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Education

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From the Editor's Desk...

To express your comments and suggestions, as well as topics and issues for future issues of the Education Supplement, contact Joe Bittner of the Academic and Career Development Team (jbittner@aicpa.org; 212/596-6282). See you in Sept.!

—The Academic and Career Development Team

ARTICLES

- [The CPA Exam: An Update](#)
- [Wanted: Cases on Ethics and Fraud Issues](#)
- [The Core Competency Framework: Software Development](#)
- [High School Outreach Program: A Model for Success](#)
- [A Taxing Summer: Revamping the Tax Curriculum](#)
- [On Deck . . .](#)
- [Upcoming Conferences](#)

The CPA Exam: An Update

The CPA Exam: An Update

Protect the Public Interest

The CPA profession has a successful, 100-year history serving the public interest through the core service of financial statement audits. However, the profession has changed significantly in recent years, both in the tools used and scope of services offered. The Uniform CPA Examination, therefore, must also change to ensure continued protection of the public interest in a rapidly changing world.

The examination's most visible change is its transition from a paper and pencil exam to a computer-based test (CBT). Along with this new delivery method, the examination's content is also being revised. Based on recent practice analysis findings, the revised examination incorporates increased emphasis on information technology and general business knowledge with a broadened scope in the audit area. Other significant changes include increased skills testing and a stronger emphasis on integration of knowledge.

"CPA Examination content must reflect the current environment to do its job of protecting the public interest," said Olivia Kirtley, CPA, and chair of the AICPA Board of Examiners (BOE). "Today's business world has changed, CPAs' roles are changing, and the CPA exam must change accordingly to continue to fulfill its mission. The changes—better testing of candidates' analytical, communication and research skills, and focus on integration of knowledge instead of memorization—will help the profession meet the challenges of an increasingly complex world and keep its well-earned place as a protector of the public interest and maintain the public's trust."

Exam Sections

The changes to the exam are reflected in the four-section structure recommended by the Content Committee, which has overall responsibility for the technical content of the CPA examination, and approved by the BOE. The four examination sections and their related segments are considered critical to the protection of the public interest. "The Content Committee studied the results of the last practice analysis," said Michael Bolas, CPA, and chair of the Content Committee, "to identify the typical activities performed by entry-level accounting professionals and determined the knowledge and skills necessary to successfully carry out these activities. The revised examination structure reflects this."

The four sections and their related segments are:

- **Auditing & Attestation.** This section covers knowledge of auditing procedures, generally accepted auditing standards and other standards related to attest engagements, and the skills needed to apply that knowledge in those engagements.
- **Financial Accounting & Reporting.** This section covers knowledge of generally accepted accounting principles for business enterprises, not-for-

profit organizations, and governmental entities, and the skills needed to apply that knowledge.

- Regulation. This section covers knowledge of federal taxation, ethics, professional and legal responsibilities, and business law, and the skills needed to apply that knowledge.
- Business Environment & Concepts. This section covers knowledge of general business environment and business concepts that candidates need to know in order to understand the underlying business reasons for and accounting implications of business transactions, and the skills needed to apply that knowledge.

The BOE has also approved the lengths of the four sections of the computer-based exam. The time allotted for each section will range from 2.5 to 4.5 hours, as detailed below, for a total examination length of 14 hours.

The total examination length of 14 hours is considered optimal in order to provide adequate content coverage and to allow candidates to demonstrate an appropriate depth and breadth of knowledge and skills.

Exam Format

Another key change to the exam is the inclusion of interactive case studies called simulations. Each section of the new computer-based exam consists of multiple-choice questions and one or two simulations. The multiple choice questions account for 80% of the exam; the simulations 20%.

The simulations are case studies that test candidates' accounting knowledge and skills using real life work-related situations. Each simulation is approximately 20–40 minutes in length and will complement the multiple-choice portion of the examination. Most of the simulations will contain some research activity, usually involving an electronic search or access to authoritative literature or IRS documents. For audit simulations, research may also include identifying and accessing work papers or other published materials such as annual reports and stock reports.

Candidates are expected to know how to use common spreadsheet and word processing functions, including writing formulae for spreadsheets. They must also have the ability to use a financial calculator or a spreadsheet to perform standard financial calculations. In addition, candidates will be asked to use authoritative literature in the creation of formal audit communications.

Simulation technology will allow each question to be scored independently, irrespective of its relationship to other questions in the simulation, i.e., poor performance on one question will not necessarily result in poor performance on any subsequent question. The technology will also permit weighted scoring, based on the importance of the topic under consideration.

Educators and practicing CPAs, in conjunction with AICPA Examination Team members, and with the counsel of the Psychometric Oversight Committee, are developing these new case studies. Simulations—like all exam questions—will undergo extensive review and pre-testing before appearing on the revised CPA examination to ensure their psychometric validity.

Exam Credits and Transitioning: BOE Recommendations

The BOE has approved the final recommendations to state boards of accountancy regarding granting of credit (formerly known as “conditioning”) and transitioning policies for the revised exam, and has encouraged the boards to adopt the model policies to promote uniformity among jurisdictions.

Granting of Credit: Exam Guidelines

- Candidates will be allowed to sit for each section of the exam individually, and in any order.
- Candidates will retain conditional credit for any section(s) passed for 18 months, without having to attain a minimum score on failed sections and without regard to whether they have taken other sections. Candidates will not be allowed to retake a failed section(s) within the same examination window. (It is assumed that candidates will be able to take the computer-based examination up to four times per year. An examination window refers to a three-month period (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed) in which candidates have an opportunity to take the examination. Thus, candidates will be able to test two out of the three months within an examination window.)
- Candidates must pass all four sections of the exam within a “rolling” 18-month period, which begins on the date that the first section(s) passed is taken.
- In the event all four sections of the exam are not passed within the rolling 18-month period, credit for any section(s) passed outside the 18-month period will expire and that section(s) must be retaken.

Credits Earned: Transitioning From Paper-and-Pencil

Candidates who have earned credits on the paper-and-pencil examination as of the launch date of the computer-based exam will be given conditional credit(s) for the corresponding sections of the computer-based examination as follows:

Paper-and-Pencil Examination	Computer-Based Examination
Auditing	Auditing & Attestation
Financial Accounting & Reporting (FARE)	Financial Accounting & Reporting
Accounting & Reporting (ARE)	Regulation
Business Law & Professional Responsibilities (LPR)	Business Environment & Concepts

Candidates who have attained conditional status as of the launch date of the computer-based exam will be allowed a transition period to complete any remaining sections of the exam. (The transition period is the period of time, or maximum number of opportunities, whichever is first exhausted, that candidates who have attained some credit under the paper-and-pencil examination have remaining, at the launch of the computer-based exam, to complete all remaining sections.)

If a candidate who has attained some credit previously does not pass all remaining sections during the transition period, those credits earned under the paper-and-pencil exam will expire and the candidate will lose credit for those sections.

Examination Cost

The Uniform CPA Examination is one of the least costly professional examinations, even with cost increases related to its conversion to a computer-based test. According to a white paper released by the AICPA Board of Examiners that compared licensure-related examination costs for the top eight professions—Accounting, Architecture, Dentistry, Engineering, Law, Medicine, Nursing and Pharmacy—in five states, the average costs of licensure range from \$219 to \$1,730. The anticipated average cost for the computer-based CPA exam is \$533.

Updates & Information

To familiarize educators, students and CPA candidates with simulations and computer-based testing, tutorials and practice materials are being developed. The CPA Exam Alert will contain more information, and the materials will be distributed by Nov. 2002. In addition, for updates and comprehensive information about the new computerized Uniform CPA Examination visit:

 www.aicpa.org

Wanted: Cases on Ethics and Fraud Issues

Wanted: Cases on Ethics and Fraud Issues

The AICPA and the AICPA Foundation are jointly sponsoring the creation of a Web-based collection of cases covering the topics of ethics and fraud, and we invite your participation in this project. Compensation is available for writing a case, provided the author complies with the guidelines set out below.

Our goal is to improve our members' and others' awareness, competence, and confidence in dealing with difficult and possibly illegal accounting and business decisions. In addition, we hope to provide education to business professionals, the academic community and others on some of the ethical dilemmas faced by executive managers and how they are resolved. The cases will be used in AICPA education programs, and will also be downloadable from the Web to be used in education at the undergraduate, graduate, executive and professional levels.

Cases should be prepared in a manner that will present all relevant facts to the reader, concluding with the question "what would you do?" As an educational tool, we suggest this is best accomplished by creating a dialogue between a number of fictitious characters acting out key roles in the company.

In addition, cases must present common managerial ethical dilemmas. We encourage cases to be based on actual events but with fictitious names in a style similar to the cases in the Harvard Business Review. The cases should be written in a format that protects confidence and anonymity. Cases should present ethical issues that involve business professionals, company management and accounting practices.

The AICPA will solicit analysis from corporate executives, experts in business ethics and fraud, and other experts interested in the topics of ethics and fraud.

To avoid duplication of content, authors should submit an outline of the case to the AICPA in advance. If you are interested in writing a case, or to find out more about writing case studies, such as the possibility to partner with someone, contact Roslyn Kessler:

 rkessler@aicpa.org

Outlines of case studies are due no later than June 30.

The Core competency Framework: Software Development

The Core Competency Framework: Software Development

The AICPA has engaged Starpoint Solutions, an information technology consulting company, to develop the software that will serve as the comprehensive system for the Core Competency Framework (CCF) and for assessing course and program content in terms of the core competencies. The software will be located at the CPA2Biz Web site:

 www.CPA2Biz.com

The “Education Competency Assessment” software will provide educators with the resources to assess course and program content as it relates to functional, personal and business competencies. The software will also provide the structure and guidance to determine the competencies that are addressed in a course or program and to draw conclusions as to the level or degree to which the competency is met.

In addition to the software, users will be able to access the CCF itself, the Learning Techniques database, and other databases, resources, and guidance related to assessment and learning activities.

Development and testing of the software is scheduled to be completed by Aug. The AICPA will be demonstrating the software at the annual AAA Conference in San Antonio, Tex.

High School Outreach Program: A Model for Success

High School Outreach Program: A Model for Success

The Connecticut Society of Association Executives awarded the Connecticut Society of CPAs and Executive Director Art Renner the “Association Achievement Award” in recognition of its “High School Outreach Program.”

The CSCPA’s High School Outreach Program is a comprehensive effort of the society, led by Marianne Phelps, the Academic and Student Relations Manager and a Connecticut certified teacher. The program aims to increase interest in the CPA career path among high school students. The program’s success stems from the

support provided by the society's Relations with Secondary Schools Committee and the extensive outreach of the program, as implemented by Phelps.

The key components and activities of the program over the past year included the following:

- CPAs visited over 100 high school classrooms, promoting the profession and distributing career information and materials.
- CPAs allowed students the opportunity to shadow them at their offices.
- The society hosted a High School Educators Symposium.
- Phelps personally contacted over 200 schools, speaking with both teachers and counselors and providing them with the AICPA's Takin' Care of Business "CPA iPACK."
- Designing recruiting material that included accounting students from Connecticut universities.

The response from teachers and students has been overwhelming. Over 600 students attended the society's annual "CPA Careers Conference," more than three times the attendance of any program the past five years.

Congratulations CSCPA, Renner and Phelps.

A Taxing Summer: Revamping the Tax Curriculum

A Taxing Summer: Revamping the Tax Curriculum

The Accreditation and Curriculum Issues Committee of the American Tax Association (ATA) is continuing its very successful "course syllabi exchange" project that started last year. The syllabi can be accessed via the ATA Web site:

 www.atasection.org

More than 300 syllabi were received in 2000–2001. The syllabi are organized into the following categories:

- Tax 1 and Tax 2
- Tax research
- Corporate taxation
- Partnership taxation
- S-corp. taxation
- Estate and gift tax

- Trusts and estates
- Multi-jurisdictional (state, local and international) taxation
- Taxation and corporate planning (management)
- Financial planning
- Doctoral education
- Public finance

On Deck...

Coming in the Sept. issue of the Education Supplement:

- University and state leaders develop learning standards for secondary education
- Teaching innovations: Using “student world” examples

Upcoming Conferences

Upcoming Conferences			
CONFERENCE	DATE	LOCATION	CONTACT PERSON
Spring Meeting of Council	May 18–22	Westin Savannah Harbor, Savannah, Ga.	Samantha Bowerman, sbowerman@aicpa.org Debra Donhart, ddonhart@aicpa.org
Accounting Scholars Leadership Workshop	June 6–9	Wyndam Bonaventure Resort & Spa, Ft. Lauderdale, Fla.	Jeannette Lopez, jlopez@aicpa.org Dan Hobson, dhobson@aicpa.org
Young CPAs Conference	June 13–14	Point South Mountain Resort, Phoenix	Samantha Bowerman, sbowerman@aicpa.org Tom Lemmon, tlemmon@aicpa.org
Tax Education Program (5 weeks)	June 17–21 June 24–28 July 8–12 July 15–19 July 22–26	University of Illinois, Champaign, Ill. University of Illinois, Champaign, Ill. University of Illinois, Champaign, Ill. University of Illinois, Champaign, Ill. University Place Conference Center & Hotel, Indianapolis	Carol Bertolotti, cbertlotti@aicpa.org
Interchange Conference of State Societies and AICPA	July 24–27	The Breakers, Palm Beach, Fla.	Debra Donhart, ddonhart@aicpa.org Rachel Dichter, rdichter@aicpa.org
Beta Alpha Psi Annual Meeting	Aug. 10–13	Hyatt Regency, San Antonio, Tex.	Jeannette Lopez, jlopez@aicpa.org Ralph Terranova, rterranova@aicpa.org
American Accounting Association Annual Meeting	Aug. 14–17	Marriott RiverCenter/RiverWalk, San Antonio, Tex.	Debbie Gardner, debbie@aaahq.org

