

Preparing for the CPA Exam

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Slides available on the Accounting Department Homepage

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The CPA License

- ❑ 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.
- ❑ One component of the licensing requirement designed to ensure only qualified individuals become licensed as CPAs is the Uniform CPA Examination.
- ❑ The CPA license is issued at the jurisdiction level. To become a CPA, you must be declared eligible for the examination, and subsequently licensed, by the Board of Accountancy in one of the 55 U.S. jurisdictions.
- ❑ The Constitution of the U.S. grants each state or territory the power to regulate the practice of the professions within that jurisdiction's borders. Each jurisdiction sets its own requirements for education, examination and experience.

CPA Exam: Players

- ❑ **The American Institute of Certified Public Accountants (AICPA):** The AICPA is the largest national, professional organization for CPAs. The AICPA provides members with resources. For the Uniform CPA Examination, the AICPA determines the content of the examination, prepares the examination questions, determines the method of scoring, prepares advisory scores and conducts statistical analyses of examination results.
- ❑ **The National Association of State Boards of Accountancy (NASBA):** The 55 U.S. and territorial Boards of Accountancy are the members of NASBA. NASBA exists to serve its members. NASBA takes on the role of a central clearinghouse where all jurisdictions submit information on eligible candidates and from which all jurisdictions receive advisory scores and other examination data. You may access the site here: [NASBA](#).
- ❑ **CPA Central:** You may request, complete and submit an application online in most states at: [CPA Central](#).
- ❑ **Prometric:** Prometric is the global leader in technology-enabled testing and assessment services for information technology certification, academic admissions and professional licensure and certifications such as the Uniform CPA exam. Prometric operates test centers around the world.

CPA Exam

- 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 newest 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

CPA Exam: General Information

- ❑ The requirements to take the CPA exam are a subset of the requirements to be licensed as a CPA.
- ❑ You can take the 4 different parts in any order.
- ❑ 75 is the passing grade.
- ❑ The computerized CPA exam is adaptive, i.e., the level of difficulty changes according to your performance.
- ❑ You may schedule your examination at any Prometric site in any of the jurisdictions. You do not have to sit in the same state where you applied to be licensed.
- ❑ Testing windows have been eliminated in most states, the exam is now administered on a continuous basis (not continuous yet: CT, MI & SC*).
- ❑ 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.
- ❑ If you do not pass a section, you no longer have to wait to reschedule, you may do so as soon as your official score is released.

CPA Exam: Question Formats

- 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.



MULTIPLE-CHOICE QUESTIONS

The multiple-choice portions of the examination are administered to you in a series of testlets. Testlets are groups of questions that are constructed to appear together. Each examination section will include two multiple-choice testlets.



TASK-BASED SIMULATIONS

Task-based simulations are condensed case studies that test accounting knowledge and skills using real life, work-related situations. All task-based simulations are intended to assess knowledge and skills that are appropriate for an entry-level accountant.



WRITTEN COMMUNICATION TASKS

Only the BEC section contains written communication tasks. For each of three written communication tasks, candidates must read a scenario and then write an appropriate response relating to the scenario. The instructions state what form the response should take (such as a memo or letter) and its focus. The candidate's response should provide the correct information in writing that is clear, complete, and professional.

- 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.
- Pretest items are used to develop future examinations. They are not used in computing examination scores. Any section may include pretest items.

CPA Exam: Testlets

- 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.

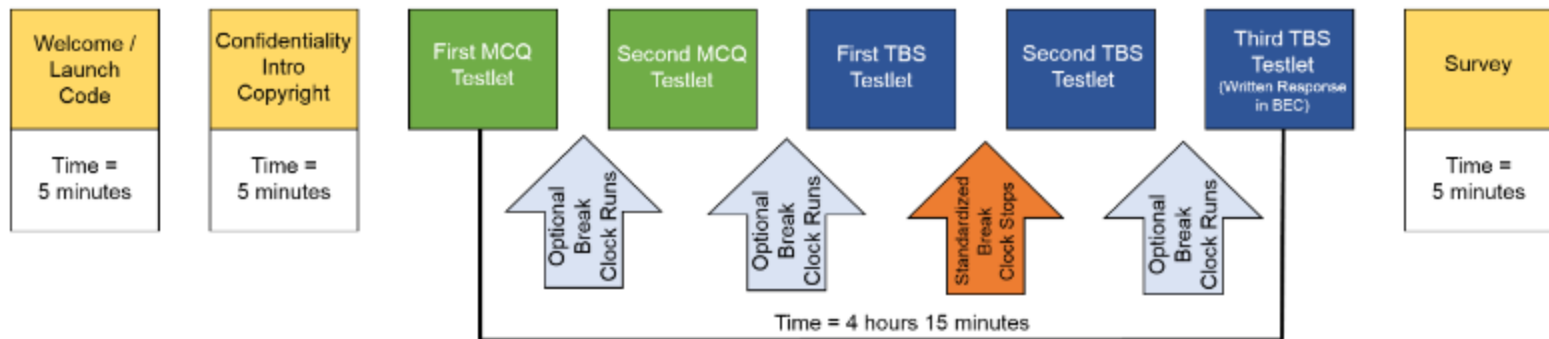
Section	Item Type	Item Weighting	Testlets
AUD	72 MCQ 8 TBS	50% 50%	1.) 36 MCQ 2.) 36 MCQ 3.) 2 TBS 4.) 3 TBS 5.) 3 TBS
BEC	62 MCQ 4 TBS 3 Written Communication	50% 35% 15%	1.) 31 MCQ 2.) 31 MCQ 3.) 2 TBS 4.) 2 TBS 5.) 3 Written Communication
FAR	66 MCQ 8 TBS	50% 50%	1.) 33 MCQ 2.) 33 MCQ 3.) 2 TBS 4.) 3 TBS 5.) 3 TBS
REG	76 MCQ 8 TBS	50% 50%	1.) 38 MCQ 2.) 38 MCQ 3.) 2 TBS 4.) 3 TBS 5.) 3 TBS

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

Tutorials and Sample Tests can be accessed at the AICPA website at: [Tutorials & Sample Tests](#)

CPA Exam: Structure & Prometrics

- ❑ Arrive on-time, bring 2 valid forms of ID that match your name on the NTS (check the list of acceptable IDs on your NTS).
- ❑ Request a calculator if not provided.
- ❑ 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.



CPA Examination Process

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:



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



Apply to Take the Examination



Complete Payment of Examination Fees



Review the Tutorial and Sample Tests



Receive Your Notice To Schedule



Schedule Your Examination at Prometrics.com



Take Your Examination(s)



Receive Your Score Report(s)



Sitting for the CPA: MA requirements

- ❑ Be at least 18 years old.
- ❑ Bachelors degree with completion of at least 120 semester credit hours. Note: AP credits will not be included on your transcript until you graduate.
- ❑ Under updated regulations, MA candidates may apply for OR take an exam section 90 days before their official graduation date by providing a Certificate of Enrollment and by providing a Certified transcript within 90 days of taking the exam.
- ❑ Taken at least 21 Accounting credit hours including coverage in Financial accounting, Management (Cost) accounting, Taxation and Auditing.
- ❑ Taken at least 9 business credit hours with coverage in Finance, Business Law & Information Systems.

Sitting for the CPA: NY requirements

- ❑ Complete at least 120 semester credit hours. Note: AP credits will not be included on your transcript until you graduate.
- ❑ Unlike in MA, candidates must have completed 120 credit hours PRIOR to applying for the exam.
- ❑ Complete a course in each of the following: financial accounting, cost or management accounting, taxation, audit and attestation.

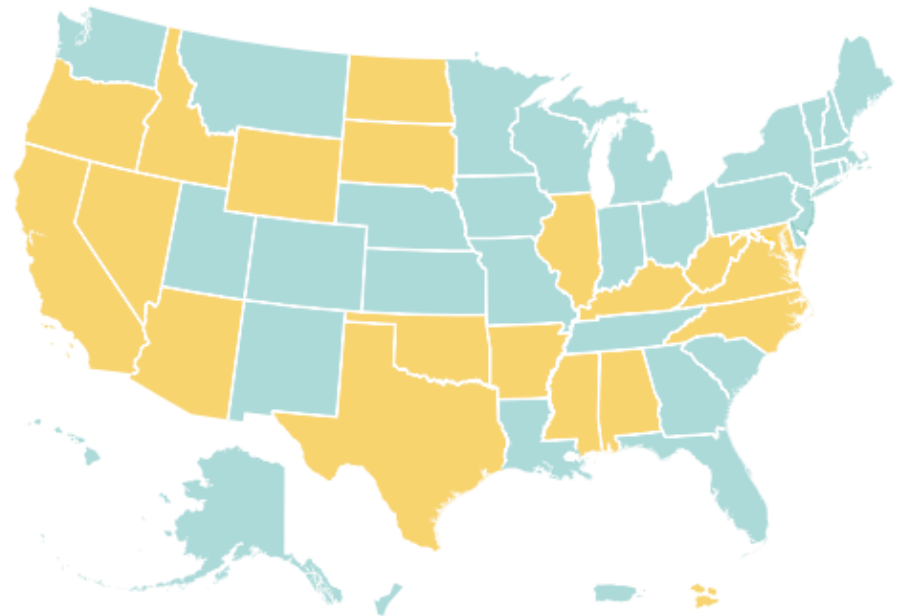
CPA Exam: Application Process



- Obtain Candidate Bulletin: [Access 2020 Candidate's Bulletin Here](#)
- Send application forms to state you intend to practice (apply on-line for your state at www.nasba.org or directly to your Board of Accountancy).
Note: Name on application must match the name on your ID.

STEP 1: APPLY TO TAKE THE EXAMINATION

- Apply online through NASBA's [CPA Examination Online Application System](#) if you are applying to one of these jurisdictions.
- Contact the [Board of Accountancy](#) directly if applying to one of these jurisdictions.



CPA Exam: Application Materials

- ❑ An official transcript from each school listed on your application. Transcripts must be sent directly from your school(s) Student Services to CPA Examination Services (send via mail is recommended).
- ❑ Certificate of Enrollment, if applicable (in MA only)
 - ❑ 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.
- ❑ NASBA Advisory Evaluation – available in certain states including MA & NY
- ❑ Application and Exam Fees:
 - Application Fee for First Time Candidates: @ \$195
 - Examination fee will vary depending on the number of sections you are applying for (e.g. In MA \$117 for one section, \$137 for two sections, \$157 for three sections and \$177 for four sections).
 - The cost of each exam is \$200 + (varies by state e.g. \$209 in Maine, \$225 in Mass.)
Note: You lose the exam fee if you do not take the exam applied for, so be careful how many exam sections you register for.

CPA Exam: Application Process

- Allow at least **8 weeks** for NASBA to process application and send **Notice to Schedule (NTS)**. Shorter delay during off-season?
- Once NTS received, schedule exam(s) with Prometrics.com – exam(s) can be taken anywhere in the U.S. Schedule 45 days in advance recommended, but no later than 5 days in advance. You must take before your NTS expires (in most states 6 months).

NOTE: NTS must be brought to the exam, it also contains your launch code.

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: [2019 CPA Exam Blueprints](#).

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)
- ACCT6618 (Accounting Information Systems)
- ACCT4409 (Advanced Auditing)
- ACCT6634 (Ethics & Professionalism)
- ACCT6635 (Forensic Accounting)
- ACCT6640 (Dive, Dissect & Decide with Big Business Data)
- ACCT8825 (Assurance & Consulting Services)



Examination Blueprints

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

BUSINESS 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:

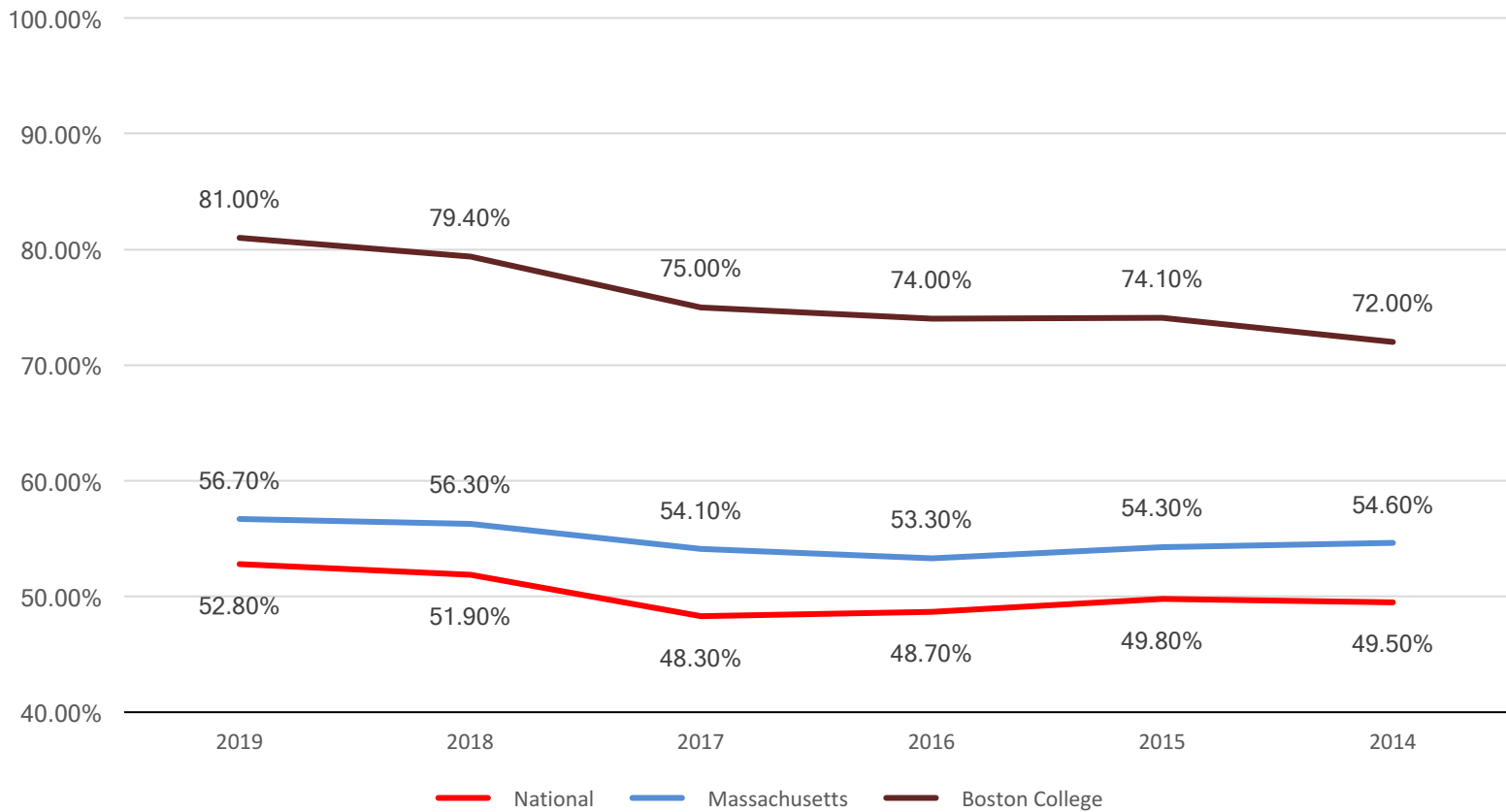
- BSLW1021 (Business Law)
- ACCT4405 (Federal Taxation)
- ACCT6615 (Advanced Federal Taxation)
- BSLW1022 (Business Law II) or BSLW8803 (Business Law for CPAs)
- ACCT8826 (Taxes & Management Decisions)

When to take the exam

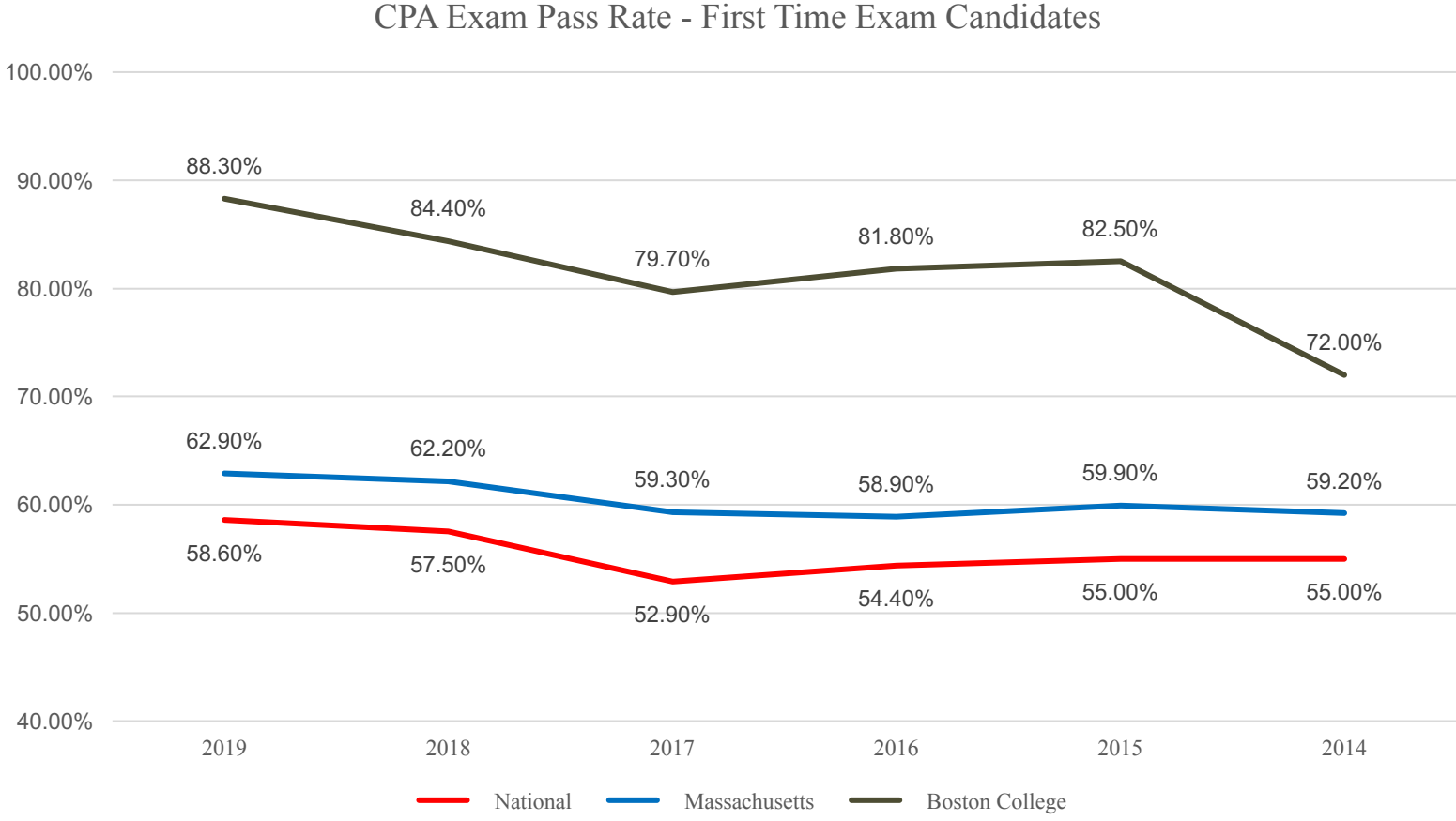
- Take the exam as soon as possible --- while you're still in a "student or test-taking" frame of mind. The longer you wait, the more likely it is for new standards to be adopted and for your test-taking skills to diminish (see first-time test taker results).
 - You are significantly more likely to pass the exam if you sit within one year of graduation.
- Consider taking a section during Senior spring. BC students do very well on BEC and this section normally requires less study hours than the other sections. Word of caution!

BC Pass Rate all Candidates: 2014-2019

Overall CPA Exam Pass Rate - All Testing

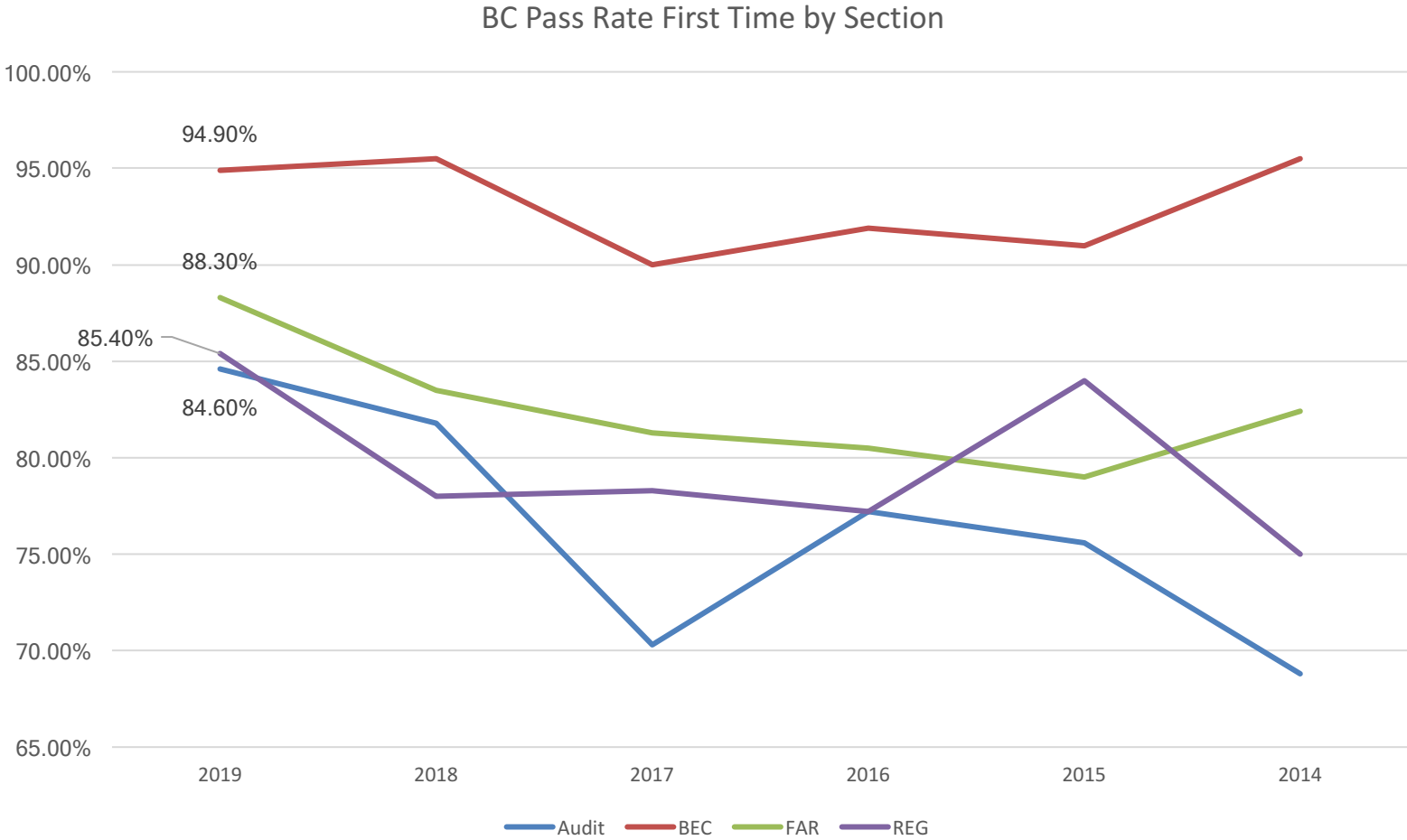


BC Pass Rate First Time Candidates: 2014-2019





BC Pass Rate First Time Takers by Section: 2014-2019



2019 #4 Ranking for Large Program Pass Rate

Ranking of Institutions by Pass Rate: First-Time, Large Programs

Includes 247 institutions with more than 60 reported candidates

Rank	State	Institution (FICE)	Candidates Total	Sections Total	Pass Rate	Average Score
1	TX	University of Texas - Austin (3658)	358	980	89.6%	84.3
2	UT	Brigham Young University (3670)	273	695	89.4%	85.0
3	NC	Wake Forest University (2978)	82	215	88.8%	83.9
4	MA	Boston College (2128)	129	318	88.3%	84.7
5	MI	University of Michigan - Ann Arbor (2325)	77	195	88.2%	84.2
6	FL	University of Florida (1535)	248	514	86.4%	83.0
7	VA	University of Virginia (3745)	96	210	84.8%	84.0
8	TX	Texas A&M University (3632)	351	1,061	82.9%	81.7
8	WI	Univ of Wisconsin - Madison (3895)	227	485	82.9%	82.3
10	WA	Gonzaga University (3778)	118	250	82.4%	81.9

What order to take the exams?

- 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.
- Avoid leaving the hardest sections (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.

When to register and exam order?

□ When to register (BC Seniors):

- MA Candidates: Apply in mid to late March (6 month window for NTS) by completing Certificate of Enrollment.
- NY Candidates: Apply in mid to late March if you have 120 credits (not including APs) as of the beginning of Spring semester. Otherwise, must wait until graduation.

□ Exam Order and Timing (Suggestion):

- Study late May and June for FAR or REG (most material and considered most challenging). Take exam start of July.
- Study rest of July and early August. Take REG or FAR early-mid August.
- Study rest of August. Take BEC or AUD at the end of August or early-mid 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.



Appendix



CPA certification requirements in MA

- ❑ Pass the CPA exam.
- ❑ Complete at least 150 semester credit hours (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. Community college courses now count.
- ❑ Courses can be taken in more than one institution (all transcripts submitted).
- ❑ Online courses are okay if offered by an accredited institution.

CPA certification requirements in NY

- ❑ 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.

CPA certification requirements in NY

- Complete 36 general business (non-Accounting) credit hours in general business electives in any combination of the following areas: business statistics; business law; computer science; economics; finance; management; marketing; operations management; organizational behavior; business strategy; quantitative methods; and information technology and systems.
- The curriculum must also include coverage of business/accounting communication (BCOM6688) and ethics & professionalism (satisfied by ACCT3309 or 6634).