    - 1. Measurement focus and basis of accounting
    - 2. Fund accounting concepts and applications
    - 3. Budgetary accounting
  - B.** Format and Content of Governmental Financial Statements
    - 1. Government-wide financial statements
    - 2. Governmental funds financial statements
    - 3. Conversion from fund to government-wide financial statements
    - 4. Proprietary fund financial statements
    - 5. Fiduciary fund financial statements
    - 6. Notes to financial statements
-

7. Required supplementary information, including management's discussion and analysis
8. Comprehensive annual financial report (CAFR)

**C. Financial Reporting Entity, Including Blended and Discrete Component Units**

**D. Typical Items and Specific Types of Transactions and Events: Recognition, Measurement, Valuation, Calculation and Presentation in Governmental Entity Financial Statements**

1. Net assets
2. Capital assets and infrastructure
3. Transfers
4. Other financing sources and uses
5. Fund balances
6. Nonexchange revenues
7. Expenditures
8. Special items
9. Encumbrances

**E. Accounting and Reporting for Governmental Not-for-Profit Organizations**

**V. Not-for-Profit (Nongovernmental) Accounting and Reporting (8% - 12%)**

**A. Financial Statements**

1. Statement of financial position
2. Statement of activities
3. Statement of cash flows
4. Statement of functional expenses

**B. Typical Items and Specific Types of Transactions and Events: Recognition, Measurement, Valuation, Calculation and Presentation in Financial Statements of Not-for-Profit Organizations**

1. Support, revenues and contributions

2. Types of restrictions on resources
3. Types of net assets
4. Expenses, including depreciation and functional expenses
5. Investments

## References – Financial Accounting and Reporting

- Financial Accounting Standards Board (FASB) Accounting Standards Codification
- Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards
- Standards Issued by the Securities Exchange Commission (SEC):
  - Regulation S-X of the Code of Federal Regulations (17 CFR Part 210)
  - Financial Reporting Releases (FRR)/Accounting Series Releases (ASR)
  - Interpretive Releases (IR)
  - SEC Staff Guidance in Staff Accounting Bulletins (SAB)
  - SEC Staff Guidance in EITF Topic D and SEC Staff Observer Comments
- International Accounting Standards Board (IASB) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations
- AICPA Auditing and Accounting Guides
- Current textbooks on accounting for business enterprises, not-for-profit organizations and governmental entities

## Regulation

The Regulation section tests knowledge and understanding of ethics, professional and legal responsibilities, business law, and federal taxation.

### *Ethics, Professional and Legal Responsibilities and Business Law*

These topics test knowledge and skills necessary to demonstrate an understanding of professional and legal responsibilities of certified public accountants. Professional ethics questions relate to tax practice issues and are based on the AICPA Code of Professional Conduct, Treasury Department Circular 230, and rules and regulations for tax return preparers. Business law topics test knowledge and understanding of the legal implications of business transactions, particularly as they relate to accounting, auditing, and financial reporting. This section deals with federal and widely adopted uniform state laws. If there is no federal or uniform state law on a topic, the questions are intended to test knowledge of the law of the majority of jurisdictions.

### *Federal Taxation*

These topics test knowledge of laws, concepts, and procedures relating to federal taxation of income, trusts, estates and gifts, as well as tax-exempt organizations.

In addition to demonstrating knowledge and understanding of these topics, candidates are required to demonstrate the skills required to apply that knowledge in providing tax preparation and advisory services and performing other responsibilities as certified public accountants. To demonstrate such knowledge and skills, candidates will be expected to perform the following tasks:

- Analyze information and identify data relevant for tax purposes
- Identify issues, elections and alternative tax treatments
- Research issues and alternative tax treatments
- Formulate conclusions

The outline below specifies the knowledge in which candidates are required to demonstrate proficiency:

#### **I. Ethics, Professional and Legal Responsibilities (15% -19%)**

##### **A. Ethics and Responsibilities in Tax Practice**

1. Treasury Department Circular 230
2. AICPA Statements on Standards for Tax Services
3. Internal Revenue Code of 1986, as amended, and Regulations related to tax return preparers

##### **B. Licensing and Disciplinary Systems**

1. Role of state boards of accountancy

2. Requirements of regulatory agencies

**C. Legal Duties and Liabilities**

1. Common law duties and liability to clients and third parties
2. Federal statutory liability
3. Privileged communications, confidentiality and privacy acts

**II. Business Law (17% - 21%)**

**A. Agency**

1. Formation and termination
2. Authority of agents and principals
3. Duties and liabilities of agents and principals

**B. Contracts**

1. Formation
2. Performance
3. Third party assignments
4. Discharge, breach and remedies

**C. Uniform Commercial Code**

1. Sales contracts
2. Negotiable instruments
3. Secured transactions
4. Documents of title and title transfer

**D. Debtor-Creditor Relationships**

1. Rights, duties and liabilities of debtors, creditors and guarantors
2. Bankruptcy and insolvency

**E. Government Regulation of Business**

1. Federal securities acts
2. Other federal governmental regulations

**F. Business Structure (Selection of a Business Entity)**

1. Advantages, disadvantages, implications, and constraints
2. Formation, operation and termination
3. Financial structure, capitalization, profit and loss allocation, and distributions
4. Rights, duties, legal obligations, and authority of owners and management

**III. Federal Tax Accounting, Procedures and Planning (11% - 15%)**

**A. Federal Tax Procedures**

1. Due dates and related extensions of time
2. Internal Revenue Service (IRS) audit and appeals process
3. Judicial process
4. Required disclosure of tax return positions
5. Substantiation requirements
6. Penalties
7. Statute of limitations

**B. Accounting Periods**

**C. Accounting Methods**

1. Recognition of revenues and expenses under cash, accrual or other permitted methods
2. Inventory valuation methods, including uniform capitalization rules
3. Accounting for long-term contracts
4. Installment sales

**D. Tax Return Elections, Including Federal Status Elections, Alternative Treatment Elections, or Other Types of Elections Applicable to an Individual or Entity's Tax Return**

**E. Tax Planning**

1. Alternative treatments
2. Projections of tax consequences
3. Implications of different business entities
4. Impact of proposed tax audit adjustments
5. Impact of estimated tax payment rules on planning

**F. Tax Research and Communication**

1. Authoritative hierarchy
2. Communications with or on behalf of clients

**IV. Federal Taxation of Property Transactions (9% - 13%)**

**A. Types of Assets**

**B. Basis and Holding Periods of Assets**

**C. Cost Recovery (Depreciation, Depletion and Amortization)**

**D. Taxable and Nontaxable Sales and Exchanges**

**E. Amount and Character of Gains and Losses and Netting Process**

**F. Related Party Transactions**

**V. Federal Taxation of Individuals (16% - 22%)**

**A. Gross Income**

1. Inclusions and exclusions
2. Characterization of income

**B. Reporting of Items from Pass-Through Entities**

**C. Adjustments and Deductions to Arrive at Taxable Income**

**D. Passive Activity Losses**

**E. Loss Limitations**

**F. Retirement Plans**

**G.** Filing Status and Exemptions

**H.** Tax Computations and Credits

**I.** Alternative Minimum Tax

**J.** Estate and Gift Taxation

1. Transfers subject to the gift tax
2. Annual exclusion and gift tax deductions
3. Items includible and deductible from the gross estate
4. Marital deduction
5. Unified credit

**VI.** Federal Taxation of Entities (18% - 24%)

**A.** Similarities and Distinctions in Tax Treatment Among Business Entities

1. Formation
2. Operation
3. Distributions
4. Liquidation

**B.** Subchapter C Corporations

1. Determination of taxable income/loss
2. Reconciliation of book income to taxable income
3. Tax computations and credits, including alternative minimum tax
4. Net operating losses
5. Entity/owner transactions, including contributions and distributions
6. Earnings and profits
7. Consolidated returns

**C.** Subchapter S Corporations

1. Eligibility and election
2. Determination of ordinary income/loss and separately stated items
3. Reconciliation of book income to taxable income
4. Basis of shareholder's interest
5. Entity/owner transactions, including contributions and distributions
6. Built-in gains tax

**D. Partnerships**

1. Determination of ordinary income/loss and separately stated items
2. Reconciliation of book income to taxable income
3. Basis of partner's/member's interest and basis of assets contributed to the partnership
4. Partnership and partner elections
5. Transactions between a partner and the partnership
6. Treatment of partnership liabilities
7. Distribution of partnership assets
8. Ownership changes and liquidation and termination of partnership

**E. Trusts and Estates**

1. Types of trusts
2. Income and deductions
3. Determination of beneficiary's share of taxable income

**F. Tax-Exempt Organizations**

1. Types of organizations
2. Obtaining and maintaining tax-exempt status
3. Unrelated business income

## References – Regulation

### Ethics, Professional and Legal Responsibilities and Business Law

- AICPA Code of Professional Conduct
- AICPA Statements on Standards for Tax Services
- Revised Model Business Corporation Act
- Revised Uniform Limited Partnership Act
- Revised Uniform Partnership Act
- Securities Act of 1933
- Securities Exchange Act of 1934
- Uniform Commercial Code
- Current textbooks covering business law, auditing, and accounting

### Federal Taxation

- Internal Revenue Code of 1986, as amended, and Regulations
- Treasury Department Circular 230
- Current Federal tax textbooks

## **Business Environment and Concepts**

The Business Environment and Concepts section tests knowledge and skills necessary to demonstrate an understanding of the general business environment and business concepts. Candidates need to understand the underlying business reasons for transactions and their accounting implications. The topics in this section include knowledge of corporate governance; economic concepts essential to obtaining an understanding of an entity's operations, business, industry, and transactions; financial management; information systems and communications; and planning and operations management. Certified public accountants need to apply their understanding of these topics in performing audit, attest, financial reporting, tax preparation, and other professional responsibilities.

The outline below specifies the knowledge in which candidates are required to demonstrate proficiency:

- I. Corporate Governance (8% - 12%)**
  - A. Rights, Duties, Responsibilities and Authority**
    - 1. Board of Directors
    - 2. Officers
    - 3. Other employees
  - B. Internal Control**
    - 1. Establishment
    - 2. Monitoring
    - 3. Change control and authorization
- II. Economic Concepts and Analysis (12% - 16%)**
  - A. Business Cycles**
  - B. Economic Measures and Reasons for Changes in the Economy**
  - C. Market Influences on Business Strategies**
  - D. Financial Risk Management**
    - 1. Foreign currency transactions
    - 2. Derivatives and hedges
    - 3. Investments

4. Other

**III. Financial Management (19% - 23%)**

**A. Financial Modeling, Projections and Analysis**

1. Forecasting and trends
2. Financial and risk analysis
3. Impact of inflation/deflation

**B. Financial Decisions**

1. Debt, equity, leasing
2. Asset and investment management

**C. Working Capital Management**

**IV. Information Systems and Communications (13% - 17%)**

**A. Organization Needs Assessment**

1. Data capture
2. Processing
3. Reporting

**B. Systems Design and Other Elements**

1. Design (integrated systems, hardware, software)
2. Operations
3. Policies

**C. Security**

1. Technologies
2. Policies

**D. Disaster Recovery and Business Continuity**

**E. Electronic Commerce and Communication**

**V. Strategy and Planning (17% - 23%)**

- A.** Market and Risk Analysis
- B.** Strategy Development and Monitoring
- C.** Project Implementation
- D.** Planning Techniques
  - 1. Budget and analysis
  - 2. Forecasting and projection
  - 3. Non-financial measures
  - 4. Timing of reports
- E.** Resource Management
- F.** Capital Management
- VI.** Operations Management (17% - 23%)
  - A.** Performance Measures
    - 1. Financial and non-financial measures
    - 2. Process design and control
  - B.** Project Operations and Control
    - 1. Roles of project managers, project members, and oversight or steering groups
    - 2. Monitoring and review
    - 3. Communications
    - 4. Closing
  - C.** Best Practices
    - 1. Improvement initiatives, including selection and implementation
    - 2. Management philosophies and techniques such as Just in Time (JIT), Quality, Lean, Demand Flow, and Theory of Constraints

## **D. Cost Measurement and Reporting**

1. Costing methods and techniques
2. Internal reporting and external reporting

## References – Business Environment and Concepts

- Commission of Sponsoring Organizations of the Treadway Commission (COSO):
  - Internal Control – Integrated Framework
  - Enterprise Risk Management
- Sarbanes-Oxley Act of 2002
- Current Business Periodicals
- Current Textbooks on:
  - Accounting Information Systems
  - Budgeting and Measurement
  - Economics
  - Enterprise Risk Management
  - Finance
  - Management
  - Management Information Systems
  - Managerial Accounting
  - Production Operations
  - Project Management

## PROPOSED SKILL SPECIFICATION OUTLINES (SSOs)

The outline portion of the skill specifications identifies the extent to which each of the three categories of skills will be tested on the Uniform CPA Examination. The outline lists each of the three skills categories, which are summarized as follows:

Skills Category	Proposed Weights
Knowledge and Understanding	40-50%
Application of the Body of Knowledge, including Analysis, Judgment, Synthesis, Evaluation & Research	35-45%
Communication	10-20%

In the outline below detailed definitions are provided for each skill category in the form of bullets.

### Weights

The percentage range following each category represents the approximate percentage to which that category of skills will be used in assessing CPA candidate proficiency. The ranges are designed to provide flexibility in building the examination, and the midpoints of the ranges for the three skill areas total 100%. A separate process is being undertaken by the BOE to determine how these skill categories will be included and assessed on the CPA Examination, and these SSOs will be implemented in the CPA Examination in a manner to be determined by the BOE. No percentages are given for the bulleted descriptions included in these definitions. The presence of several groups within an area or several topics within a group does not imply equal importance or weight will be given to these bullets on an examination.

**Knowledge and Understanding (40-50%):** Expertise and skills developed through learning processes, recall, and reading comprehension. Knowledge is acquired through experience or education and is the theoretical or practical understanding of a subject; knowledge is also represented through awareness or familiarity with information gained by experience of a fact or situation. Understanding represents a higher level than simple knowledge and is the process of using concepts to deal adequately with given situations, facts or circumstances. Understanding is the ability to recognize and comprehend the meaning of a particular concept.

**Application of the Body of Knowledge, including Analysis, Judgment, Synthesis, Evaluation & Research (35-45%):** Higher-level cognitive skills that require individuals to act or transform knowledge in some fashion. These skills are inextricably intertwined and thus are grouped into this single skill area.

- Business Process Evaluation: Assessing and integrating information regarding a business's operational structure, functions, processes, and procedures to develop a broad operational perspective; identify the need for new systems or changes to existing systems and/or processes.

- Contextual Evaluation: Assessing and integrating information regarding client's type of business or industry.
- Research:
  - Identify key search terms for use in performing electronic searches through large volumes of data.
  - Search through large volumes of electronic data to find required information.
  - Organize information or data from multiple sources.
  - Integrate diverse sources of information to reach conclusions or make decisions.
- Application of Technology:
  - Using electronic spreadsheets to perform calculations, financial analysis, or other functions to analyze data.
  - Integration of technological applications and resources into work processes.
  - Using a variety of computer software and hardware systems to structure, utilize, and manage data.
- Analysis:
  - Review information to determine compliance with specified standards or criteria.
  - Use expectations, empirical data and analytical methods to determine trends and variances.
  - Perform appropriate calculations on financial and non-financial data.
  - Recognize patterns of activity when reviewing large amounts of data or recognize breaks in patterns.
- Complex Problem Solving and Judgment:
  - Develop and understand goals, objectives, and strategies for dealing with potential issues, obstacles, or opportunities.
  - Analyze patterns of information and contextual factors to identify potential problems and their implications.
  - Devise and implement a plan of action appropriate for a given problem.
  - Apply professional skepticism, which is an attitude that includes a questioning mind and a critical assessment of information or evidence obtained.

- Adapt strategies or planned actions in response to changing circumstances.
  - Identify and solve unstructured problems.
  - Develop reasonable hypotheses to answer a question or resolve a problem.
  - Formulate and examine alternative solutions in terms of their relative strengths and weaknesses, level of risk, and appropriateness for a given situation.
  - Develop creative ways of thinking about situations, problems, and opportunities to create insightful and sound solutions.
  - Develop logical conclusions through the use of inductive and deductive reasoning.
  - Assess the need for consultations with other professionals when gray areas, or areas requiring specialized knowledge, are encountered.
- Decision Making:
    - Specify goals and constraints
    - Generate alternatives
    - Consider risks
    - Evaluate and select the best alternative.
- Organization, Efficiency, and Effectiveness:
    - Use time effectively and efficiently.
    - Develop detailed work plans, schedule tasks and meetings, and delegate assignments and tasks.
    - Set priorities by determining the relevant urgency or importance of tasks and deciding the order in which they should be performed.
    - File and store information so that it can be found easily and used effectively.

**Communication (10-20%):** The various skills involved in communication including written, graphical, and oral forms, both delivering and receiving.

- Oral & Written Communication:
  - Present information, procedures, ideas, and results through discussions, presentations, or briefings.

- Basic writing mechanics, such as grammar, spelling, word usage, punctuation, and sentence structure.
- Effective business writing principles, including organization, clarity and conciseness.
- Exchange technical information and ideas with coworkers and other professionals to meet goals of job assignment.
- Documentation:
  - Prepare documents and presentations that are concise, accurate, and supportive of the subject matter.
  - Document and cross-reference work performed and conclusions reached in a complete and accurate manner.
- Assist client to recognize and understand implications of critical business issues by providing recommendations and informed opinions.
- Attentively listen and ask questions for clarification to gain an understanding of the environment, situation, issues, and needs of personnel or clients.
- Visualize abstract descriptions: Organize and process symbols, pictures, graphs, objects and other information.
- Follow directions.
- Supervision
  - Provide clear directions with appropriate rationale.
  - Formulate and communicate project goals.
  - Guide or direct the work of others.
  - Mentor: Discuss developmental needs, provide feedback, and work with staff to improve their performance and skills.
  - Persuade others to take recommended courses of action.
  - Negotiate acceptable solutions and agreements to resolve conflicts with others.
  - Participate in or lead group discussions to exchange, promote, or generate ideas, views, information, solutions, or decisions.
  - Work with others to accomplish common goals and objectives.