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The CPA Exam: What's Next

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FEATURES

COVER STORY

6 The CPA Exam: What's Next

By Rebecca Doel and Ken Tysiac, AICPA

PROFESSIONAL OUTLOOK

4 Mind the Gap...The Schedule C Tax Gap

By Ashley Mead, Masters of Accountancy Candidate, Valdosta State University and Ronald Stunda, PhD., CPA, CMA, Professor of Accounting Valdosta State University

EDUCATIONAL OUTLOOK PEER REVIEWED

10 Recruiting: It Could Happen To You

By Dr. Russell (Rusty) Calk, Ph.D. CPA, Associate Professor of Accounting, Texas A&M University – Central Texas,

Dr. Pamela S. Carr, Ph.D. CPA, Professor of Accounting, Arkansas Tech University

Dr. Cindy Seipel, Ph.D. CPA CFE, Professor of Accounting, New Mexico State University

PROFESSIONAL OUTLOOK PEER REVIEWED

14 Career Success for the Quiet New Accountant

By Jeffrey F. Shields, Ph.D., Assistant Professor of Accounting, University of North Carolina at Asheville

Joyce M. Shelleman, Ph.D., Adjunct Professor of Management, The Graduate School, University of Maryland University College

George Violette, Ph.D., CPA, BerryDunn Distinguished Fellow of Accounting and Taxation, Professor of Accounting, University of Southern Maine

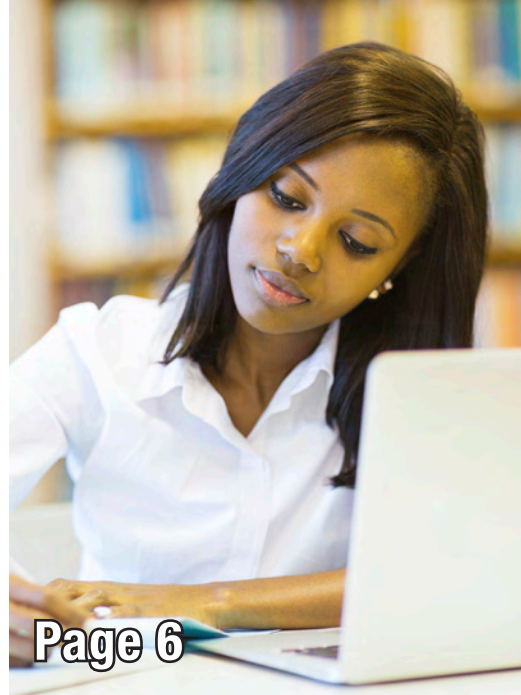
PROFESSIONAL OUTLOOK PEER REVIEWED

19 The Accountant and Money: A Complicated Relationship

By Sherry Mills, Ph.D., CPA, Professor of Accounting, New Mexico State University

Cindy Seipel, Ph.D., CPA CFE, Professor of Accounting, New Mexico State University

Martha Doran, Ph.D., Associate Professor of Accounting, San Diego State University



Page 6



Page 10



Page 19

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The CPA Exam: What's Next

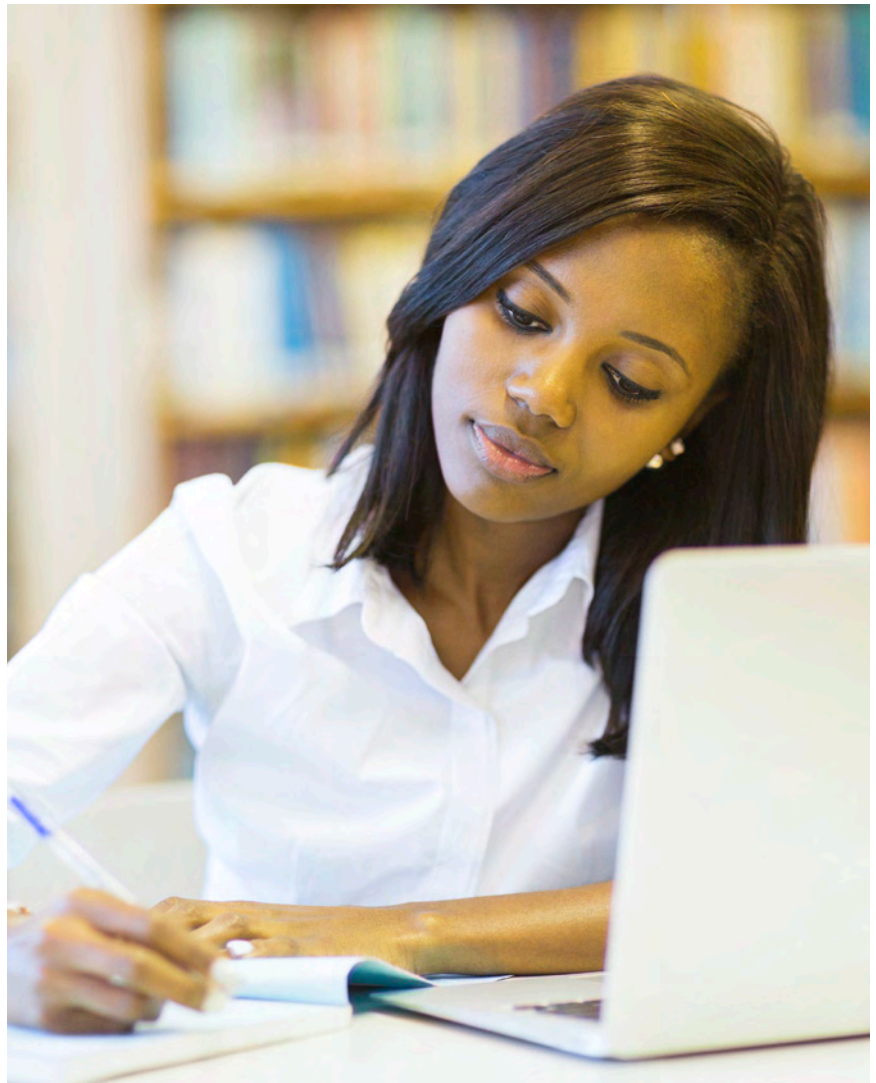
You've probably seen messages from review course providers: Changes are coming in 2017. But just what does that mean? By Rebecca Doel and Ken Tysiac, AICPA.

The AICPA's proposed changes to the Uniform CPA Examination are designed to enhance testing of higher-order skills that newly licensed CPAs need to have in the wake of changes in the profession that have altered job responsibilities.

These proposed changes have been crafted, not to make the CPA Exam harder to pass, but rather to reflect the profession's evolution and keep the exam in step with the profession.

"Tasks that a newly licensed CPA may have done in the past are now either largely mechanized through electronic mediums" or are being handled by non-CPAs, said Rick Niswander, CPA, CGMA, Ph.D., outgoing chairman of the AICPA Board of Examiners.

Although technical skills remain important, the need for CPAs to possess higher-order skills early in their careers has increased. The proposed exam update would keep the current four exam sections (Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation) but change how content is assessed. The proposal builds on the hierarchy of skills, which now includes "application" and "remember and understand." Questions assessing higher-level analysis skills would be added to all sections, and the AUD section also would assess skills of the highest level, evaluation. These are proposed changes, and formal, final changes are scheduled to be announced in April. Some of the major proposed changes include:



- **Enhanced testing of higher-order cognitive skills** that include critical thinking, problem-solving, analytical ability, and professional skepticism.
- **A blueprint for each section of the exam** illustrating the knowledge

and skills that will be tested, which are linked directly to tasks that are representative of the work of a newly licensed CPA. The blueprints would replace the current Content Specification Outline and Skill Specification Outline and would contain more information

both for exam takers and educators in their preparation.

- **A plan for more task-based simulations** for the exam. These would test a combination of content knowledge and higher-order skills. Task-based simulations are the most effective way to test higher-order skills and would be added to the BEC section for the first time. There would be eight or nine task-based simulations each in the AUD, FAR, and REG sections, and four or five of these simulations in the BEC section.

- **An increase in total testing time from 14 to 16 hours.** Each section would be allotted four hours. This represents an hour added to the BEC section to accommodate the addition of task-based simulations, and an hour added to the REG section, partly because of an increase in task-based simulations. A review of the exam showed that prepared candidates had sufficient time to complete the AUD and FAR sections. The cost of the exam is expected to increase as a result of the time expansion.

With the proposed changes, it is anticipated that the scoring weight of multiple-choice questions and task-based simulations will be about 50% each in the AUD, FAR, and REG sections. The BEC section will likely have an approximate score weighting of 50% multiple choice, 15% written communication, and 35% task-based simulation. This is a change from the current breakdown of multiple-choice questions weighted 60% and task-based simulations 40% in the scoring of the AUD, FAR, and REG sections. The BEC section's current scoring weight is 85% multiple choice and 15% written communication.

Along with regular exam content reviews, the AICPA periodically con-



Accounting graduates in demand

Although job openings have been spotty in many professions since the last recession, accounting graduates have been in high demand.

Hiring of new accounting graduates by public accounting firms reached record levels in 2014, according to the AICPA report *2015 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*.

The 43,252 new accounting graduate hires reported in 2014 represented a 7% increase over 2012, when the most recent previous survey was taken. Master's degree hires saw the largest growth, with an 11% increase over 2012. Over the same period, bachelor's degree hires increased 5%.

ducts a comprehensive practice analysis to ensure that the exam continues to assess the technical knowledge and skills necessary for initial licensure to protect the public interest. Information from the practice analysis was used to develop the proposal for the next exam.

The research showed that the profession supports changes to the exam to enhance testing of higher-order skills and ensure it remains aligned with the types of tasks newly licensed CPAs perform regularly.

Chris Ekimoff, CPA/CFE, CGMA, CFE, MAFF, director of forensic & litigation consulting at FTI Consulting, said, "In my opinion, the CPA Exam is shifting emphasis from 'knowing the rules' to 'applying the rules' related to much of its current subject matter. According to the recent updates on the exam changes by the AICPA, this shifting focus will be illustrated by more questions that ask candidates to analyze a situation and provide an appropriate answer using those rules. As a hypothetical example, take the current criteria related to the proper treatment of leases, either capitalized or expensed. Instead of a question asking 'Which one of the following is not a criteria for

capitalizing a lease,' a question may provide a scenario in which a company currently has leases of a certain type, and asking the candidate to appropriately adjust those leases based on the criteria. The candidate will be required to stop, think, apply, analyze, and answer—not just regurgitate a list."

"We agree that newly licensed CPAs are being asked to perform tasks and analyze data at more sophisticated levels than ever before," one state board of accountancy regulator said in response to an AICPA invitation to comment. "As such, it is imperative that the examination constantly evolve and test at appropriate levels."

Generally, the current exam equally assesses remembering and understanding skills and application-level skills.

"The changes proposed for the exam definitely reflect a more applicable mindset for a staff CPA in their working life," said Ekimoff, a member of the AICPA's Student Recruitment Committee. "I can't think of a time a junior staff has been asked, 'Quick! Recite all the considerations for eliminating intercompany entries!' More likely than not, they'll be evaluating the appropriateness of those eliminations, and being more familiar

Content in the current Uniform CPA Examination compared with the content proposed for the CPA Exam of the future

	Multiple choice questions		Task-based simulations		Written communication	
Section	Current	Proposed	Current	Proposed	Current	Proposed
AUD	90	70-75	7	8-9	-	-
BEC	72	60-65	-	4-5	3	3
FAR	90	60-65	7	8-9	-	-
REG	72	70-75	6	8-9	-	-

with the application of the rules will benefit their understanding and their work on the project.”

Under the proposed update, higher-level analysis skills would be tested in portions comprising approximately:

- 15% to 25% of the AUD section.
The AUD section also will include 5% to 15% evaluation, for a total of 20% to 40% analysis and evaluation combined.
- 20% to 30% of the BEC section.
- 25% to 35% of the FAR section.
- 25% to 35% of the REG section.

Overall, the exam would have fewer multiple-choice questions and more task-based simulations.

“Newly licensed CPAs have needed to have those skills for years and years and years. It’s just that the demand for having more of those skills has increased,” said Niswander, the vice chancellor for ad-

ministration and finance at East Carolina University in Greenville, N.C.

In addition to making the exam relevant to the skills needed by newly licensed CPAs, some proposed changes would also be intended to make the exam more convenient for candidates to take.

The new blueprints for each section of the exam would illustrate the knowledge, skills, and types of tasks that would be tested, assisting exam takers and educators in their preparation.

By 2018, new software will be introduced to improve the technological delivery of the exam as well as to modernize the look and usability, creating a better overall candidate experience. Excel spreadsheets also could be added to the exam in 2018.

“In terms of preparation, candidates will definitely have to adjust their study habits and focus to match the changes to the exam,” Ekimoff said. “As the CPA Exam continues to lend itself to testing real-working world situations,

the bar for candidates will not be raised, per se, but their thinking will be challenged on the exam to meet the requirements of a new CPA on the job.”

Holly Hawk, CPA, CGMA, a lecturer at Clemson University and the University of Georgia, said, “I believe that students should be aware of the changes but should not be nervous since these changes are very much in alignment with how our classroom learning is designed. In my courses, I communicate to my students the specific learning objectives at the beginning of the course and each class. These objectives include a focus on enhancing problem solving, critical thinking and synthesizing skills through the use of various assignments and case studies.”

Official announcements about the changes will be made in April 2016, with the next exam set to debut in 2017. Visit **ThisWayToCPA.com/2017CPAExam** for news about the 2017 CPA Exam changes.

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Do you need help as you pursue the right to place the three precious letters (C-P-A) after your name? ThisWayToCPA, fueled by the AICPA (aka the writers of the Uniform CPA Examination), created a single-stop resource for all things exam: the CPA Exam

& Licensure Center.

This feature gives you handy advice and links for everything you need to know about the CPA Exam—current and future. For example: Want to know what to expect before you get there on test day? Take a

test drive by visiting a test center to find out how Prometric administers the CPA Exam.

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