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## CPA Exam Alert, August/September 2002

American Institute of Certified Public Accountants (AICPA)

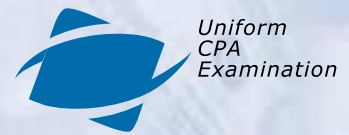
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# The CPA EXAM ALERT



August/September 2002

## New CPA Exam Web Site

A new Internet Web site, [www.cpa-exam.org](http://www.cpa-exam.org), will make it easier for candidates and interested parties to gather information about the Uniform CPA Examination. The site, created by the AICPA with input from the National Association of State Boards of Accountancy (NASBA), the Board of Examiners, and the Computerization Implementation Committee, offers new and existing information about the CPA Examination and includes links to the AICPA, NASBA, and the various boards of accountancy.

“Candidates and others interested in the CPA Examination now have one site through which they can access all available exam information. It’s also an efficient way to contact the organizations closely involved in CPA Examination administration,” said Gregory Johnson, AICPA’s Director-CPA Examination. “This information was available before, but from different sources and spread across a number of Web sites. The fact that everything can now be reached from a single site will save time and make it easier for people to get the information they need about the exam.”

The Web site was created to coincide with the transition of the Uniform CPA Examination to a computer-based test, scheduled for implementation in early 2004. Mr. Johnson said, “As the portal for CPA Examination information, the site contains candidate information about the current paper-and-pencil CPA Examination as well as available

*(Continued on page 4)*

## The Director’s Desk



Update from  
**GREGORY JOHNSON**  
Director of the CPA Examination

The computer-based Uniform CPA Examination is taking shape. The American Institute of Certified Public Accountants (AICPA), the National Association of State Boards of Accountancy (NASBA), and Prometric signed the historic joint agreement to deliver a computerized Uniform CPA Examination, and development is well underway. The final paper-based version of the examination will be delivered in November 2003. The computer-based version is scheduled for implementation in early 2004.

The Board of Examiners (BOE) approved and distributed the CPA Examination Content Specification Outlines for the revised exam. Large scale pre-testing of new test questions and simulations are being planned. Also, standard setting panels are being planned. To find out more about standard settings, read the article in this issue. Perhaps you’ll want to volunteer to participate on a panel.

In the coming months, you can expect additional information about the computerized exam. To ensure we consider as much feedback as necessary as we move forward with computerization, we have additional information-gathering activities in process or planned among educators, CPA examination candidates, review course providers and other constituencies. To help you keep up with the changes and find information easily, we’ve developed a new CPA Examination Web site, [www.cpa-exam.org](http://www.cpa-exam.org). This site will link to key organizations like the AICPA, NASBA and state boards of accountancy, and provide “one-stop shopping” for CPA candidates, accounting students, and anyone interested in the CPA Examination.

Since the Web site is a work in progress, we encourage you to check it out and let us know what you think. As always, your input and opinions are valued, so feel free to e-mail me at [gjohnson@aicpa.org](mailto:gjohnson@aicpa.org) with any suggestions or comments about the site or The CPA Exam Alert. We look forward to hearing from you.

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## Revised Exam Content Specifications Approved

The Board of Examiners (BOE) has approved the content specification outlines (CSOs) for the computer-based Uniform CPA Examination. The revised CSOs will become effective upon the launch of the computer-based test, targeted for early 2004.

Content specifications provide the framework or "blueprint" for testing knowledge and skills on the Uniform CPA Examination. The new CSOs directly relate to the entry-level knowledge and skills necessary to protect the public interest as identified in the *2000 Practice Analysis of Certified Public Accountants*. They also incorporate comments in response to the Exposure Draft *Proposed Structure and Content Specifications for the Uniform CPA Examination*.

The skills identified as necessary for protection of the public interest include the abilities to communicate, perform research and analyze information, as well as other higher-order skills such as judgment and understanding. CPA Examination candidates will be required to demonstrate their ability to apply these skills in each section of the revised Uniform CPA Examination in the context of the content knowledge. Skills assessments for the revised examination are in the process of being finalized.

The material differences between the current examination specifications and the revised CSOs are as follows:

- The subject areas contained in Accounting & Reporting — Taxation, Governmental and Not-for-Profit Organizations, and Managerial — have been separated and grouped with subject matter that is more logically related.
- Accounting and reporting for governmental and not-for-profit organizations has been placed in Financial Accounting & Reporting.
- Taxation has been placed in Regulation.
- Managerial has been placed in Business Environment & Concepts.
- Candidates will be required to demonstrate business knowledge primarily in the Business Environment & Concepts section.

The table below compares the content areas tested in each section under the current structure and under the revised structure. The percentages refer to the amount of topical coverage within the specified section of the examination.

To obtain a copy of the revised examination content specifications, go to <http://www.cpa-exam.org>, or contact Geyla Kotlyar at 201-938-3427 or via e-mail at [gekotlyar@aicpa.org](mailto:gekotlyar@aicpa.org).

Weight	Current Examination	Revised Examination	Weight
100%	Auditing	Auditing & Attestation	100%
100%	Financial Accounting & Reporting	Financial Accounting & Reporting — Business enterprises — Governmental entities — Not-for-profit organizations	80% 10% 10%
60% 30% 10%	Accounting & Reporting — Taxation — Governmental and Not-for-Profit Organizations — Managerial (measurement)	Regulation — Taxation — Law & Professional Responsibilities (all areas other than Business Structure)	60% 40%
20% 80%	Law & Professional Responsibilities — Business Structure — All areas other than Business Structure	Business Environment & Concepts — Business Structure — Managerial (measurement) — All areas other than Business Structure and Measurement (not separately tested on current examination)	20% 10% 70%

## Talking to . . .

### Arleen Thomas, AICPA Vice President-Professional Standards & Services

Now that the contract for development of a computer-based test has been signed by the AICPA, NASBA and Prometric, what does this mean?

Let the work begin. The signing of the contract was a significant milestone in our journey to computerizing the CPA examination. We now have a three-way contractual relationship with NASBA and Prometric. Each party understands their responsibilities and we are all committed to working together to reach launch—successfully.

NASBA is responsible for many things including the national database that will serve the states as well as the candidate population. NASBA, working with the states, also has responsibilities for all things dealing with the administration of the exam including test sites procedures and programs. The AICPA is responsible for developing and grading the examination. Developing and grading in a computerized environment is done with the same guiding principles used for the paper-based exam, but the computerized environment uses the latest tech-

nology and is cutting edge. Prometric brings its secure delivery system and network of test sites. Both of which will be modified or enhanced to accommodate the CPA exam.

We are truly forging new ground in terms of psychometrics and systems. We all have a lot of work to do and we are all committed to a successful launch.

**The original target launch date for the computer-based test (CBT) was November 2003. Now it's been announced that the last paper & pencil administration of the CPA Examination will be given in November 2003 and the CBT will launch no later than May 2004. Why the delay?**

The development of the three-way contract was a very important step and a very complex undertaking. The negotiations took us a lot longer than anticipated and the result is a delay in the launch date. The delay in the launch is allowing us to pretest more items and overall will help ensure a successful outcome and a superior test.



Arleen Thomas

**When will the actual implementation date for the computer-based test be announced?**

The setting of the actual implementation date is the first joint decision the three parties will make. We hope to have completed our work by the end of the summer.

**How do we know it won't be delayed again?**

2004 isn't that far away and we all know what we have to do and have gone through extensive project planning. We all are committed to launching as soon as we can after the November 2003 paper administration. Stay tuned. 📺

## AICPA TESTING EXPERTS DELIVER KEYNOTE ADDRESS

Three leading psychometricians from the AICPA delivered one of the closing keynote addresses at a recent International Test Commission conference in London, England.

Craig Mills, Executive Director-Examinations, Gerald Melican, Director-Technical and Psychometric Development, and Krista Breithaupt, Senior Psychometrician, co-delivered a presentation entitled "Facing the Opportunities of the Future" on June 15, 2002, at the International Conference on Computer-based

Testing and the Internet. An international audience of about 250 prominent testing experts attended the address.

The presentation reviewed consumer assessment desires and psychometric limitations, and offered a long-term vision of the future of assessment in light of recent developments.

To request a copy of the presentation, contact Geyla Kotlyar at 201-938-3427 or via e-mail at [gkotlyar@aicpa.org](mailto:gkotlyar@aicpa.org). 📺



## Pre-test Efforts Ramping Up

The pre-testing initiative for the computer-based Uniform CPA Examination is growing, and the AICPA is expanding its voluntary pre-testing network of educational institutions and public accounting firms. To date, pre-testing has been completed at nine universities, and about two dozen other schools have agreed to participate before the end of 2002.

The purpose of pre-testing is to gather information on the quality of new test questions (items) created for the computerized CPA examination, and to assess the computerized delivery of these questions. Psychometricians creating the computer-based test will use this information to ensure that the revised examination is appropriate and efficient, and that the exam's pass or fail decision is fair and accurate for all candidates.

Gerald Melican, AICPA's Director-Technical and Psychometric Development said, "Once in operation, the computer-based Uniform CPA Examination will be offered throughout the year; as a result candidates will be given many different sets of items, in any testing period. This means that a very large number of new questions are

needed for the computerized exam. Pre-testing is required to allow equivalent scoring of candidates who will receive different test questions. In addition, part of preparing an item for use is to pre-test the item to ascertain its statistical characteristics and ensure it's free of technical errors."

Since pre-testing is such a large undertaking, the AICPA is enlisting the help of state societies and state boards of accountancy. Said Joanne Lindstrom, Pre-test Technical Manager, "Physically, we could not carry out large-scale pre-testing without the help of state boards and state societies in managing pre-testing events and securing proctors. They have been very responsive. For example, our session at Baylor University in Texas went very well, due to the help we received from Donna Hiller, administrator for the Texas State Board of Accountancy. We look forward to expanding our efforts and partnering with other boards and state societies throughout this year and next."

All universities and accounting firms with computer lab facilities that are able to meet certain site security, information technology, and participation

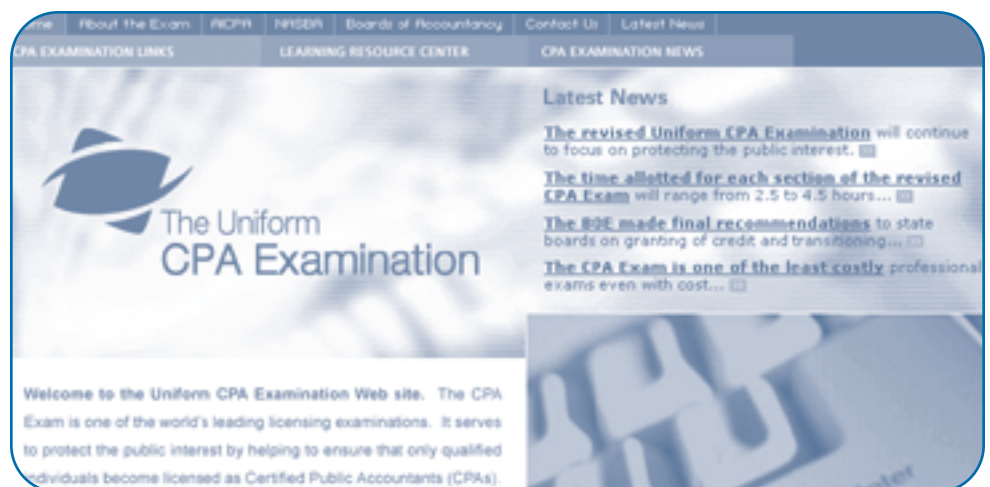
requirements are invited to participate in the pre-testing initiative. Ms. Lindstrom added, "This is an opportunity to shape and ensure the quality of the computerized licensing examination and to benefit the profession at large. Also, schools and firms that assist with pre-testing will benefit from early exposure of their students and CPA Exam candidates to topics and case study exercises that will be included in the computer-based test (CBT)."

For security purposes, all pre-test participants sign a non-disclosure, confidentiality agreement, as do proctors and pre-test site administrators. The Pre-Test Task Force, which is overseeing the effort on behalf of the AICPA Board of Examiners, has decided that no one associated with a review course may be involved in pre-testing as site administrators, proctors, or in any other capacity.

To learn more about pre-testing, review the Pre-testing Frequently Asked Questions (FAQS) on the new CPA Exam Web site at [http://www.cpa-exam.org/cpal/pretesting\\_faqs.html](http://www.cpa-exam.org/cpal/pretesting_faqs.html). Or contact the Pre-test team at [cpaexam\\_pretest@aicpa.org](mailto:cpaexam_pretest@aicpa.org).

## New CPA Exam Web Site *continued from page 1*

information about the computer-based test (CBT). As CBT decisions are made, the site will be updated to reflect the latest exam news. We've included a Frequently Asked Questions (FAQs) section about the computer-based test under Candidate Information, which will be updated regularly. The site also offers a Learning Resource Center that houses recommendations, policy documents, briefings, exposure drafts, research, and reports issued by the Board of Examiners and its committees. And since we want to hear from our constituencies, a Contact Us button allows site visitors to email the AICPA and NASBA directly."



For more information about the site, contact Diane Babuin, Exams Team Special Projects Manager, at 201-938-3361 or [dbabuin@aicpa.org](mailto:dbabuin@aicpa.org).

## Exam Standard Setting Process Underway

The practice of public accounting is rapidly changing and an evaluation of a recent national practice study identified ways for the Uniform CPA Examination to evolve to meet these changes. The new CPA Examination will be computer based and will include new types of questions. These changes have sparked a review of the way the examination's *passing standards* (passing scores) are set.

The computer-based CPA Examination will include a new component in the form of *simulations* (case studies). The current methods of setting passing standards on the CPA Examination may not be the best for examinations containing simulations. Consequently, the AICPA has sponsored ongoing research to identify the best ways to set passing standards on the computer-based CPA Examination.

The AICPA Examinations Team recently conducted a research study in May 2002 comparing various methods for setting passing standards for the CPA Examination. The study, which used a panel of 28 CPAs who supervise entry-level CPAs, compared several promising methods for setting passing standards—two methods for multiple-choice items and two methods for simulations. The results of the May study are being evaluated by the Psychometric Oversight Committee (POC), which will recommend to the Board of Examiners (BOE) the methods it believes should be used during operational standard setting. The BOE will approve the methods to be used and share this information with the boards of accountancy.

Once the initial portion of the operational standard setting is completed and evaluated, the POC will recommend new passing standards to the BOE. The BOE will then expose



### STANDARD SETTING PANEL REQUIREMENTS

- ◆ Must be a CPA with:
  - 3-8 years of experience in public accounting.
  - Recent experience (within past 12 months) supervising new CPAs.
- ◆ Able to make a 2-day time commitment as needed.
- ◆ Panels require a cross-section of CPA professionals in terms of important demographics, including sex, ethnicity, firm size, and region of country.

If you meet these criteria and would like to participate, send an e-mail to [cpaexam@aicpa.org](mailto:cpaexam@aicpa.org). You *must* include your name, address, e-mail address, areas of expertise, years of experience, number of years supervising entry-level CPAs, sex, ethnicity, and the size of your firm. An AICPA team member will contact you if you are selected to participate.

a description of the operational standard setting process and the results to boards of accountancy and other stakeholders for comment. The BOE will review the comments on the proposed passing standards before approving final standards for the computer-based CPA Examination.

To conduct the operational standard setting, the BOE will form representative panels of CPAs (one panel for each of the proposed four CPA Examination sections) who have recent experience supervising new CPAs. The panels will comprise a cross-section of CPA professionals in terms of important demographics, including sex, ethnicity, firm size, and region of country.

If you would like to be considered for inclusion in the panelist pool, e-mail your name, address, and qualifications to [cpaexam@aicpa.org](mailto:cpaexam@aicpa.org). Further information may be found at <http://www.cpa-exam.org/>.

# The CPA EXAM ALERT

August/September 2002

## UPCOMING EVENTS

### September 4, 2002

Computerization Implementation Committee  
(San Francisco, CA)  
Contact: Gregory Johnson (201) 938-3376

### September 5-6, 2002

Board of Examiners  
(San Francisco, CA)  
Contact: Gregory Johnson (201) 938-3376

### September 26-27, 2002

Psychometric Oversight Committee  
(Chicago, IL)  
Contact: Bruce Biskin (201) 938-3421

### September 27, 2002

Education Task Force

(San Diego, CA)

Contact: Gregory Johnson (201) 938-3376

### October 6-9, 2002

NASBA Annual Meeting  
(New Orleans, LA)  
Contact: Lorraine Sachs (212) 644-6469

### October 18-20, 2002

CPA/SEA Leadership Conference  
(Kapalua, HI)  
Contact: Debra Dohnert (212) 596-6143

### October 20-22, 2002

AICPA Fall Council Meeting  
(Kapalua, HI)  
Contact: Debra Dohnert (212) 596-6143

### October 28-29, 2002

AICPA Auditing Subcommittee Meeting  
(Washington, D.C.)  
Contact: Edward Gehl (201) 938-3423

### October 31-November 1, 2002

AICPA A & R Subcommittee  
(New Orleans, LA)  
Contact: Linda Mills (201) 938-3196

### November 11-12, 2002

Pre-testing Task Force  
(San Francisco, CA)  
Contact: Joanne Lindstrom (201) 938-3806