

January Launch of CBT-e Introduces New Generation of CPA Examination

When the electronic format for the Uniform CPA Examination was implemented in April 2004, it replaced the paper-and-pencil exam and marked a radical change in testing for aspiring CPAs. Over a million exams later, the launch on January 1, 2011, of CBT-e (which stands for computer-based testing with the “e” for evolution), will mark another new day in testing with the introduction of the next generation of CPA exam. The new exam is a collaborative effort of the three partners responsible for the exam—the American Institute of CPAs (AICPA), the National Association of CPAs (NASBA), and Prometric—with plenty of input from individual CPAs, academics, recent exam takers, CPA firms, professional associations, psychometricians, and others.

In the fall of 2007, at the request of the Board of Examiners (BOE) of the AICPA, an Invitation to Comment on Proposed Examination Improvements was issued to boards of accountancy and others to gain input on proposed changes under consideration for the exam. After reviewing the 82 comments the invitation elicited, the BOE honed its Content and Skill Specifications and went to work creating and polishing a new examination that would use state-of-the-art technology while accurately addressing what an entry-level CPA needs to know.

One result of this is that the CSOs you find below and on the next page are a little different from the proposed CSOs we published in our December 2008 issue. They are the product of a practice analysis study undertaken to assure the validity and legal defensibility of the exam. The AICPA is still working on questions to include on the exam, and these will be tested and retested before the launch in 2011.

Among those questions will be test items on International Financial Reporting Standards (IFRS) that reflect the global nature of today’s accounting practice. The CBT-e will also feature changes in the structure and time allotments of the exam, although the overall testing time of 14 hours remains the same. Writing skills will be tested only in the BEC section of the exam, which will include three multiple-choice question testlets and two written communication tasks on BEC topics. The Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR) and Regulation (REG) sections of the exam will each include three

continued on next page

AUD CSOs Effective January 1, 2011

Area I	Auditing & Attestation: Engagement Acceptance & Understanding the Assignment (12-16%)
Area II	Auditing & Attestation: Understanding the Entity & Its Environment (inc. Internal Control)(16-20%)
Area III	Auditing & Attestation: Performing Audit Procedures & Evaluating Evidence (16-20%)
Area IV	Auditing & Attestation: Evaluating Audit Findings, Communications, & Reporting (16-20%)
Area V	Accounting & Review Services Engagements (12-16%)
Area VI	Professional Responsibilities (16-20%)

FAR CSOs Effective January 1, 2011

Area I	Conceptual Framework, Standards, Standard Setting & Presentation of Financial Statements (17-23%)
Area II	Financial Statement Accounts: Recognition, Measurement, Valuation, Calculation, Presentation & Disclosures (27-33%)
Area III	Specific Transactions, Events & Disclosures: Recognition, Measurement, Valuation, Calculation, Presentation, & Disclosures (27-33%)
Area IV	Governmental Accounting & Reporting (8-12%)
Area V	Not-for-Profit (Nongovernmental) Accounting & Reporting (8-12%)

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REG	CSOs Effective January 1, 2011
Area I	Ethics, Professional & Legal Responsibilities (15-19%)
Area II	Business Law (17-21%)
Area III	Federal Tax Process, Procedures, Accounting & Planning (11-15%)
Area IV	Federal Taxation of Property Transactions (12-16%)
Area V	Federal Taxation of Individuals (13-19%)
Area VI	Federal Taxation of Entities (18-24%)

BEC	CSOs Effective January 1, 2011
Area I	Corporate Governance (16-20%)
Area II	Economic Concepts & Analysis (16-20%)
Area III	Financial Management (19-23%)
Area IV	Information Systems & Communications (15-19%)
Area V	Strategic Planning (10-14%)
Area VI	Operations Management (12-16%)

Multiple-Choice Question testlets and one testlet that contains six or seven short task-based simulations and a research question in the new format.

The research task will be derived from the new authoritative literature component of the exam, which includes a codification of standards established by the Financial Accounting Standards Board (FASB). Other changes have been made or will be made in weighting of the areas tested, quicker score release, the format of the new research task, tutorial and sample tests, the candidate performance report, and the standard-setting process and scoring timelines. These changes have been reported and will continue to be reported in the *Uniform CPA Examination Alert* posted at www.cpa-exam.org and elsewhere on that website.

Security Procedures Protect Exam Integrity

Security procedures are important for ensuring that the CPA exam is fair to all exam takers and an appropriate measure of a candidate's accounting abilities. Although protecting exam content begins as test items are being developed and continues all the way through the administration process, it becomes most apparent to candidates when they enter the Prometric Testing Center to take the exam.

Upon arrival, candidates are required to present their Notice to Schedule along with two forms of identification. Test takers must sign in and out on a test center log sheet and sign a confidentiality agreement. A testing center administrator photographs each candidate, scans identification documents, and takes electronic fingerprints, which are then stored for comparison after breaks and every time the candidate reports to a test center for future testing. All testing sessions are video and audio recorded.

Candidates are not permitted to bring study materials to the test center and must store purses, wallets, keys, etc., in a small locker. Pencils and scratch paper are provided and must be accounted for upon departure. Candidates should read the *Uniform CPA Examination Candidate Bulletin*, available at www.cpa-exam.org, for a long list of prohibited items and for a discussion of actions that are considered misconduct and can result in expulsion from the testing center.

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Board to Triple the Size of 5th-Year Scholarship Program

The Texas State Board of Public Accountancy (the Board) has voted to increase the annual allocation for the 5th-Year Scholarship Program from \$550,000 to \$1.6 million for the 2009-2010 and 2010-2011 academic years. The allocation will permit a significant increase in both the number of scholarship recipients and the size of the awards. Awards for the 2009-2010 academic year will be a minimum of \$1,000 and a maximum of \$5,000 per student; during the 2010-2011 academic year, the minimum will increase to \$1,500 with a maximum of \$5,000 per student.

The Texas Legislature, during its 2009 session, transferred responsibility for administering the program from the Texas Higher Education Coordinating Board (THECB) to the Accountancy Board because its purpose is more in keeping with its mission. The transfer made additional funds available because the THECB is dependent on an allocation from the legislature, whereas the Board operates as a self-directed, semi-independent (SDSI) agency.

The legislation also provides for an advisory committee to assist in drafting rules to govern the fund. Former Board Chair **Melanie Thompson**, CPA, a faculty member of Texas Lutheran University, chairs the advisory committee. Other committee members are **James C. Flagg**, PhD, CPA, Texas A&M University; **Roselyn Morris**, PhD, CPA, Texas State University; **Bob Vigeland**, PhD, Texas Christian University; **Sewon O**, PhD, Texas Southern University; **Pat L. Wilson**, CPA, San Antonio; **Walter D. Davis**, CPA, Houston; and **Cynthia Ramos**, CPA, Austin.

Although the enabling legislation went into effect this September, the THECB is taking responsibility for actually disbursing funds for the Fall 2009 and Spring 2010 semesters. The Board is in the process of surveying those Texas

colleges and universities that have approved accounting programs and that offer an ethics course to see if they wish to participate in the scholarship program in the future. The allocation formula that will determine how much is allotted to each school will consider financial need of the students, the number of degrees awarded to minority students, and the number of students per school who take the CPA exam. Once these determinations are made, application forms and more information will be available in financial aid offices and departments of accounting in participating schools. The awards will go only to Texas residents who intend to take the CPA exam under Texas jurisdiction and may be used for tuition, fees, books, supplies, and living expenses.

Eligibility criteria will require that awardees:

- (1) Have submitted an Application of Intent to take the CPA exam with the Board.
 - (2) Have completed 120 semester hours of college credit or hold a baccalaureate degree from a 4-year education institution recognized by the Board.
 - (3) Have no more than 30 semester hours remaining in their courses of study to meet the following education requirements to take the CPA exam:
 - a. 150 semester hours of college credit;
 - b. 30 semester hours of upper-level accounting courses;
 - c. 24 semester hours of upper-level business courses;
- and
- d. 3 semester hours of a Board-approved ethics course.

The 5th-year scholarship program was established in 1991 to help low-income accounting students complete the last 30 hours of the 150-hour education requirement to take the CPA examination. The scholarships are funded by a \$10 fee that is part of CPAs' annual renewal fees.

National Recognition Comes to Atkinson, Treacy

Former presiding officer of the Texas Board, **Bill Atkinson**, CPA, of Sugar Land, has become presiding officer of the National Association of State Boards of Accounting (NASBA), which represents all 50 states, plus the District of Columbia, Guam, the Northern Mariana Islands, Virgin Islands, and Puerto Rico. NASBA is one of three partners, along with Prometric and the American Institute of CPAs, responsible for administering the Uniform CPA Exam.

During Atkinson's tenure on the Texas Board, 1999-2003, the Board strengthened ethics requirements for Texas CPAs and exam candidates, enacted new rules governing the peer review program, and developed rules to address the post-Sarbanes-Oxley environment. Atkinson has practiced for 37 years in Houston with PricewaterhouseCoopers, LLP, and been an audit partner since 1982.

During NASBA's annual meeting, **Bill Treacy**, executive director of the Texas Board for the past 19 years, was presented the Lorraine P. Sachs Standard of Excellence Award, in recognition of his contributions to the profession.

Treacy has participated in national and international efforts toward standardization of the practice of accountancy and, for the past four years, has chaired NASBA's International Qualifications Appraisal Board (IQAB). During his years as executive director, the Texas Board has established mandatory ethics training for CPA exam candidates and licensed CPAs and adopted policies of rigorous enforcement of practice standards for Texas CPAs and the active pursuit of persons practicing accountancy in Texas without a license. Lorraine Sachs was a long-time senior vice president and chief operating officer of NASBA.

FAQ

What are the education requirements for licensure as a CPA in Texas?

The Texas Board requires a total of 150 semester hours, or quarter-hour equivalents, of college credit, of which 30 semester hours must be in upper-level accounting courses and 24 semester hours must be in upper-level business courses that enhance professional skills and competence. The course work should be in established courses offered through colleges within the university, such as architecture, business administration, communications, engineering, fine arts, liberal arts, science, or another established discipline. Lower-level course work from community colleges may not be used to acquire the additional 30 hours to reach a total of 150. The Board will accept only those community college courses that hold the designation, *Qualifying Educational Credit for the CPA Exam*. For further clarification on what community college courses may be counted, call a Qualifications team member at 512-305-7851.

In addition, the Board requires a three-semester-hour, Board-approved ethics course.

Effective July 1, 2011, the Board will also require at least two semester credit hours in research and analysis and two semester hours of accounting or business communications. In both cases, the semester hours may be obtained through a discrete course or offered through an integrated approach. If the course content is offered through integration, the university must advise the Board of the course(s) that contain the required content.

Read back issues of the
Candidate Chronicle at
[http://www.tsbpa.state.tx.us/
general/candidate-
chronicles.html](http://www.tsbpa.state.tx.us/general/candidate-chronicles.html)



The Uniform CPA Examination is administered at Prometric Testing Centers worldwide. Many Prometric locations are in strip shopping centers like this one in Lubbock. Members of the Board's Qualifications team visit centers annually for quality control.

I Have the Degree — Am I an Accountant?

Unfortunately, the answer is no. In fact, holding yourself out to the public as an accountant, auditor, or CPA at this point constitutes the unauthorized practice of public accountancy and violates the *Public Accountancy Act*.

Under Texas law, the terms “certified public accountant” and “CPA,” as well as the terms “accounting” and “auditing” and their derivatives, are reserved for the exclusive use of Texas licensees. The reason for this is that much of the public associates these terms with licensure and assumes that those offering to perform accounting services are CPAs.

One cause of confusion may come from the use of these terms by private

Board's Outreach Program Intended to Educate, Inform

In the evolving field of public accountancy, and in anticipation of the 2011 launch of the CBT-e, the Texas Board is enhancing its outreach efforts to Texas colleges and universities.

More than ever, accounting students are seeking answers to questions about the CPA examination and licensure. To address this need for information, Board Executive Director **Bill Treacy** and Qualifications Director **Donna Hiller** are traveling to Texas campuses to hear questions and provide answers. To schedule a speaker in your area, call Hiller at 512-305-7800. In addition, answers to many questions may be found on the agency website, www.tsbpa.state.tx.us.

businesses to refer to departments within their companies as accounting departments and to staff members within these departments as accountants. Neither practice violates the *Act* as long as accounting services are not offered to the public. If such an employee subsequently becomes employed by a CPA firm or bookkeeping business, he or she may not offer “accounting” services or refer to past “accountant” positions without gaining licensure, although it is alright to state that one has an accounting degree. For a more complete discussion of this topic, see the November 2009 issue of the *Board Report* at www.tsbpa.state.tx.us — and hold off on calling yourself an accountant until you have your certificate in hand.

Free Professional Literature Available

Examination candidates who have a Notice to Schedule from NASBA may 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 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*.

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

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
- Odessa
- San Antonio (3 locations)
- Tyler
- Waco
- Wichita Falls

Texas CPAs Among Sells Award Winners

Two Texas CPAs, **Clint Presley** and **Gabriel Vaughan**, were among winners of the 2008 Elijah Watt Sells Awards presented to the candidates nationwide who scored the top 10 highest cumulative scores on the CPA examination after passing all four exam sections on the first attempt. The 10 honorees were among a total of 85,000 examinees in 2008.

Presley, who received his certificate in March 2009, earned a bachelor of science in accounting and a bachelor of science in finance in May 2003, both from McNeese State University, and a master of education in sports administration from Wichita State University in 2005. He practices in Houston with the firm of Moore, Reichl & Baker, PC.

Vaughan received a bachelor of science in business administration in 2002, a master of business administration in 2004, and a master of science in accounting and information management in 2005, all from the University of Texas at Dallas. He has worked as an accountant in real estate and is employed at FelCor Lodging Trust, Inc., in Irving. He spoke on behalf of the candidates during the November 2008 swearing-in ceremony.

NASBA Fee Schedules

Single Section

AUD	\$230.55
BEC	\$180.95
FAR	\$218.15
REG	\$193.35

Multiple Sections

AUD & BEC	\$411.50
AUD & FAR	\$448.70
AUD & REG	\$423.90

BEC & FAR	\$399.10
BEC & REG	\$374.30

FAR & REG	\$411.50
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AUD, BEC & FAR	\$629.65
AUD, BEC & REG	\$604.85
AUD, FAR & REG	\$642.05
BEC, FAR & REG	\$592.45

AUD, BEC, FAR & REG	\$823.00
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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,
and accounting students

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Uniform CPA Examination National & State Passing Rates by Section

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

	4th Quarter 2008		1st Quarter 2009		2nd Quarter 2009		3rd Quarter 2009		Cumulative	
	Texas	National	Texas	National	Texas	National	Texas	National	Texas	National
AUD	49.14%	47.00%	53.36%	47.61%	51.13%	51.79%	52.55%	51.52%	51.55%	49.48%
BEC	48.98%	45.76%	44.58%	46.23%	54.56%	48.62%	52.61%	52.27%	50.18%	48.22%
FAR	51.30%	46.40%	58.35%	45.54%	50.95%	50.58%	52.77%	51.18%	53.34%	48.43%
REG	50.57%	48.59%	51.72%	47.96%	60.23%	52.25%	54.92%	52.41%	54.36%	50.30%



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Members of the Texas Board who attended were, L-R, James Flagg, PhD, CPA, College Station; Carlos Barrera, CPA, Brownsville; Presiding Officer Gregory Bailes, CPA, Bee Cave; John Dunbar, CPA, El Paso; and Thomas Prothro, CPA, Tyler.



Outstanding Candidates honored during the swearing-in ceremony were, L-R, Christopher Ryan Suffron, Alexander Conrad Smith, Daniel Titus Shockley, Nikki Lynette Laing, Adrienne Kristen Leeks, Kathryn Ann Miller, and Claudia Gabriela Weisz.

Two Hundred New Licensees Receive Certificates in Austin

Two hundred new CPAs and their families attended swearing-in ceremonies in Austin on November 14. The ceremony is optional, but gives new licensees and those around them an opportunity to celebrate their accomplishment and to receive their certificates in person.

Kym Anderson, CPA, chair, Texas Society of CPAs, along with **Penny Dear**, CPA, **Carol Warley**, CPA, and **Donna**

Wesling, CPA, board members, represented the Society. Representatives of various local Society chapters included: **Christi Mondrik**, CPA, Austin; **Mitch Perry**, CPA, and **Margaret Campbell**, Dallas; **Kathy Ploch**, CPA, **Ronnie Darden**, CPA, and **Robin Jarow**, Houston; and **Charles Clark**, CPA, San Antonio. Student auxiliaries on Texas campuses offer excellent networking opportunities for future CPAs.