

# Uniform CPA Examination<sup>®</sup> Business Environment and Concepts (BEC) Blueprint

Note: This document only contains information related to the BEC section. Download the other Exam section Blueprints or the complete Exam Blueprints at [aicpa.org/examblueprints](http://aicpa.org/examblueprints).

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## Uniform CPA Examination Blueprints

The Uniform CPA Examination (the Exam) is comprised of four sections, each four hours long: Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).

The table below presents the design of the Exam by section, section time and question type.

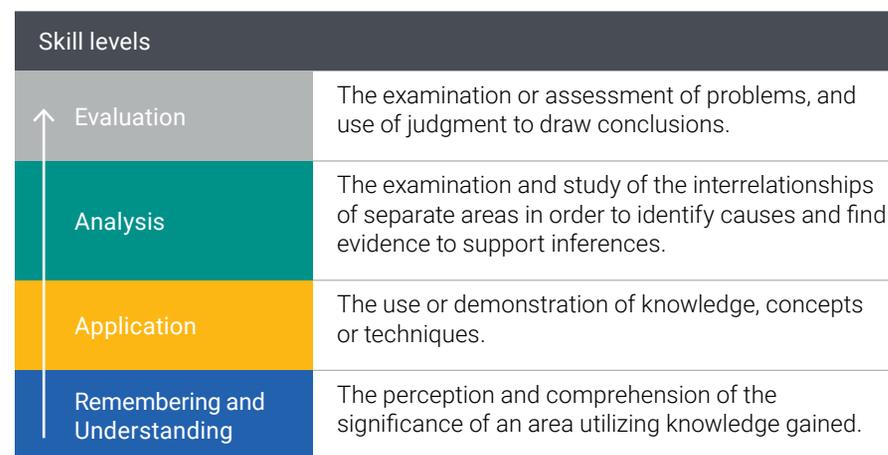
Section	Section time	Multiple-choice questions (MCQs)	Task-based simulations (TBSs)	Written communication
AUD	4 hours	72	8	—
BEC	4 hours	62	4	3
FAR	4 hours	66	8	—
REG	4 hours	76	8	—

The table below presents the scoring weight of multiple-choice questions (MCQs), task-based simulations (TBSs) and written communication for each Exam section.

Section	Score weighting		
	Multiple-choice questions (MCQs)	Task-based simulations (TBSs)	Written communication
AUD	50%	50%	—
BEC	50%	35%	15%
FAR	50%	50%	—
REG	50%	50%	—

The AICPA has adopted a skill framework for the Exam based on the revised Bloom’s Taxonomy of Educational Objectives. Bloom’s Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate.

Approximately 600 representative tasks that are critical to a newly licensed CPA’s role in protecting the public interest have been identified. The representative tasks combine both the applicable content knowledge and skills required in the context of the work of a newly licensed CPA. Based on the nature of a task, one of four skill levels, derived from the revised Bloom’s Taxonomy, was assigned to each of the tasks, as follows:



## Uniform CPA Examination Blueprints (continued)

The skill levels to be assessed on each section of the Exam are included in the table below.

Section	Remembering and Understanding	Application	Analysis	Evaluation
AUD	30–40%	30–40%	15–25%	5–15%
BEC	15–25%	50–60%*	20–30%	—
FAR	10–20%	50–60%	25–35%	—
REG	25–35%	35–45%	25–35%	—

\*Includes written communication

Each section of the Exam has a section introduction and a corresponding section blueprint.

- The **section introduction** outlines the scope of the section, the content organization and tasks, the content allocation, the overview of content areas, the skill allocation and a listing of the section’s applicable reference literature.
- The **section blueprint** outlines the content to be tested, the associated skill level to be tested and the representative tasks a newly licensed CPA would need to perform to be considered competent. The blueprints are organized by content AREA, content GROUP, and content TOPIC. Each topic includes one or more representative TASKS that a newly licensed CPA may be expected to complete.

The purpose of the blueprint is to:

- Document the minimum level of knowledge and skills necessary for initial licensure.
- Assist candidates in preparing for the Exam by outlining the knowledge and skills that may be tested.
- Apprise educators about the knowledge and skills candidates will need to function as newly licensed CPAs.
- Guide the development of Exam questions.

The tasks in the blueprints are representative and are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested on the Exam. It also should be noted that the number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam.

Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom’s Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

# Uniform CPA Examination Business Environment and Concepts (BEC)

## Blueprint



## Business Environment and Concepts

The Business Environment and Concepts (BEC) section of the Uniform CPA Examination (the Exam) 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. Reference materials relevant to the BEC section of the Exam are included under References at the conclusion of this introduction.

### Content organization and tasks

The BEC section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that a newly licensed CPA may be expected to complete when performing audit, attest, accounting and review services, financial reporting, tax preparation or other professional responsibilities.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the BEC section of the Exam. Additionally, it should be noted that the number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam. Similarly, examples provided within the task statements should not be viewed as all-inclusive.

### Content allocation

The following table summarizes the content areas and the allocation of content tested in the BEC section of the Exam:

Content area		Allocation
Area I	Corporate Governance	17–27%
Area II	Economic Concepts and Analysis	17–27%
Area III	Financial Management	11–21%
Area IV	Information Technology	15–25%
Area V	Operations Management	15–25%

### Overview of content areas

Area I of the BEC section blueprint covers several topics related to Corporate Governance, including the following:

- Knowledge of the purpose and objectives of internal control frameworks and enterprise risk management frameworks
- Identifying the components and principles of internal control frameworks and enterprise risk management frameworks.
- Identifying key corporate governance provisions of the Sarbanes-Oxley Act of 2002

## Business Environment and Concepts (continued)

Area II of the BEC section blueprint covers several topics related to Economic Concepts and Analysis, including the following:

- Knowledge of economic concepts and analysis that would demonstrate an understanding of the impact of business cycles on an entity's industry or business operation
- Determining market influences on the business environment, such as globalization
- Determining the business reasons for, and the underlying economic substance of, transactions and their accounting implications
- Understanding financial risks and the methods for mitigating the impact of these risks

Area III of the BEC section blueprint covers several topics related to Financial Management, including the following:

- Assessing the factors influencing a company's capital structure, such as risk, leverage, cost of capital, growth rate, profitability, asset structure and loan covenants
- Calculating metrics associated with the components of working capital, such as current ratio, quick ratio, cash conversion cycle, turnover ratios
- Determining the impact of business decisions on working capital
- Understanding commonly used financial valuation and decision models and applying that knowledge to assess assumptions, calculate the value of assets and compare investment alternatives

Area IV of the BEC section blueprint covers several topics related to Information Technology, including the following:

- Understanding the governance of the information technology operations of a business
- Identifying information systems that are used to process and accumulate data as well as provide monitoring and financial reporting information
- Determining whether there is appropriate segregation of duties, authorization levels and data security in an organization to maintain an appropriate internal control structure
- Identifying business and operational risks inherent in an entity's disaster recovery/business continuity plan

Area V of the BEC section blueprint covers several topics related to Operations Management, including the following:

- Understanding business operations and use of quality control initiatives and performance measures to improve operations
- Application of cost accounting concepts and use of variance analysis techniques
- Utilizing budgeting and forecasting techniques to monitor progress and enhance accountability

# Business Environment and Concepts

(continued)

## Skill allocation

The Exam focuses on testing higher order skills. Based on the nature of the task, each representative task in the BEC section blueprint is assigned a skill level. BEC section considerations related to the skill levels are discussed below.

Skill levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

- Remembering and Understanding is tested in all five areas of the BEC section. Remembering and understanding tasks focus on the knowledge necessary to demonstrate an understanding of the general business environment and business concepts, such as those involving enterprise risk management.

- Application is also tested in all five areas of the BEC section. Application tasks focus on general topics such as those found in the subjects of economics and information technology, and the day-to-day financial management tasks that newly licensed CPAs perform, such as those involving calculations involving ratios, valuation and budgeting.
- Analysis skills, tested in Areas II, III and V involve tasks that require a higher level of analysis and interpretation. These tasks, such as comparing investment alternatives using calculations of financial metrics, financial modeling, forecasting and projection, frequently require newly licensed CPAs to gather evidence to support inferences.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that a newly licensed CPA would reasonably be expected to perform. The BEC section does not test any content at the Evaluation skill level as newly licensed CPAs are not expected to demonstrate that level of skill in regards to the BEC content.

# Business Environment and Concepts

(continued)

## References – Business Environment and Concepts

- The Committee of Sponsoring Organizations of the Treadway Commission (COSO):
  - Internal Control – Integrated Framework
  - Enterprise Risk Management – Integrating with Strategy and Performance
- Sarbanes-Oxley Act of 2002:
  - Title III, Corporate Responsibility
  - Title IV, Enhanced Financial Disclosures
  - Title VIII, Corporate and Criminal Fraud Accountability
  - Title IX, White-Collar Crime Penalty Enhancements
  - Title XI, Corporate Fraud Accountability
- Current business periodicals
- Current textbooks on:
  - Accounting Information Systems
  - Budgeting and Measurement
  - Corporate Governance
  - Economics
  - Enterprise Risk Management
  - Finance
  - Management
  - Management Information Systems
  - Managerial Accounting
  - Production Operations

## Summary blueprint

<b>Content area allocation</b>	<b>Weight</b>
I. Corporate Governance	17–27%
II. Economic Concepts and Analysis	17–27%
III. Financial Management	11–21%
IV. Information Technology	15–25%
V. Operations Management	15–25%

<b>Skill allocation</b>	<b>Weight</b>
Evaluation	—
Analysis	20–30%
Application	50–60%
Remembering and Understanding	15–25%

## Area I – Corporate Governance (17–27%)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>A. Internal control frameworks</b>					
1. Purpose and objectives	✓				Define internal control within the context of the COSO internal control framework, including the purpose, objectives and limitations of the framework.
2. Components and principles	✓				Identify and define the components, principles and underlying structure of the COSO internal control framework.
		✓			Apply the COSO internal control framework to identify entity and transaction level risks (inherent and residual) related to an organization's compliance, operations and reporting (internal and external, financial and non-financial) objectives.
		✓			Apply the COSO internal control framework to identify risks related to fraudulent financial and non-financial reporting, misappropriation of assets and illegal acts, including the risk of management override of controls.
		✓			Apply the COSO internal control framework to identify controls to meet an entity's compliance, operations and reporting (internal and external, financial and non-financial) objectives, throughout an entity's structure, from entity-wide through sub-units, down to the transactional level.
		✓			Apply the COSO internal control framework to identify an appropriate mix of automated and manual application controls, (e.g., authorization and approval, verifications, physical controls, controls over standing data, reconciliations and supervisory controls) to prevent and detect errors in transactions.
		✓			Describe the corporate governance structure within an organization (tone at the top, policies, steering committees, oversight, ethics, etc.).

# Area I – Corporate Governance

(17–27%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>B. Enterprise risk management (ERM) frameworks</b>					
1. Purpose and objectives	✓				Define ERM within the context of the COSO ERM framework, including the purpose and objectives of the framework.
2. Components and principles	✓				Identify and define the components, principles and underlying structure of the COSO ERM framework.
	✓				Understand the relationship among risk, business strategy and performance within the context of the COSO ERM framework.
		✓			Apply the COSO ERM framework to identify risk/opportunity scenarios in an entity.
<b>C. Other regulatory frameworks and provisions</b>					
	✓				Identify and define key corporate governance provisions of the Sarbanes-Oxley Act of 2002 and other regulatory pronouncements.
		✓			Identify regulatory deficiencies within an entity by using the requirements associated with the Sarbanes-Oxley Act of 2002.

## Area II – Economic Concepts and Analysis (17–27%)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>A. Economic and business cycles - measures and indicators</b>					
	✓				Identify and define business cycles (trough, expansion, peak, recession) and conditions and government policies that impact an entity's industry or operations.
		✓			Use appropriate inputs to calculate economic measures and indicators (e.g., Nominal and Real GDP, Consumer Price Index, Aggregate Demand Curve, Money Supply, etc.) and apply leading, coincident and lagging indicators (e.g., bond yields, new housing starts, personal income, unemployment, etc.).
		✓			Use economic measures and indicators to explain the impact on an entity's industry and operations due to changes in government fiscal policy, monetary policy, regulations, trade controls and other actions.
		✓			Use economic measures and indicators to explain the impact on an entity's industry and operations due to changes in business cycles and economic conditions, caused by factors such as exchange rates, inflation, productivity, state of the global economy, unemployment levels, etc.
<b>B. Market influences on business</b>					
		✓			Identify and define the key factors related to the economic marketplace (e.g., competition, currencies, globalization, supply and demand, trade, etc.) and how they generally apply to a business entity.
		✓			Identify and define market influences (e.g., economic, environmental, governmental, political, legal, social and technological, etc.).
			✓		Determine the impact of market influences on the overall economy (e.g., consumer demand, labor supply, market prices, production costs, volatility, etc.).
			✓		Determine the impact of market influences on an entity's business strategy, operations and risk (e.g., increasing investment and financial leverage, innovating to develop new product offerings, seeking new foreign and domestic markets, undertaking productivity or cost-cutting initiatives, etc.).
			✓		Determine the business reasons for, and explain the underlying economic substance of, significant transactions (e.g., business combinations and divestitures, product line diversification, production sourcing, public and private offerings of securities, etc.).

## Area II – Economic Concepts and Analysis (17–27%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>C. Financial risk management</b>					
1. Market, interest rate, currency, liquidity, credit, price and other risks		✓			Calculate and use ratios and measures to quantify risks associated with interest rates, currency exchange, liquidity, prices, etc. in a business entity.
2. Means for mitigating/controlling financial risks		✓			Identify strategies to mitigate financial risks (market, interest rate, currency, liquidity, etc.) and quantify their impact on a business entity.

## Area III – Financial Management (11–21%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. Capital structure</b>				
		✓		Describe an organization's capital structure and related concepts, such as cost of capital, asset structure, loan covenants, growth rate, profitability, leverage and risk.
		✓		Calculate the cost of capital for a given financial scenario.
			✓	Compare and contrast the strategies for financing new business initiatives and operations within the context of an optimal capital structure, using statistical analysis where appropriate.
<b>B. Working capital</b>				
1. Fundamentals and key metrics of working capital management		✓		Calculate the metrics associated with the working capital components, such as current ratio, quick ratio, cash conversion cycle, inventory turnover and receivables turnover.
			✓	Detect significant fluctuations or variances in the working capital cycle using working capital ratio analyses.
2. Strategies for managing working capital			✓	Compare inventory management processes, including pricing and valuation methods, to determine the effects on the working capital of a given entity.
			✓	Compare accounts payable management techniques, including usage of discounts, factors affecting discount policy, uses of electronic funds transfer as a payment method and determination of an optimal vendor payment schedule in order to determine the effects on the working capital of a given entity.
			✓	Distinguish between corporate banking arrangements, including establishment of lines of credit, borrowing capacity and monitoring of compliance with debt covenants in order to determine the effects on the working capital of a given entity.
			✓	Interpret the differences between the business risks and the opportunities in an entity's credit management policies to determine the effects on the working capital of a given entity.
			✓	Analyze the effects on working capital caused by financing using long-term debt and/or short-term debt.

## Area III – Financial Management (11–21%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>C. Financial valuation methods and decision models</b>					
	✓				Identify and define the different financial valuation methods and their assumptions, including but not limited to fair value, Black-Scholes, Capital Asset Pricing Model and Dividend Discount Model.
	✓				Identify and define the different financial decision models and assumptions involved in making decisions relating to asset and investment management, debt, equity and leasing.
	✓				Identify the sources of data and factors that management considers in forming the assumptions used to prepare an accounting estimate.
	✓				Describe the process and framework within which management exercises its responsibilities over the review and approval of accounting estimates.
		✓			Calculate the value of an asset using commonly accepted financial valuation methods.
			✓		Compare investment alternatives using calculations of financial metrics (payback period, net-present value, economic value added, cash flow analysis, internal rate of return etc.), financial modeling, forecasting, projection and analysis techniques.
			✓		Compare options in a lease vs. buy decision scenario.

## Area IV – Information Technology (15–25%)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>A. Information technology (IT) governance</b>					
1. Vision and strategy	✓				Identify the role that the IT function plays in determining/supporting an organization's vision and strategy.
2. Organization		✓			Describe the IT governance structure within an organization (tone at the top, policies, steering committees, IT strategies, oversight, etc.).
3. Risk assessments		✓			Conduct an IT risk assessment, identify risks and suggest mitigation strategies.
<b>B. Role of information technology in business</b>					
	✓				Recognize the role of big data/data analytics and statistics in supporting business decisions.
		✓			Identify the role of information systems in key business processes within an entity.
		✓			Identify the role of e-commerce in key business processes within an entity.
<b>C. Information security/availability</b>					
1. Protection of information		✓			Recognize the risks and controls associated with protecting sensitive and critical information within an organization's IT environment (the use of mobile technology, data storage devices, data transmission, cybersecurity, etc.).
2. Logical and physical access controls		✓			Identify weaknesses and mitigation strategies within an entity's IT environment in relation to logical and physical access controls.
		✓			Identify weaknesses and mitigation strategies within an entity's IT environment in relation to IT general and application controls.
3. System disruption/resolution		✓			Describe an entity's disaster recovery/business continuity plans, including threat identification and mitigation strategies, data backup and recovery procedures, alternate processing facilities, etc.

## Area IV – Information Technology (15–25%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>D. Processing integrity (input/processing/output controls)</b>					
		✓			Describe the role of input, processing and output controls within an entity to support completeness, accuracy and continued processing integrity.
		✓			Determine the appropriateness of the design and operating effectiveness of application controls (authorizations, approvals, tolerance levels, input edits, etc.).
		✓			Identify issues related to the design and effectiveness of IT control activities, including manual vs. automated controls, as well as preventive, detective and corrective controls.
<b>E. Systems development and maintenance</b>					
	✓				Identify different information system testing strategies.
		✓			Recognize the fundamental issues and risks associated with implementing new information systems or maintaining existing information systems within an entity.

## Area V – Operations Management (15–25%)

Content group/topic	Skill			Representative task
	Remembering and Understanding	Application	Analysis	
<b>A. Financial and non-financial measures of performance management</b>				
		✓		Calculate financial and non-financial measures appropriate to analyze specific aspects of an entity's performance (e.g., Economic Value Added, Costs of Quality-Prevention vs. Appraisal vs. Failure, etc.).
			✓	Determine which financial and non-financial measures are appropriate to analyze specific aspects of an entity's performance and risk profile (e.g., Return on Equity, Return on Assets, Contribution Margin, etc.).
<b>B. Cost accounting</b>				
1. Cost measurement concepts, methods and techniques		✓		Apply cost accounting concepts, terminology, methods and measurement techniques within an entity.
		✓		Differentiate the characteristics of fixed, variable and mixed costs within an entity.
		✓		Compare and contrast the different costing methods such as absorption vs. variable and process vs. job order costing.
2. Variance analysis			✓	Determine the appropriate variance analysis method to measure the key cost drivers by analyzing business scenarios.

## Area V – Operations Management (15–25%) (continued)

Content group/topic	Skill				Representative task
	Remembering and Understanding	Application	Analysis	Evaluation	
<b>C. Process management</b>					
1. Approaches, techniques, measures, benefits to process-management driven businesses	✓				Identify commonly used operational management approaches, techniques and measures within the context of business process management.
2. Management philosophies and techniques for performance improvement	✓				Identify commonly used management philosophies and techniques for performance and quality improvement within the context of business process management.
<b>D. Planning techniques</b>					
1. Budgeting and analysis		✓			Prepare a budget to guide business decisions.
			✓		Reconcile results against a budget or prior periods and perform analysis of variances as needed.
2. Forecasting and projection		✓			Use forecasting and projection techniques to model revenue growth, cost and expense characteristics, profitability, etc.
		✓			Prepare and calculate metrics to be utilized in the planning process, such as cost benefit analysis, sensitivity analysis, breakeven analysis, economic order quantity, etc.
			✓		Analyze results of forecasts and projections using ratio analysis and explanations of correlations to, or variations from, key financial indices.
			✓		Compare and contrast alternative approaches (such as system replacement, make vs. buy and cost/benefit) proposed to address business challenges or opportunities for a given entity.



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