

AICPA BOARD OF EXAMINERS (BOE)**INVITATION TO COMMENT on CPA EXAMINATION IMPROVEMENTS****EXECUTIVE SUMMARY AND ACTIONS****Background**

At the request of the BOE, in October 2007 the AICPA Examinations Team issued an Invitation to Comment (ITC) on CPA Examination Improvements. The ITC was an effort to obtain input from state boards of accountancy and other stakeholders on proposed examination changes being considered for implementation over a period of several years. The deadline for ITC responses was December 31, 2007, but extensions until the end of January 2008 were granted to state boards requesting additional time.

Eighty-two responses to the Invitation to Comment were received, 25 of them from state boards of accountancy. In addition, two NASBA committees submitted responses as did a few individual state board members and staff. The remaining responses came from accounting firms, academic programs, review course providers, educators, CPAs working in public accounting and industry, and even some CPA candidates. After a thorough review of the responses, the BOE took action on ITC recommendations in March and April 2008.

PROPOSAL #1 – Develop task-based simulations (TBS); and**PROPOSAL #2 – Implement TBS at the same time as the practice analysis results.**

An overwhelming majority (85%) of the state boards of accountancy and other ITC respondents indicated that they “support” or “strongly support” the development of shorter simulations. They found TBS appealing as a concept, and also as a factor essential to improving the scoring timeline. Both state boards and others also expressed significant support (74% and 73%, respectively) for implementing TBS, if possible, at the same time as the new Content and Skill Specifications (CSOs/SSOs) resulting from the 2008 Practice Analysis are implemented. The BOE **approved** both initiatives on March 28, 2008.

PROPOSAL #3 – Administer all essay questions in BEC.

ITC responses to this proposal were mixed, with a plurality (44%) of the state boards and a majority (58%) of other respondents expressing support (either “support” or “strongly support”). Opposition to the measure reflected widely divergent views. Two state boards opposed including any essay questions on the CPA Examination while several believed there was insufficient emphasis on communication skill testing in the current examination. The BOE discussed the responses to this proposal on March 28 but decided to seek a better understanding

of state board positions before making a decision. In April, BOE members contacted Executive Directors of some of the state boards that expressed opposition to the administration of essays in BEC. These conversations, as well as written ITC responses, revealed the following:

- The conviction that written communication skills should not be tested on the CPA Examination at all and, conversely, that these skills should be tested in every examination section. Whether written communication tasks belong on the CPA Examination and, if so, how large their percentage allocation should be are issues outside the scope of the ITC, but are within the scope of the recently released Exposure Draft, *Proposed Content and Skill Specifications for the Uniform CPA Examination*. Views on this topic should be expressed in response to the Exposure Draft of proposed new CSOs/SSOs which are available for comment between May 1 and July 31, 2008 at http://www.cpa-exam.org/cpa/exposure_draft.html.
- The belief that administering all essay questions in BEC would de-emphasize the testing of communication skills. This view is understandable in terms of time to be allocated to testing communication skills, and yet it is not entirely accurate. Studies have shown that testing written communication skills in three sections does not provide incremental measurement value. In other words, a candidate's essay scores are typically the same across sections as there turns out to be no difference in writing skills based on topic. Moving all essays to BEC would eliminate repetitive testing and make additional time available for other types of questions.
- The assumption that essays are currently scored on content and that, therefore, moving all essays to BEC would be detrimental to testing the content of other sections. The content of essays has not been scored since the launch of CBT, although candidates have been and continue to be required to write on topic.
- The belief that candidates who do not write well would fail BEC on the basis of their written skills alone if all essays were administered in BEC. This position reflects an assumption that three BEC essays would yield at least 30% of the BEC score. In fact, the proposed new CSOs/SSOs stipulate a written communication range of between 10% and 20%.
- The assumption that essays in BEC could well cover AUD, FAR, and REG subject matter, making it difficult for candidates to prepare. In actuality, the plan to move the administration of essays to BEC calls for essays to be assigned on BEC topics only.

The BOE reconvened on April 28 to hear reports of the conversations with Executive Directors and continue its discussion of this measure. The BOE weighed the differing board positions in opposition to moving written communication to BEC against the reasons for implementation of this change. On one hand, it was clear that, in some cases, positions, both pro and con, were based on either a lack of information or faulty assumptions, and it was noted that the description distributed to ITC respondents probably did not provide a sufficiently clear explanation of the initiative. It was also noted that some opposition related more to the global testing of written communications on the examination rather than the concept of moving such questions to BEC.

This issue will be addressed through the Practice Analysis and Exposure Draft Responses. On the other hand, the BOE had to consider the importance of moving all essays to BEC if faster scoring and cost containment goals, for which there are universal agreement, are to be met. After consideration of additional information received and much deliberation, the BOE **approved** the proposal to administer all essays in BEC.

PROPOSAL #4 – Investigate objective assessment of communication skills for future implementation; and

PROPOSAL #5 – Introduce BEC subject matter TBS if objective assessment of communication proves feasible.

State boards expressed a general willingness to consider objective assessment of communication skills if the effectiveness of such assessment can be demonstrated, although the conviction that written communication skills can only be tested by writing essays was also in evidence. Of the state boards, 56% selected “strongly support” or “support” for the measure as did 62% of the other respondents. Responses to proposal #5 were, of course, dependent on responses to #4. (Those who oppose objective assessment of writing skills would also disagree with the notion that objective assessment would prove feasible and, therefore, leave room for BEC subject matter TBS.)

On March 28, the BOE accepted the staff recommendation to **remove** proposals #4 and #5 from consideration as part of CBT-e. The BOE authorized pursuing research into the matter and, if the results are promising, reconsidering the proposals in the future.

PROPOSAL #6 – Maintain the current test administration schedule.

About 70% of both state board and other ITC respondents expressed support for the current test administration schedule. There were also some requests for the elimination of the “dark month,” or at least its reduction to a week or two. In addition, some respondents proposed a rearrangement of months while maintaining the basic schedule of two months of testing followed by one month of no testing. The administrative need for the “dark month” was questioned by a few respondents and the effect on candidate behavior of the deadlines implicit in the testing window concept was debated. On March 28, the BOE **approved** the retention of the current test administration schedule for the time being, while also authorizing an investigation of testing patterns in an effort to learn how well the current schedule meets candidate needs.

PROPOSAL #7 – Investigate a possible reduction in total testing time once the statistical properties and content of the new examination are known.

Seventy percent of state board and 73% of other ITC respondents expressed support for this proposal. While respondents were clearly willing to go along with an investigation into total testing time reduction, the vast majority appeared to believe that a shorter examination would not be advisable. Concerns were expressed that the reliability of the examination would decline, and that a time reduction would be perceived as a reduction in quality. Several respondents indicated that examination time may actually need to be increased in order to test additional content. The BOE **approved** the proposal, as stated, on March 28.

Overall, how strongly do you support the proposed improvements?

Overall support for the examination improvements outlined in Proposals #1 - #7 was expressed by 63% state board and 67% of other ITC respondents. These general ratings were supplemented in many instances by comments indicating that most respondents supported some – but not all – proposals. The BOE reviewed the responses to this question but did not take action as none was required.

A full copy of the responses to the ITC and final results are available on the AICPA website at http://www.cpa-exam.org/download/ITC07_Report_Public.pdf.