

MAPPING OF THE AICPA CORE COMPETENCY FRAMEWORK TO THE SKILLS TESTED ON THE CPA EXAM

This document provides a mapping of the AICPA Core Competency Framework to the skills tested on the CPA Exam.

The Core Competency Framework defines a set of skills-based competencies needed by all students entering the accounting profession, regardless of the career path they choose. The Framework is an online resource (www.aicpa-eca.org) that educators can utilize to develop or reform curricula to support the development of a set of competencies aimed at helping students acquire the knowledge and develop the talents that will lead them to personal success in the accounting profession.

The Framework focuses on skills and is not structured around traditional subject/content areas or accounting services. A skills-based curriculum versus a knowledge-based curriculum is advocated because the body of knowledge and the accounting profession are changing so rapidly. Although knowledge requirements will change with time, the core set of competencies identified by the Framework will have long-term value and will support a variety of career opportunities for the future CPA.

The competencies are arranged under the following three categories: ***Functional Competencies***, technical competencies most closely aligned with the value contributed by accounting professionals; ***Personal Competencies***, individual attributes and values; and ***Broad Business Perspective Competencies***, perspectives and skills relating to understanding of internal and external business contexts

The skills tested on the CPA Exam are: researching relevant financial accounting, tax, auditing and attestation literature; communicating business information; analyzing and interpreting business information; rendering judgment based on available business information; and gaining an understanding of key business terms, facts and processes.

A broad mapping of the Core Competencies and related category to the skills tested on the CPA Exam is presented below, followed by a detailed mapping of the elements of each Core Competency.

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CORE COMPETENCY FRAMEWORK		SKILL TESTED ON THE CPA EXAM
FUNCTIONAL CATEGORY		
Decision Modeling	<input type="checkbox"/>	
Leverage Technology	<input checked="" type="checkbox"/>	Research relevant financial accounting, tax, auditing and attestation literature
Measurement	<input checked="" type="checkbox"/>	Analyze and interpret business information; Render judgment based on available business information
Reporting	<input checked="" type="checkbox"/>	Communicate business information
Research	<input checked="" type="checkbox"/>	Research relevant financial accounting, tax, auditing and attestation literature
Risk Analysis	<input checked="" type="checkbox"/>	Render judgment based on available business information
BROAD BUSINESS PERSPECTIVE CATEGORY		
Industry/Sector Perspective	<input checked="" type="checkbox"/>	Analyze and interpret business information
International/Global Perspective	<input type="checkbox"/>	
Legal/Regulatory Perspective	<input checked="" type="checkbox"/>	Gain an understanding of key business terms, facts and processes
Leverage Technology	<input checked="" type="checkbox"/>	Gain an understanding of key business terms, facts and processes
Marketing/Client Perspective	<input type="checkbox"/>	
Resource Management	<input type="checkbox"/>	
Strategic/Critical Thinking	<input checked="" type="checkbox"/>	Analyze and interpret business information
PERSONAL CATEGORY		
Communication	<input checked="" type="checkbox"/>	Communicate business information
Interaction	<input type="checkbox"/>	
Leadership	<input type="checkbox"/>	
Leverage Technology	<input type="checkbox"/>	
Problem Solving/Decision Making	<input checked="" type="checkbox"/>	Render judgment based on available business information
Professional Demeanor	<input type="checkbox"/>	
Project Management	<input type="checkbox"/>	

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CORE COMPETENCY (CATEGORY)	SKILL TESTED ON THE CPA EXAM
<ul style="list-style-type: none"> • Research (Functional) • Leverage Technology (Functional) 	<ul style="list-style-type: none"> • Research relevant financial accounting, tax, auditing and attestation literature
<ul style="list-style-type: none"> • Communication (Personal) • Reporting (Functional) 	<ul style="list-style-type: none"> • Communicate business information
<ul style="list-style-type: none"> • Measurement (Functional) • Strategic and Critical Thinking (Broad Business Perspective) • Industry and Sector Perspective (Broad Business Perspective) 	<ul style="list-style-type: none"> • Analyze and interpret business information
<ul style="list-style-type: none"> • Problem Solving and Decision-Making (Personal) • Risk Analysis (Functional) • Measurement (Functional) 	<ul style="list-style-type: none"> • Render judgment based on available business information
<ul style="list-style-type: none"> • Legal and Regulatory Perspective (Broad Business Perspective) • Leverage Technology (Broad Business Perspective) 	<ul style="list-style-type: none"> • Gain an understanding of key business terms, facts and processes

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RESEARCH RELEVANT FINANCIAL LITERATURE

Competency Tested on the CPA Exam:

- **Research relevant financial** accounting, tax, auditing and attestation *literature*. The candidate should possess the ability to review current rules, regulations and interpretations in a particular context. Issues such as revenue recognition or impairment of goodwill should demonstrate the candidate's ability to effectively apply the literature review in the respective context and render an opinion or execute the appropriate action or transaction. This is now tested under the simulation dimension of the CPA exam. The questions will require you to look up literature prior to responding.

Competency Defined by Core Competency Framework:

- **Researching relevant financial** accounting, tax, auditing and attestation *literature* correlates with the **Research** competency and **Leverage Technology** competency, each of which are part of the Functional category, as defined by the AICPA Core Competency Framework.
- **Research:** Many accounting profession functions depend on obtaining information from within and outside of an entity. Accordingly, the individual preparing to enter the accounting profession needs to have strong research skills to access relevant guidance or other information, understand it, and apply it. Specifically, students should be able to:

Research	Skill is Tested on the CPA Exam
Access relevant standards, rules, and other information	Yes
Identify relevant information such as industry trends, internal performance history, benchmarks, and best practices	No
Explain why there are uncertainties about the interpretation of information, including existing rules	No
Employ relevant research skills for locating data	Yes
Articulate assumptions and reasoning associated with application of existing rules to a given problem	Yes
Qualitatively interpret research findings from a variety of viewpoints	No
Articulate general concepts from existing rules and explains how those concepts apply across a range of problems, including problems not explicitly described	Yes
Develop and use reasonable guidelines for drawing conclusions in light of conflicting or ambiguous data	No
Employ relevant research skills over time to generate new information (i.e., as research skills change and the Exam changes)	Yes

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RESEARCH RELEVANT FINANCIAL LITERATURE (Continued)

- Leverage Technology:*** Technology is pervasive in the accounting profession. Individuals entering the accounting profession must acquire the necessary skills to use technology tools effectively and efficiently. These technology tools can be used both to develop and apply other functional competencies. Specifically, students will be able to:

<i>Leverage Technology</i>	Skill is Tested on the CPA Exam
Identify risks associated with technology and automated business processes.	Yes
Access appropriate electronic databases to obtain decision-supporting information.	Yes
Appropriately use electronic spreadsheets and other software to build models and simulations.	Yes
Use technology assisted tools to assess and control risk and document work performed.	No
Assess the degree of risk of technology and automated business processes.	Yes
Develop strategic uses of technology for enhancing work performance.	No
Adopt new technology over time. For example, XBRL for financial reporting.	Yes

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COMMUNICATE BUSINESS INFORMATION

Competency Tested on the CPA Exam:

- **Communicate business information.** Through analysis, evaluation and conclusion, a candidate should demonstrate the ability to conduct the appropriate research of the financial accounting, tax, and auditing and attestation literature. Then the findings should be conveyed through a well-developed analysis, evaluation and conclusion in an effective, clear, relevant and salient manner to management. This part of the exam requiring written communications will be graded manually by the AICPA.

Competency Defined by Core Competency Framework:

- **Communicating business information** correlates with the **Communication** competency, that is part of the Personal category, and the **Reporting** competency, that is part of the Functional category, as defined in the AICPA Core Competency Framework.
- **Communication:** Accounting professionals are called upon to communicate financial accounting, tax, auditing and attestation information and non-financial information so that it is understood by individuals with diverse capabilities and interests. Individuals entering the accounting profession should have the skills necessary to give and exchange information within a meaningful context and with appropriate delivery. They should have the ability to listen, deliver powerful presentations and produce examples of effective business writing. Specifically, students should be able to:

<i>Communication</i>	Skill is Tested on the CPA Exam
Identify uncertainties about the best way to communicate	No
Express information and concepts with conciseness and clarity when writing and speaking	Yes
Select appropriate media for dissemination or accumulation of information	No
Place information in appropriate context when listening, reading, writing and speaking	Yes
Organize and effectively display information so that it is meaningful to the receiving party	Yes
Receive and originate direct and indirect messages as appropriate when listening, reading, writing and speaking	Yes
Use interpersonal skills to facilitate effective interaction over time	No
Communicate decisions appropriately over time	No

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COMMUNICATE BUSINESS INFORMATION (Continued)

- Reporting:** Communicating the scope of work and findings or recommendations is an integral part of a professional service. An accounting professional in public practice might issue an audit or attestation report, recommendations for improved services, or tax or financial planning advice. An accounting professional in business, industry, or government might analyze operations or provide communications to the board of directors. Communicating clearly and objectively the work done and the resulting findings is critical to the value of the professional service. Some forms of communication are governed by professional standards (such as the form and content of the standard auditor's report or the required communications to the audit committees) or law. Others are based on the service applied and the needs of those to whom the accounting professional reports. Specifically, students should be able to:

<i>Reporting</i>	Skill is Tested on the CPA Exam
List types of information relevant to a given report	Yes
Consider the pros and cons of alternative contents and formats in preparing written and oral presentations	No
Describe work performed and conclusions reached in a manner that enhances the reports' usefulness	Yes
Use appropriate media (letters), prepare reports with objectivity, conciseness and clarity	Yes
Continuously monitor and update reports, as needed	No
Serve as spokesperson, via written memorandums, for an organization	Yes

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ANALYZE AND INTERPRET BUSINESS INFORMATION

Competency Tested on the CPA Exam:

- **Analyze and interpret business information.** Candidate should review information presented and evaluate the data in the context given (e.g. business combinations) and offer an opinion or draw conclusions or conduct further discussions and actions related to the analysis.

Competency Defined by Core Competency Framework:

- **Analyzing and interpreting business information** correlates with the **Measurement** competency, which is part of the Functional category, and with the **Strategic and Critical Thinking** and **Industry and Sector Perspective** competencies, which are both part of the Broad Business Perspective category, as defined in the AICPA Core Competency Framework.
- **Measurement:** Measures used should be both relevant (that is, bear on the decision to be made) and reliable (consistently measure what they purport to measure). Various measurement and disclosure criteria used by accounting professionals—such as GAAP, OCBOA (Other Comprehensive Basis of Accounting) and tax reporting—have been codified to some degree. Other performance measures (such as Economic Value Added) or stated criteria (for example, investment performance) are used for special purposes. Some measurement criteria (such as effectiveness of internal control) are measured qualitatively, rather than quantitatively.

<i>Measurement</i>	Skill is Tested on the CPA Exam
Appropriately applies a given measurement method	Yes
Identifies what needs to be measured	Yes
Describes uncertainties about data and how items should be measured	No
Describes the pros and cons of alternative methods of measurement	Yes
Describes the implications of ambiguities when estimates are required	Yes
Presents the measurement results objectively using applicable standards of disclosure or reporting	Yes
Determines an appropriate, relevant and reliable measure for the intended use	Yes
Recognizes changing circumstances and reconsiders measurement methods and estimates as appropriate	No

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ANALYZE AND INTERPRET BUSINESS INFORMATION (Continued)

- Strategic and Critical Thinking:** Critical thinking encompasses the ability to link data, knowledge, and insight together from various disciplines to provide information for decision-making. Being in tune with the “big picture” perspective is a necessary component for success. Individuals entering the accounting profession should be able to communicate to others the vision, strategy, goals, and culture of organizations. Specifically, students should be able to:

<i>Strategic and Critical Thinking</i>	Skill is Tested on the CPA Exam
Identify uncertainties about an organization’s strengths, weaknesses, opportunities, and threats.	Yes
Articulate the principles of the strategic planning process.	Yes
Identify and gather data from a variety of sources for decision-making. (This especially applies to the Auditing & Attestation Section of the Exam.)	Yes
Transfer knowledge from one situation to another.	Yes
Analyze strategic information (e.g., market share, customer satisfaction, competitor actions, product innovation, etc.)	No
Develop, monitor, implement, and transform business strategies over time.	No

- Industry and Sector Perspective:** Individuals entering the accounting profession should be able to identify (through research and analysis) the economics and broad business financial risks and opportunities of the industry and economic sector in which a given organization operates. Identification of these risks and opportunities should include both issues specific to the enterprise, as well as those pervasive throughout the industry/sector. Specifically, students should be able to:

<i>Industry and Sector Perspective</i>	Skill is Tested on the CPA Exam
Identify the economic, broad business, and financial risks of the industry/sector.	Yes
Identify and describe competitive advantages and disadvantages.	Yes
Describe market forces that make a given organization a candidate for merger, acquisition, and/or strategic alliance.	No
Communicate the financial and non-financial performance of an organization’s operational processes.	Yes
Recommend courses of action that take advantage of an organization’s key competitive advantages and disadvantages.	No
Effectively addresses changes in the economic, broad business and financial risks of the industry/sector over time.	No

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RENDER JUDGMENT BASED ON AVAILABLE BUSINESS INFORMATION.

Competency Tested on the CPA Exam:

- **Render judgment based on available business information.** Traditional quantitative problems focus on generating an exact answer (e.g. net present value (NPV) of a proposed capital investment). The CPA exam seeks to determine if the candidate can review the business context and relevant information to offer an opinion beyond the formula regarding management. For example, while the NPV may be positive there may be other risk factors such as declining revenue and increasing expenses that may render the validity of the underlying assumptions (e.g. cash flow predictions) less reliable; and perhaps management should consider these issues prior to authorizing the investment.

Competency Defined by Core Competency Framework:

- **Rendering judgment based on available business information** correlates with the **Problem Solving and Decision-Making** competency, which is part of the Personal category, and with the **Risk Analysis** and **Measurement** competencies, which are both part of the Functional category, as defined in the AICPA Core Competency Framework.
- **Problem Solving and Decision-Making:** Accounting professionals are often asked to discern the true nature of a situation and then determine the principles and techniques needed to solve problems or make judgments. Thus, individuals entering the accounting profession should display effective problem solving and decision-making skills, good insight and judgment, as well as innovative and creative thinking. Specifically, students should be able to:

<i>Problem Solving and Decision-Making</i>	Skill is Tested on the CPA Exam
List information and evidence that is relevant for a problem	Yes
Identify uncertainties about the interpretation or significance of information and evidence	Yes
Consider unconventional approaches and solutions to problems	No
Make valid and reliable evaluations of information, including the significance of evidence or facts for problem definition and solution	Yes
Analyze the impact, pros, and cons of potential solutions or actions	Yes
Analyze the quality of information and evidence, including validity, reliability, and significance	Yes
Reason carefully and think effectively in abstract terms or generalizations	Yes
Seek consensus where appropriate	No
Know when to follow directions, question plans or seek help	Yes
Use experience and comparison in forming opinions	No
Synthesize novel or original definitions of problems and solutions as circumstances dictate	No
Adapt to new contexts and promotes constructive change	No
Strategically considers contingencies and future developments	No

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RENDER JUDGMENT BASED ON AVAILABLE BUSINESS INFORMATION (Continued)

- Risk Analysis:** Risk analysis and control is fundamental to professional service delivery. The identification and management of audit risk (that is, the risk that the auditor will fail to detect a misstatement, caused by inadvertent error or fraud that is material to financial statements) is the basis for the conduct of an audit. The understanding of business risk (that is, the risk that an entity—either a client or the prospective accounting professional’s employer—will fail to achieve its objectives) affects how business strategy is created and implemented. Specifically, students should be able to:

<i>Risk Analysis</i>	Skill is Tested on the CPA Exam
Explain why controls cannot completely eliminate risk of negative outcomes	Yes
Describe the pros and cons of controls that mitigate risk of negative outcomes through prevention or detection and correction	Yes
Identify risks of negative outcomes (including fraud) for particular scenarios	Yes
Communicate the impact of identified risks and recommends corrective action	Yes
Assess and control unmitigated risks through, for example, designing, applying, and drawing conclusions from tests	No
Develop and monitor strategies for managing risk over time	No
Implement appropriate corrective action over time	No

- Measurement:** Measures used should be both relevant (that is, bear on the decision to be made) and reliable (consistently measure what they purport to measure). Various measurement and disclosure criteria used by accounting professionals—such as GAAP, OCBOA (Other Comprehensive Basis of Accounting) and tax reporting—have been codified to some degree. Other performance measures (such as Economic Value Added) or stated criteria (for example, investment performance) are used for special purposes. Some measurement criteria (such as effectiveness of internal control) are measured qualitatively, rather than quantitatively.

<i>Measurement</i>	Skill is Tested on the CPA Exam
Appropriately applies a given measurement method	Yes
Identifies what needs to be measured	Yes
Describes uncertainties about data and how items should be measured	No
Describes the pros and cons of alternative methods of measurement	Yes
Describes the implications of ambiguities when estimates are required	Yes
Presents the measurement results objectively using applicable standards of disclosure or reporting	Yes
Determines an appropriate, relevant and reliable measure for the intended use	Yes
Recognizes changing circumstances and reconsiders measurement methods and estimates as appropriate	No

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GAIN AN UNDERSTANDING OF KEY BUSINESS TERMS, FACTS AND PROCESSES

Competency Tested on the CPA Exam:

- ***Gain an understanding of key business terms, facts and processes.*** One major complaint by accounting firms and corporations has been that accounting graduates are not familiar with business; they just know how to record accounting entries. This is the paradox created: Although there may be a visceral understanding of what accounts are impacted by journal entries, the breadth of understanding behind these entries has been historically limited by the nature of the CPA exam. The essence of accounting is the interpretation of economic events and the respective translation into financial information. Therefore it is critical for the candidate to understand the business environment and respective operations to ensure the proper evaluation of economic events and the related recording and disclosure.

Competency Defined by Core Competency Framework:

- In addition to the Core Competencies identified above—Research, Leverage Technology (Functional category) Communication, Reporting, Strategic and Critical Thinking, Industry and Sector Perspective, Problem Solving and Decision-Making, and Risk Analysis—***Gaining an understanding of key business terms, facts and processes*** also correlates with the **Legal and Regulatory Perspective** competency, **International and Global Perspective** competency, and **Leverage Technology** competency, all of which are part of the Broad Business Perspective category, as defined in the AICPA Core Competency Framework.
 - ***Legal and Regulatory Perspective:*** Regulatory forces are being shaped by collaboration, migration, and reform as the various stakeholders globalize, share information, and force their particular needs and viewpoints onto political agendas. Individuals preparing to enter the accounting profession need to be capable of describing the legal and regulatory environment and analyzing the impact of changes in relevant requirements, constraints, and competitive practices. Specifically, students should be able to:

<i>Legal and Regulatory Perspective</i>	Skill is Tested on the CPA Exam
Identify uncertainties about how an organization should respond to a legal/regulatory issue.	Yes
Identify reasons why the legal/regulatory environment might change.	No
Identify and explain the political and environmental forces impacting both the accounting standard setting process and the regulation of the profession.	No
Articulate the dynamic nature of these processes and recognizes their implications for organizations and the ways in which they operate.	No
Describe the legal and governmental/regulatory environment in which entities operate and the significant costs and benefits of regulation.	No
Develop reasonable policies and responses for legal/regulatory matters.	No
Develop, monitor, and implement strategies for addressing potential threats and opportunities for the organization from changing legal requirements.	No

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GAIN AN UNDERSTANDING OF KEY BUSINESS TERMS, FACTS AND PROCESSES (Continued)

- **Leverage Technology:** Technology alters how organizations operate. To provide the greatest value, today's accounting professional must understand and appreciate the effects of technology on the broader business environment. Specifically, students will be able to:

Leverage Technology	Skill is Tested on the CPA Exam
Recognize commonly used information architectures.	Yes
Recognize business opportunities and risks associated with electronic commerce.	Yes
Mine electronic data sources for business and industry information.	No
Develop and communicate reasonable recommendations for technology use in an organization.	No
Use technology to develop and present strategic information Adopts new technology over time.	No