




# Board of Examiners Report on The Uniform CPA Examination


Presentation to NABSA Regional Meetings  
June, 2010  
Eastern: Doug Warren, BOE Chair  
Western: Ken Clark, Content Committee Chair



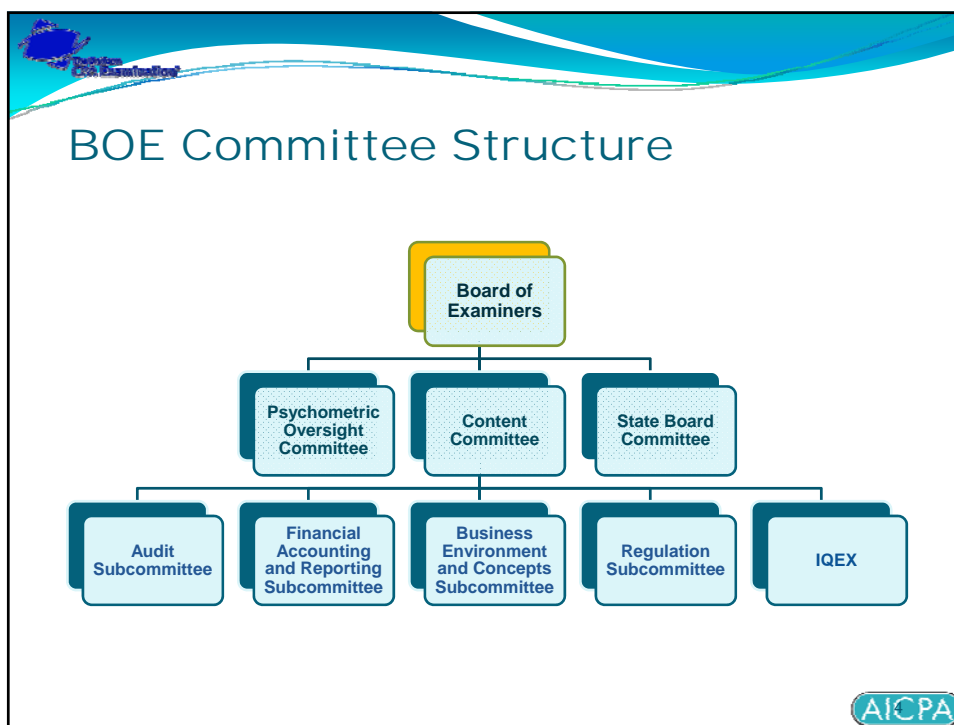

## Tentative Agenda

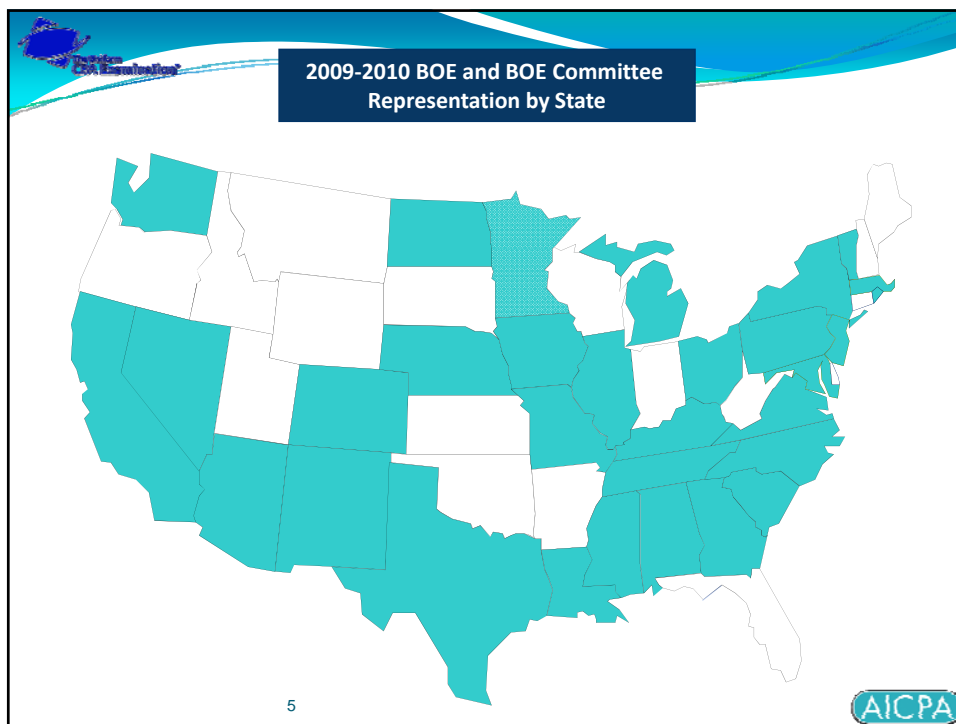
- Board of Examiners
- Trends
- Upcoming Exam changes






# AICPA Board of Examiners







# Trends

AICPA




## Passing Rates (%)


	2004	2005	2006	2007	2008	2009	2010
	Apr-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Mar
<b>AUD</b>	42.54	43.62	44.01	47.57	49.10	49.79	46.86
<b>BEC</b>	44.61	44.16	43.81	46.56	47.49	48.34	46.59
<b>FAR</b>	42.09	43.11	44.54	48.15	49.21	48.45	44.95
<b>REG</b>	40.67	40.61	42.33	47.03	48.74	49.81	49.00

## Cohorts

Cohort	05Q3	06Q2	07Q3	08Q3
Total Volume	10314	9279	12137	12563
Passed 4 Sections	46.19%	41.65%	50.14%	48.17%
Inactive	44.49%	46.34%	25.06%	12.58%
Active	9.32%	12.01%	24.80%	39.25%







## First Time Candidate Volume Trends


Percentage of First Time Candidates to Total Candidates:


- Calendar Year 2005 32.93%
- Calendar Year 2006 28.95%
- Calendar Year 2007 26.91%
- Calendar Year 2008 25.41%
- Calendar Year 2009 25.04%



## Operational Performance

	Scored Volume	Actual Revenue	Actual Expense	Net
FY04	36,363	1.6M	5.7M	(4.1M)
FY05	154,000	7.1M	18.3M	(11.2M)
FY06	177,520	8.3M	13.8M	(5.5M)
FY07	198,235	11.2M	11.6M	.4M
FY08	219,800	16.5M	13.2M	3.3M
FY09	240,000	21.5M	14.1M	7.4M
FY10 Forecast	244,742	23.5M	10.5M	13.0M







# Changes to the Exam



## Protection of the Public Interest



- Content Design for CPA Exam:
  - Knowledge and skills required for entry-level CPAs for protection of public interest
- Criteria for determining knowledge/skills included on CPA Exam:
  - Relevance to work of entry-level CPAs
    - Importance to work of entry-level CPAs
    - Frequency of use by entry-level CPAs






## Content Changes to the Exam


- Audit and Attestation
  - Professional responsibilities (including ethics & independence)
  - Differences between Int'l & US Standards
  - Specifically includes accounting & review service engagements
- Business Environment & Concepts
  - Corporate governance topics
  - Operations management
  - Impact of globalization on businesses

## Content Changes to the Exam



- Financial Accounting & Reporting
  - IFRS (first-time adoption of IFRS, etc.)
  - Regulatory reporting requirements (e.g. SEC reporting)
- Regulation
  - No IFRS - may be modified in the future to reflect IFRS
  - Increased emphasis on not-for-profits
  - Increased focus on ethics in tax practice






## Structural Changes to the Exam

- **CBT-e to Launch January 1, 2011**
- **Simulations:**
  - Current: 2 long simulations” in AUD, FAR, and REG
  - New: to 6-7 “Task-Based Simulations in each
- **Constructed Response:**
  - Current: 2 essays in AUD, FAR, and REG. 0 in BEC
  - New: 0 essays in AUD, FAR, and REG. 3 in BEC
- **Section Length:**
  - Shorten AUD by 30 minutes to 4 hours
  - Lengthen BEC by 30 minutes to 3 hours
  - Retain 4 hours for FAR and 3 hours for REG
- New **calculator** and improved **spreadsheets**
- One **new research item** type





## Scoring Changes to the Exam

		AUD	BEC	FAR	REG
MCQs	Current	70%	100%	70%	70%
	<b>New</b>	<b>60%</b>	<b>85%</b>	<b>60%</b>	<b>60%</b>
Sims	Current	20%	0%	20%	20%
	<b>New</b>	<b>40%</b>	<b>0%</b>	<b>40%</b>	<b>40%</b>
Writing	Current	10%	0%	10%	10%
	<b>New</b>	<b>0%</b>	<b>15%</b>	<b>0%</b>	<b>0%</b>









## IFRS on the CPA Exam – Use of IFRS by Entry-Level CPAs

- CPAs who work for companies in the US that are owned by foreign IFRS entities (prepare reporting packages)
- CPAs who work for companies in the US that own foreign entities reporting in IFRS (convert IFRS financials to US GAAP)
- Auditors who audit companies that report in IFRS, or who audit their subsidiaries who report in IFRS



## BOE Meeting: May 13-14

- Joint meeting with CLEC
- Contract
- CBTe Status
  - Passing score study
  - Implementation activities
  - Task-based simulations demo
- Strategic Discussion
  - Professional developments
  - AICPA priorities
  - Exam directions

