

I Remember When....

(Big Changes to the CPA Exam)

By Jed R. Jones

There are horror stories from years ago when the CPA exam was a “paper” exam. You crammed into large make-shift testing centers and sat for two days taking the exam. After what seemed to take forever to grade the paper test, the results were posted. If you passed a certain number of sections, you “conditioned” or qualified on those sections. The sections which you didn’t pass or condition, you had to retake. Unfortunately, there were only two testing windows per year (not quite “uphill both ways” type stories, but close).

Then along came the Uniform CPA Exam in electronic form. All of the sudden, you could take the exam during eight of the twelve months of the year and the scoring became quicker. Each section could be taken separately and a passing score was good for 18 months. The electronic version allowed for easier testing of new examination questions and the addition of new content for the ever changing accounting profession. Life was so much better, at least comparatively.

Over the Past several years, the AICPA and their Board of Examiners (“BOE”) have been working to update the CPA examination once again. The results of their hard work come in a series of changes and improvements for the examination called CBT-e (Computer Based Testing – evolution). These changes will dramatically change the CPA exam experience for those that haven’t passed it yet. In the long run, it will be for the betterment of the examination and the profession. While it’s not feasible to discuss all of the changes here, I’d like to highlight some of the changes I see as significant.

Section Structure

The four basic sections within the current CPA exam will remain the same: Auditing and Attestation (“AUD”), Financial Accounting and Reporting (“FAR”), Regulation (“REG”), and Business and Environment and Concepts (“BEC”). The structure of these sections, however, will change. For AUD, FAR, and REG the traditional “long” simulations and written testlets will be replaced with one testlet per section containing seven Task-Based Simulations (“TBS”) and a research question. To the BEC section, three written communication tasks will be added. These changes have driven the BOE to reallocate a half hour from AUD to BEC. This reallocation means that there will still be 14 hours of testing bliss broken out as follows: AUD – 4 hours; FAR – 4 hours; REG – 3 hours; and BEC 3 – hours.

Changes to Subject Matter

The AICPA and the BOE use Content Specific Outlines (“CSOs”) and Skill Specific Outlines (“SSOs”) to specify the objective of the CPA exam process. The objective is to specify what a new accountant should know when entering the profession. Effective January 1, 2011, the CSOs and SSOs changed. Two of the most noteworthy content changes deal with the added emphasis of ethics in the profession and the inclusion of International standards. Ethics was always tested as part of REG, which will not change, but additional emphasis will also be placed throughout the AUD section. The new CSOs explain that new professionals should know the basics of International Standards, in addition to their knowledge of U.S. Standards. Starting in January, examination candidates should also begin to see questions comparing and contrasting International and U.S. Standards.

Scoring

All of changes to the structure and content of the CPA exam have caused the BOE to rethink the scoring of the CPA exam. The changes from the CBT-e won't change the fact that a majority of scoring for each section is based on Multiple-Choice Questions. The percentages, however, did change for each section. AUD, FAR, and REG now each weigh Multiple-Choice questions 60% and the TBS 40%. BEC now allocates 15% of its scoring weight to the written portion, leaving 85% to Multiple-Choice questions.

There has been some indication that the "passing score" for the CPA exam might change as well. The BOE along with several designated committees and panels have been evaluating the scoring impacts that result from changes to the CPA exam. The BOE and will take the results from their evaluation along with the scores from the first testing window in 2011 to make a final determination if an adjustment to the passing score of the CPA exam is necessary.

Technology Changes

The CBT-e changes include several technology updates as well. For those of you who ever struggled with the calculator function or research tool on the Exam, you will be pleased to know that there is a new online calculator, spreadsheet tool, and research function. Hopefully, all of the kinks have been worked out on these tools, which will help take some of the unnecessary stress off of exam candidates. The FASB Accounting Standards Codification is also in effect January 1, 2011.

There are many articles and documents that will help new or continuing CPA exam candidates get up to speed with all of the changes mentioned above along with all the other changes that were too many to mention. The AICPA's website is very informative about all of the changes. If you are preparing to take the exam, I would recommend reviewing their materials for a more complete listing and explanation of all the changes www.aicpa.org/becomeacpa. Surviving the CBT-e changes might not seem possible at first, but realize when it is all over and done, you'll have just as good of stories like the "old-timers". Good Luck!

References

“International Standards on the CPA Examination”, The Uniform CPA Examination Alert, Spring 2010

Content and Skill Specifications for the Uniform CPA Examination, May 15, 2009, Board of Examiners, American Institute of Certified Public Accountants

“Standard Setting to Boards – Final”, February 5, 2010, Board of Examiners, American Institute of Certified Public Accountants