

# Candidate Chronicle

A NEWSLETTER FOR TEXAS CPA EXAMINATION CANDIDATES - PUBLISHED BY THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

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## Exam Undergoing Major Changes as It Evolves

Since the Uniform CPA Examination was launched as a computerized exam in 2004, it has been in a constant state of change and improvement as the three partners responsible for the exam—the American Institute of CPAs (AICPA), the National Association of State Boards of Accountancy (NASBA), and Prometric—have worked to keep the testing instrument state-of-the-art. They have now embarked on a multi-faceted project they have dubbed “CBT-e” (“CBT” stands for computer-based testing; “e,” for evolution), a multi-year project designed to carry that process even further. Stated goals of the project, which go hand in hand and which will be implemented over the next few years, include

- To speed up score reporting
- To improved psychometric and operational aspects of the exam
- To enhance the experience of the exam candidate

To ensure the exam’s continued validity as a professional licensing instrument that effectively serves the accounting profession, the testing partners conducted a practice analysis study and investigation into the skills needed by entry-level CPAs, worked closely with cognitive scientists, and sought input from state boards of accountancy in developing new Content and Skill Specification Outlines (CSOs/SSOs). Comments from exam candidates also play a role in improving the exam.

Candidate feedback has resulted in a new research task format, implemented in July, that is simpler and more intuitive. The candidate’s desire for faster reporting has led to improvements in efficiency. Because the exam is a professional licensing instrument, speed in reporting has to be balanced with allowing sufficient time for thorough grading and cross-checking, but improvements have been made to speed up the process, and they will continue to be made.

Prometric also responds to input from examinees when it comes to replacing hardware at testing centers. When candidates report problems with hardware components, replacing those components in particular centers moves to the top of the priority list. A Prometric spokesman has said that candidate input from end-of-examination surveys is invaluable in identifying problems with the 4,500 work stations in their network.

Two significant changes will speed up reporting in the future. The first is the replacement of the simulations in the current version by a series of shorter, task-based simulations (TBS) for the Auditing and Attestation (AUD), Financial Accounting & Reporting (FAR), and Regulation (REG) sections. These are in development and will be put into place at the same time as the new CSOs/SSOs. Before that can happen, though, they will have to submit to a rigorous review and approval process.

The second major change will be the testing of written communication skills only in the Business Environment & Concepts (BEC) section instead of as part of the other three sections of the exam, as is the case in the current exam. Development of new written communication tasks is underway and will include a review of the entire process of testing for communication skills.

The process of developing an inventory of examination questions in each of the four areas of the exam is complex, time-consuming, and interconnected, but the exam partners are committed to maintaining the effectiveness of the Uniform CPA Examination as a state-of-the-art professional licensing instrument in the field of public accounting.

## ACAN Offers Help to Accounting Students, Candidates, and CPAs

Drinking in college is no big deal, right? I mean, everybody's doing it, especially people in their 20s, so it must be OK. Well, yes and no, depending on such factors as how much you drink, how your body handles alcohol, and if and how the use of alcohol or other drugs impacts your life.

### When Alcohol Becomes a Problem

Work-related stress is somewhat of a given for accountants. The job CPAs do is one of great responsibility, and with responsibility often comes stress. People deal with stress in different ways. Some exercise more or find healthy ways to relax; others turn to alcohol or other drugs or allow themselves to slip into depression. If you or someone you know shows signs of chemical dependency or has mental health issues, the Accountants Confidential Assistance Network (ACAN) is here to help.

ACAN is managed by the Texas Society of CPAs and partially funded by the TSBPA (the Board). All information and communication gathered by ACAN is confidential by law and information about participants in the network cannot be released to the Board without written permission of the participant. The Board, in supporting the program, takes a preventive approach rather than a punitive one.

What makes ACAN particularly effective is that it is a network of CPAs who have experienced substance abuse themselves who are helping other



*OUTSTANDING CANDIDATES, L-R, Caitlin Summers Bryan, Laura Catherine Castles, Samuel Joseph Sommer, Vishal Subhash Bhandari, Vira Cretcher, Yifei Jiang, Gabriel Christopher Vaughan, and Kelly Suzanne Steinhebel were among those honored at the November 20th swearing-in ceremony in Arlington.*

current or aspiring CPAs with similar concerns. ACAN is also available for professional interventions at the request of a firm or family member and offers the continuing peer support that is essential to recovery.

### Getting Help

Most accountants never experience problems of this nature, but an estimated 10,000 in Texas do, and chances are that you know at least one who could benefit from the services ACAN provides. Failing to deal with substance abuse issues can be a real career killer, as dependency starts to affect the quality of work and relationships with others. The time to deal with it is before it becomes a problem. Go to [www.tscpa.net](http://www.tscpa.net) to read the warning signs that social drinking is getting out of hand. If you think you need help, do not hesitate to call ACAN at 1-866-766-2226 or email [acan@tscpa.net](mailto:acan@tscpa.net). By seeking help, you have nothing to lose and everything to gain.

## State Board Lowers Exam Fees

Even as NASBA has found it necessary to raise exam fees to cover cost increases in administering the Uniform CPA Exam, the Board has been able to offer a break by lowering its Eligibility Application fees from \$35 to \$15 per section.

The application is further simplified by the ability of candidates to complete and file the Eligibility Application and pay fees online. To learn more or to begin the process, go to [www.tsbpa.state.tx.us](http://www.tsbpa.state.tx.us).

## Professional Literature Available Free

Examination candidates who have a Notice to Schedule from NASBA can get access to a free six-month subscription to professional literature used in the computerized CPA exam. To sign up, go online to [www.cpa-exam.org](http://www.cpa-exam.org) and pull down the "Prepare for the Exam" menu. Click on "Access to Prof. Literature" to reach the subscription form. The online package includes *AICPA Professional Standards* and the *FASB Original Pronouncements*.

## New CSOs Will Guide Question Development for Future Exams

You may have wondered how questions and content areas are determined for the CPA exam. The short answer is they are driven by the profession. The long answer is that they evolve from years of research involving thousands of CPAs and other professionals, an entire organization within the AICPA known as the Board of Examiners (BOE), educators, boards of accountancy, and exam candidates.

Recently a new survey instrument known as the *2008 Practice Analysis of the Profession* was developed to find out what entry-level CPAs need to know to serve the interests of clients and employers. Data were collected and a draft template developed that proposed changes to the content and skills to be tested on the CPA Exam. The draft document has been discussed in board rooms, on college campuses, and by regulators since May 2008. The BOE has received feedback from stakeholders to help formulate the content and skills that will drive question development on future CPA exams. Although content recommendations are not finalized, the following information reflects recommendations that were incorporated into the draft document.

### Proposed Changes to the CSOs

The updated Content Specifications Outline (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 table below 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 CPAs. 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.

AUD	Current CSOs	Proposed CSOs
Area I	Plan the Engagement (22-28%)	Auditing Engagements (51-57%)
Area I	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

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.

The table that follows 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.

FAR	Current CSOs	Proposed CSOs
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 third 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; 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 busi-

REG	Current CSOs	Proposed CSOs
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%)

ness structure, currently included in the BEC section, will now be included in the business law area of REG.

Finally, the table below 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.

BEC	Current CSOs	Proposed CSOs
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 Financial Accounting and Reporting (FAR) section of the CPA exam tests knowledge and understanding of accounting principles generally accepted in the U.S. (U.S. 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 SEC, are indicators that IFRS could become a body of accounting principles generally accepted in the U.S.

The proposed Content Specifications Outline (CSOs) for FAR includes topics related to the conceptual framework, standard-setting processes, and regulatory filing requirements for financial statements. Within these topics will be questions related to IFRS.

### *Proposed Changes to the SSOs*

Currently there are five skills identified as necessary for protection of the public interest: Communication, Research, Analysis, Judgment, and Understanding. The recent survey asked questions to obtain a better understanding of the skills 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. Results indicated that an expanded Skills Specifications Outline (SSOs)—containing more-in-depth descriptions that underlie the skills needed for entry-level CPAs—was needed. 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:

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

Look for more information on the Board's website, [www.tsbpa.state.tx.us](http://www.tsbpa.state.tx.us), for the implementation date for the CSOs/SSOs.

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### Scheduling Your Exam

The Uniform CPA Examination may be scheduled in one of the Prometric Testing Centers in the Texas cities listed below.

Once you receive your Notice to Schedule, you may complete scheduling online at the Prometric website:

[www.prometric.com/cpa](http://www.prometric.com/cpa)

Schedule early, as dates, times, and locations may fill quickly.

- Abilene
- Amarillo
- Austin
- Beaumont
- College Station
- Corpus Christi
- Dallas
- El Paso
- Ft. Worth/Bedford
- Houston
- Houston/Clear Lake
- Houston/Greenspoint
- Lubbock
- McAllen
- San Antonio (3 locations)
- Tyler
- Waco
- Wichita Falls

### Trends Report Signals Bright Future for Accounting Grads

A publication of the American Institute of CPAs (AICPA) reports an increase in both the demand for CPAs and the number of accounting graduates. The report covers trends through the 2006-07 academic year. Key findings were these:

- Accounting enrollments are up almost 19% across all degree programs over the last survey in 2003-04.
- The great majority of growth is at the bachelor's degree level.
- Minorities comprise 26% of bachelor's enrollments: 11% Black/African-American, 8% Asian, 6% Hispanic/Latino, and 1% American Indian/Alaskan native.
- At the master's level, enrollments are 20% minority.
- The female/male ratio stands at 52% female and 48% male.
- Hiring firms reported total hires up 83% over 2003-04.
- The largest firms hire master's degree holders as a greater percentage (35%) of their total hires than other firms do.

To read the entire report, go to the AICPA website, [www.aicpa.org](http://www.aicpa.org). Scroll down to "Becoming a CPA," choose Accounting Education Center in the submenu, and you will have the option of downloading the report.

### NASBA Fee Schedules

#### Single Section Fees

AUD	\$226.28
BEC	\$178.58
FAR	\$214.35
REG	\$190.50

#### Multiple Section Fees

AUD & BEC	\$404.86
AUD & FAR	\$440.63
AUD & REG	\$416.78

BEC & FAR	\$392.93
BEC & REG	\$369.08
FAR & REG	\$404.85

AUD, BEC & FAR	\$619.21
AUD, BEC & REG	\$595.36
AUD, FAR & REG	\$631.13
BEC, FAR & REG	\$583.43

AUD, BEC, FAR & REG	\$809.71
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**NOTE:** If you submit an Eligibility Application for multiple sections of the exam, NASBA requires that payment be made for all sections selected at one time. You will not be allowed to pay for them one at a time.

## ACAN

Confidential Assistance  
for CPAs, exam  
candidates, & accounting  
students

1-866-766-2226

### Uniform CPA Examination National & State Passing Rates by Section

Below are results from the three most recent testing windows comparing success rates of Texas candidates with national averages.

	1st Quarter 2008		2nd Quarter 2008		3rd Quarter 2008		Cumulative	
	Texas	National	Texas	National	Texas	National	Texas	National
AUD	52.24%	44.66%	58.79%	53.09%	57.71%	51.04%	56.25%	49.95%
BEC	56.68%	46.94%	50.26%	47.60%	51.27%	49.60%	52.74%	48.20%
FAR	51.77%	45.95%	55.65%	49.59%	57.01%	53.93%	54.81%	50.38%
REG	59.07%	45.66%	52.57%	48.57%	54.95%	51.15%	55.53%	48.80%

## Websites Offer Help and Information for Aspiring CPAs

If you're preparing to take the Uniform CPA Examination or are elsewhere in the process of becoming a CPA, several websites can help you along your way.

[www.tsbpa.state.tx](http://www.tsbpa.state.tx)

The TSBPA website offers specific information on every step of the application process in Texas. From this website, you can get your questions answered and download detailed brochures on various aspects of the exam and licensing process, as well as forms that are part of the process.

[www.cpa-exam.org](http://www.cpa-exam.org)

Spending time on the CPA exam website is essential to success on the exam. The tutorials will answer

most of your questions about the examination process and give you the opportunity to learn what to expect in terms of types of questions, tools and resources available to you, the best ways to prepare for the exam, and how to navigate through the exam.

You will find articles explaining the scoring process, the exam structure, and the structure and role of diagnostic reports.

This website uses the software currently in use for the exam, so you can become familiar with its functionality, which prevents the loss of valuable time during the exam. Failure to follow directions during the exam can adversely affect your score.

<https://www.aicpa.org/YoungCPANetwork>

The American Institute of CPAs (AICPA) offers an abundance of information about professional and academic resources available to you, career possibilities for the CPA, career development and workplace issues, and various other aspects of life as a CPA, such as finding a balance between your professional and personal lives.

[www.startheregoplaces.com](http://www.startheregoplaces.com)

Also sponsored by AICPA, this website outlines various career options within the field of accounting and discusses the skill set necessary for a success career as a CPA. If you want to see if your personality fits the job, take the personality test.

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