Preparing for the CPA Exam
October 24, 2017
Slides available on the Accounting Department Homepage

Emily Carroll ‘16 (Deloitte Advisory Services)
Michael Paiva ‘17 (EY Assurance Services)
Marco Oriella ‘17 (KPMG Audit Practice)
Matt Ovrom ’17 (PwC Asset Management Assurance)
Professor Dianne Feldman - Accounting Department
Panelist Introductions & Contact

- Emily Carroll ‘16 (Deloitte Advisory Services)
  - emcarroll16@gmail.com

- Michael Paiva ’17 (EY Assurance Services)
  - mpaiva15@gmail.com

- Marco Oriella ‘17 (KPMG Audit Practice)
  - marcojoriella@gmail.com

- Matt Ovrom ’17 (PwC Asset Management Assurance)
  - mattovrom@gmail.com

- Professor Dianne Feldman - Accounting Department
  - Dianne.Feldman@bc.edu
The Uniform Certified Public Accountant (CPA) Examination is developed by the AICPA with significant input and assistance by NASBA and state boards of accountancy. It is designed to assess the knowledge and skills entry-level CPAs need to practice public accountancy.

- On April 1, 2017, the AICPA launched the next version of the Uniform CPA Examination, a four-section (AUD, BEC, FAR and REG), 16-hour assessment (four hours per section) that places a greater emphasis on testing a candidate’s higher-order cognitive skills such as critical thinking, analytical ability, problem solving and professional skepticism.
  - Auditing & Attestation (AUD) – 4 hours
  - Business Environment & Concepts (BEC) – 4 hours
  - Financial Accounting & Reporting (FAR) – 4 hours
  - Regulation (Tax & Business Law) (REG) – 4 hours
- The CPA credential is a license issued by one of the 55 states or territories of the U.S. that authorizes the holder to practice as a CPA in that jurisdiction.
CPA Exam

Testing Windows

The computer-based Uniform CPA Examination is offered each calendar quarter. These months of testing are known as testing windows.

QUARTER 1
January 1 to March 10

QUARTER 2
April 1 to May 31

QUARTER 3
July 1 to September 10

QUARTER 4
October 1 to December 10

The examination is not given at the end of each calendar quarter to allow for systems and databank maintenance. It is important that you plan accordingly; it is your responsibility to schedule the sections of the examination you have yet to pass so you do not lose credit for previously passed sections.

You can take any or all sections of the examination during any testing window and in any order. However, you may not take the same section more than once during any one testing window.
CPA Exam

- You can take the different parts in any order.
- 75 is the passing grade (this is scaled).
- Once you pass one part of the exam, you have 18 months to complete the remaining parts. Otherwise, you will need to retake the part(s) that you passed that is (are) over 18 months old.
- You can take the same part of the exam only once per testing window.
- You may schedule your examination at any Prometric site in any of the 54 jurisdictions. You do not have to sit in the same state where you applied to be licensed.
The CPA exam employs a combination of question formats. It includes the traditional multiple choice questions and written responses, as well as highly innovative simulations – questions that replicate workplace situations and require the application of knowledge and skills to arrive at solutions.

The computerized CPA exam is adaptive, i.e., the level of difficulty changes according to your performance.

The exam sections are administered in five blocks called testlets, with MCQs and task based simulations (TBSs) in all sections and three written communication tasks only in BEC. The number of MCQs and TBSs vary depending upon the section.
Question Formats

- Candidates will receive at least one research question (research-oriented TBS) in the AUD, FAR and REG sections that require the candidate to search the applicable authoritative literature and find an appropriate reference. These research questions will require use of financial accounting, auditing and taxation databases.

- Pretest items are used to develop future examinations. They are not used in computing examination scores. Any testlet may include pretest items.
## Examination Sections’ Format

<table>
<thead>
<tr>
<th>Section</th>
<th>Item Type</th>
<th>Item Weighting</th>
<th>Testlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>72 MCQ, 8 TBS</td>
<td>50%, 50%</td>
<td>1.) 36 MCQ, 2.) 36 MCQ, 3.) 2 TBS, 4.) 3 TBS, 5.) 3 TBS</td>
</tr>
<tr>
<td>BEC</td>
<td>62 MCQ, 4 TBS, 3 Written Communication</td>
<td>50%, 35%, 15%</td>
<td>1.) 31 MCQ, 2.) 31 MCQ, 3.) 2 TBS, 4.) 2 TBS, 5.) 3 Written Communication</td>
</tr>
<tr>
<td>FAR</td>
<td>66 MCQ, 8 TBS</td>
<td>50%, 50%</td>
<td>1.) 33 MCQ, 2.) 33 MCQ, 3.) 2 TBS, 4.) 3 TBS, 5.) 3 TBS</td>
</tr>
<tr>
<td>REG</td>
<td>76 MCQ, 8 TBS</td>
<td>50%, 50%</td>
<td>1.) 38 MCQ, 2.) 38 MCQ, 3.) 2 TBS, 4.) 3 TBS, 5.) 3 TBS</td>
</tr>
</tbody>
</table>

MCQ = Multiple Choice Question | TBS = Task-Based Simulation

Tutorials and Sample Tests can be accessed at the AICPA website at:
http://apps.aicpa.org/17Q2SampleTest/17Q2start.html?cm_mmc=AICPA-_-CPAExam-_-exam_tutorial_parallel-_-CBT-e+sample+tests+and+tutorial&ga=1.185133353.1021591415.1476819385.
CPA Exam Structure

During each Exam section, candidates will be offered a standardized, 15-minute break after the first TBS testlet, which is approximately the midpoint—two hours. The Exam clock stops for the standardized break after the first TBS testlet is completed. A candidate may choose to decline the standardized break and continue testing, but the break will not be offered again. Optional breaks will continue to be available, but it counts against total testing time.
Examination Blueprints

- Examination Blueprints have been created for each of the Exam’s four sections. The Blueprints contain approximately 600 representative tasks across the four sections. The purpose of the Blueprints is to:
  - Document the minimum level of knowledge and skills required for licensure.
  - Assist candidates in preparing for the Exam.
  - Apprise educators of knowledge and skills candidates will require.
  - Guide the development of Exam questions.

- The Blueprints can be accessed on the AICPA site:
Examination Blueprints

AUDITING AND ATTESTATION (AUD)

The Auditing and Attestation (AUD) section tests the knowledge and skills that a newly licensed CPA must demonstrate when performing:

- Audits of issuer and nonissuer entities (including governmental entities, not-for-profit entities, employee benefit plans and entities receiving federal grants)
- Attestation engagements for issuer and nonissuer entities (including examinations, reviews and agreed-upon procedures engagements)
- Preparation, compilation and review engagements for nonissuer entities and reviews of interim financial information for issuer entities.

Newly licensed CPAs are also required to demonstrate knowledge and skills related to professional responsibilities, including ethics and independence.

The engagements tested under the AUD section of the Exam are performed in accordance with professional standards and/or regulations promulgated by various governing bodies, including the American Institute of CPAs (AICPA), Public Company Accounting Oversight Board (PCAOB), U.S. Government Accountability Office (GAO), Office of Management and Budget (OMB) and U.S. Department of Labor (DOL).
Auditing & Attestation covered in:

- ACCT3309 (Audit & Assurance) or ACCT8815 (Financial Auditing)
- ACCT4409 (Advanced Auditing)
- ACCT6618 (Accounting Information Systems)
- ACCT6634 (Ethics & Professionalism)
- ACCT6635 (Forensic Accounting)
- ACCT8825 (Assurance & Consulting Services)
FINANCIAL ACCOUNTING AND REPORTING (FAR)

The Financial Accounting and Reporting (FAR) section tests the knowledge and skills that a newly licensed CPA must demonstrate in the financial accounting and reporting frameworks used by business entities (public and nonpublic), not-for-profit entities and state and local government entities.

The financial accounting and reporting frameworks that are eligible for assessment within the FAR section of the Exam include the standards and regulations issued by the:

- Financial Accounting Standards Board (FASB)
- U.S. Securities and Exchange Commission (U.S. SEC)
- American Institute of Certified Public Accountants (AICPA)
- Governmental Accounting Standards Board (GASB)
- International Accounting Standards Board (IASB)
Financial Accounting & Reporting:

- ACCT1021 (Financial Accounting)
- ACCT3301 (FAST 1)
- ACCT3302 (FAST 2)
- ACCT6601 (FAST 3) – equivalent to Advanced Accounting
- ACCT3351 or ACCT8824 (Financial Statement Analysis)
Examination Blueprints

BIZINESS ENVIRONMENT AND CONCEPTS (BEC)

The Business Environment and Concepts (BEC) section tests knowledge and skills that a newly licensed CPA must demonstrate when performing:

- Audit, attest, accounting and review services
- Financial reporting
- Tax preparation
- Other professional responsibilities in their role as certified public accountants

The content areas tested under the BEC section of the Exam encompass five diverse subject areas. These content areas are corporate governance, economic concepts and analysis, financial management, information technology, and operations management.

REGULATION (REG)

The Regulation (REG) section tests the knowledge and skills that a newly licensed CPA must demonstrate with respect to:

- Federal taxation
- Ethics and professional responsibilities related to tax practice
- Business law
Business Environment & Concepts:

☑ ACCT1022 (Managerial Accounting)
☑ ACCT3307 (Managerial Cost Analysis) or ACCT8817 (Internal Cost Management) - MSA
☑ Also touches on: CSOM core classes (Finance, Operations Management and Economics primarily), AIS (ACCT6618), & Business Writing (ACCT5588 or 8810, or BCOM5588, 6688 or 8810)
Regulation:

- BSLW1021 (Business Law)
- ACCT4405 (Federal Taxation)
- ACCT6615 (Advanced Federal Taxation)
- BSLW1022 (Business Law II) or BSLW8803 (Business Law for CPAs)
- ACCT8826 (Taxes & Management Decisions)
Examination Process

Taking the examination involves a series of steps. While each Board of Accountancy has the right to develop its own laws and regulations, and there are variances in this process from state to state, the basic process may be explained as:

1. **Apply to Take the Examination at NASBA.org**
2. **Complete Payment of Examination Fees**
3. **Review the Tutorial and Sample Tests**
4. **Receive Your Notice To Schedule**
5. **Schedule Your Examination at Prometrics.com**
6. **Take Your Examination(s)**
7. **Receive Your Score Report(s)**

*You may request, complete and submit an application online in most states at cpacentral.nasba.org.*
Application Process


2. Send application forms to state you intend to practice (apply online for your state at www.nasba.org).

3. Have Office of Student Services send transcripts directly to NASBA.

4. Allow 2-4 weeks for NASBA to process application and send Notice to Schedule (NTS). Shorter delay during off-season.

   Note: The website recently indicated 6 week waits.

4. Once NTS received, schedule exam with Prometrics.com – exam can be taken anywhere in the U.S. Schedule 65 days in advance recommended, but no later than 5 days in advance.
CPA Exam

Materials to be Submitted with Application:

- An official transcript from each school listed on your application. Transcripts must be sent directly from your school to CPA Examination Services.

- Certificate of Enrollment, if applicable. Submission by you or school.
  - This form is evidence that you are currently enrolled and that all courses and graduation requirements will be completed prior to the date that you sit for the first section of the exam. The form must be signed by an authorized official of the college (notarized) and signed by you. The official form can be downloaded from the NASBA website, do not use the BC form.

- Photograph Form with a 2×2 photograph taken within the last three months, showing your head and shoulders only.

- International Evaluation with foreign transcripts, if applicable. Submission by you or evaluation agency.

- Testing Accommodations Request Form, if applicable. Submission by you.
Applying for the Uniform CPA Examination

Before applying for the Uniform CPA Examination through CPA Examination Services (CPAES), please familiarize yourself with this jurisdiction’s educational requirements to determine if you are eligible to apply as a first-time candidate. You are also advised to read The Candidate Bulletin before submitting applications online. You are able to apply for one or more sections of the examination at a time; however, you are advised to only apply for a section of the examination if you are ready to take it within the next six months.

You may register online via credit card. To apply for the CPA Examination online, you will be asked to create a user account upon your first usage of our online application tool. If you’ve previously applied for the CPA Examination outside of our online application tool (via paper application or other method), you will need to import your previous application information. To do this, you will need to know the jurisdiction in which you sat for the examination as a first-time candidate, and your Jurisdiction ID Number. If you need your Jurisdiction ID number, click here. Registering for a user account will allow you to apply for the exam, maintain your current information, view your scores, check your application status and reprint your Notice(s) To Schedule.

USEFUL LINKS
- Candidate Bulletin
- Score Information
- Score Reprint
- NASBA Candidate Identification Cards
- Massachusetts State Board
- Prometric
- AICPA

FORMS
- Certificate of Enrollment
- Exception to Policy
- Transferring into Massachusetts
- Transferring from Massachusetts
- Information Change Request Form
- Testing Accommodations Request Form

NASBA Advisory Evaluation
Requirements by State

- NASBA Advisory Evaluation – available in certain states

- Fees vary by state:
  - There is an initial registration fee ($100-200) plus a separate fee to take each part of the exam ($175-250). NTS lasts only for 6 months so you should only apply for the parts of the exam you intend to take within a 6 month window (some states have longer or shorter windows).
  - There is another (small ~ $20) registration fee for any parts of the exam you apply for after the initial registration.

- Exam Requirements – vary by state
  - Eligibility for Examination
  - Transcripts
  - Course Requirements
  - Residency
When to register and exam order?

- When to register (BC Seniors):
  - MA Candidates: Apply in mid-April (6 month window for NTS) by completing Certificate of Enrollment.
  - NY Candidates: Apply in mid-April if you have 120 credits as of the beginning of Spring semester. Otherwise, must wait until graduation.

- Exam Order and Timing (Suggestion):
  - Study month of June for FAR and REG (most material and considered most challenging). Take exam early July.
  - Study rest of July. Take REG or FAR at end of July or early August.
  - Study rest of August. Take BEC or AUD at the end of August or 10 days in September (caution – testing fatigue may set in).
  - Study in September for last part. Take early October. Note: Audit best to take last if working in assurance.
Which section of the exam to take first?

Other Considerations:

- What classes will you be taking just before or during the review?
  - Take that part of the exam that is most consistent with the classes you’re taking.

- Take the exam as soon as possible --- while you’re still in a “student or test-taking” frame of mind. The longer you wait, the more likely it is for new standards to be passed and for your test-taking skills to diminish (see first-time < 1 year results).
  - You are significantly more likely to pass the exam if you sit within one year of graduation.
BC Pass rate by candidate type: 2009-16
Which section of the exam to take first?

- Avoid leaving the hardest section (FAR or REG) for last.
- Remember, you only have 18 months from the time you pass the first part to get the rest of the parts completed.
- If you’re taking the exam continuously, your mind and concentration start to lag after the first two parts.
FT < 1 Year: BC Pass Rate by Section: 2009-16
Overall Pass Rate: BC v. National 2009-16

- BC: 50.0%, 48.3%, 45.5%, 48.9%, 49.4%, 49.5%, 49.8%, 48.7%
- National: 67.0%, 68.4%, 69.0%, 68.5%, 69.8%, 72.0%, 74.1%, 74.0%

Graph showing a comparison of BC and National pass rates from 2009 to 2016.
## 2016 Top 20 Overall Pass Rate, Large Programs

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Institution (FICE)</th>
<th>Candidates Total</th>
<th>Sections Total</th>
<th>Percent Pass</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NC</td>
<td>WAKE FOREST UNIV (2978)</td>
<td>92</td>
<td>286</td>
<td>89.5%</td>
<td>84.0</td>
</tr>
<tr>
<td>2</td>
<td>WI</td>
<td>UNIV WI MADISON (3895)</td>
<td>245</td>
<td>648</td>
<td>84.7%</td>
<td>82.9</td>
</tr>
<tr>
<td>3</td>
<td>FL</td>
<td>UNIV FL (1535)</td>
<td>138</td>
<td>358</td>
<td>84.6%</td>
<td>82.0</td>
</tr>
<tr>
<td>4</td>
<td>UT</td>
<td>BRIGHAM YOUNG UNIV (3670)</td>
<td>317</td>
<td>773</td>
<td>84.6%</td>
<td>83.1</td>
</tr>
<tr>
<td>5</td>
<td>IN</td>
<td>UNIV NOTRE DAME (1840)</td>
<td>211</td>
<td>579</td>
<td>82.9%</td>
<td>82.6</td>
</tr>
<tr>
<td>6</td>
<td>GA</td>
<td>UNIV GA (1598)</td>
<td>314</td>
<td>795</td>
<td>82.3%</td>
<td>82.1</td>
</tr>
<tr>
<td>7</td>
<td>MA</td>
<td>BOSTON COLL (2128)</td>
<td>188</td>
<td>484</td>
<td>81.8%</td>
<td>82.0</td>
</tr>
<tr>
<td>8</td>
<td>MO</td>
<td>UNIV MU COLUMBIA (2516)</td>
<td>141</td>
<td>426</td>
<td>80.8%</td>
<td>81.7</td>
</tr>
<tr>
<td>9</td>
<td>VA</td>
<td>UNIV VA (3745)</td>
<td>92</td>
<td>210</td>
<td>80.0%</td>
<td>81.7</td>
</tr>
<tr>
<td>10</td>
<td>NC</td>
<td>UNIV TX AUSTIN (3658)</td>
<td>413</td>
<td>1,049</td>
<td>80.0%</td>
<td>81.4</td>
</tr>
<tr>
<td>11</td>
<td>TN</td>
<td>UNIV TN KNOXVILLE (3530)</td>
<td>257</td>
<td>575</td>
<td>79.0%</td>
<td>79.7</td>
</tr>
<tr>
<td>12</td>
<td>FL</td>
<td>UNIV MIAMI (1536)</td>
<td>70</td>
<td>177</td>
<td>78.0%</td>
<td>80.6</td>
</tr>
<tr>
<td>13</td>
<td>MI</td>
<td>UNIV MI ANN ARBOR (2325)</td>
<td>121</td>
<td>324</td>
<td>77.2%</td>
<td>81.4</td>
</tr>
<tr>
<td>14</td>
<td>TX</td>
<td>TX A&amp;M UNIV (3632)</td>
<td>398</td>
<td>1,196</td>
<td>77.1%</td>
<td>80.1</td>
</tr>
<tr>
<td>15</td>
<td>NC</td>
<td>UNIV NCCHAPEL HILL (2974)</td>
<td>136</td>
<td>367</td>
<td>76.8%</td>
<td>80.4</td>
</tr>
<tr>
<td>16</td>
<td>PA</td>
<td>LEHIGH UNIV (3289)</td>
<td>117</td>
<td>273</td>
<td>76.6%</td>
<td>80.2</td>
</tr>
<tr>
<td>17</td>
<td>VA</td>
<td>UNIV RICHMOND (3744)</td>
<td>96</td>
<td>252</td>
<td>75.8%</td>
<td>79.7</td>
</tr>
<tr>
<td>18</td>
<td>WI</td>
<td>UNIV WI OSHKOSH (3920)</td>
<td>63</td>
<td>145</td>
<td>75.2%</td>
<td>78.1</td>
</tr>
<tr>
<td>19</td>
<td>TX</td>
<td>TX CHRISTIAN UNIV (3636)</td>
<td>111</td>
<td>286</td>
<td>74.8%</td>
<td>79.5</td>
</tr>
<tr>
<td>20</td>
<td>CO</td>
<td>UNIV DENVER (1371)</td>
<td>158</td>
<td>330</td>
<td>73.9%</td>
<td>79.5</td>
</tr>
</tbody>
</table>
Appendix
Sitting for the CPA exam requirements in MA

- A bachelor’s degree (may apply in final semester; transcript due within 90 days of exam date).
- At least 18 years old.
- Completed at least 120 semester credit hours.
- Taken at least 21 Accounting credit hours including coverage in Financial accounting, Management accounting, Taxation and Auditing.
- Taken at least 9 business credit hours with coverage in Finance, Business Law & Info. Sys.
Meeting CPA exam requirements in MA @ BC

- For a BC Accounting major to meet the exam requirements immediately after graduation, he/she must:
  - take 5 classes every semester including senior year.
  - must take Auditing (ACCT3309)
  - AIS (ACCT6618) is no longer required in MA. Computers in Management will now satisfy the information systems requirement.
CPA certification requirements in MA

- Pass the CPA exam.
- Complete at least 150 semester credit hours within 3 years of passing the exam. (Most firms require this be met before starting work).
- Have at least one year of public accounting experience (waived for graduate degree holders in accounting, business or law).
- Complete at least 30 Accounting credit hours and 24 business (non-Accounting) credit hours.
CPA certification requirements in MA

- Courses can only be taken in regionally or nationally accredited institutions.
- Courses can be taken in more than one institution (all transcripts submitted).
- Online courses are okay if offered by an accredited institution.
Sitting for the CPA exam requirements in NY

- Complete at least 120 semester credit hours.
- Complete a course in each of the following: financial accounting, cost or management accounting, taxation, audit and atestation.
New York CPA certification requirements

- At least 21 years of age.
- Be of good moral character.
- Pass the CPA exam.
- At least one year of qualifying experience.
- Complete at least 150 semester credit hours.
- Complete at least 33 Accounting credit hours including financial accounting theory and reporting, cost or managerial accounting, taxation, auditing and attestation services and complete 36 business (non-accounting) credit hours.
New York CPA exam and certification requirements

- Complete 36 general business (non-Accounting) credit hours including business statistics, business law, computer science, economics, finance, management, marketing, operations management, organizational behavior, strategy, quantitative methods and information technology systems.

- The curriculum must also include coverage of business/accounting communication (BCOM6688) and ethics & professionalism (ACCT3309 or 6634).