LETTER FROM THE PRESIDENT

Spring greetings! At the time of this writing the earth is awakening from its winter sleep. The migratory birds have returned, the smell of seasonal blossoms fills the air, and we faculty are winding down another academic year and beginning to transition into summer mode.

As you plan your summer I hope you will consider attending the Deloitte Foundation/FSA Faculty Consortium at the Chicago Intercontinental Hotel on May 13-14. All member schools were invited to send one representative to the consortium with the Deloitte Foundation providing meals and lodging. Larry Walther and Shaun Budnik have assembled an interesting and timely program titled “Short Acronyms with Huge Implications: Incorporating IFRS/XBRL/Etc. into the Accounting Curriculum and Research.” The team of Deloitte professionals and leading academics will provide a rich program with many take-aways to use for classroom instruction. Details can be found on another page of this newsletter.

Looking back to winter briefly, the Sixth Annual APLG/FSA Joint Seminar held in Albuquerque in February was a success. The 175 registrants received an ample dose of collegiality and excellent speakers. The FSA presented two awards at the opening luncheon. Shaun Budnik received the FSA Practitioner Service Award and Finley Graves received the FSA/Joseph A. Silvoso Faculty Merit Award. They are very deserving individuals and you may read the comments made at their presentations elsewhere in this newsletter.

The FSA also sponsors the Mark Chain Innovation in Graduate Teaching Award in honor of Mark Chain of Deloitte for his distinguished service to the professions of accounting and accounting education and for significant contributions to the development of the FSA. This year’s recipient is Rebecca Shortridge of Northern Illinois University for her educational approach titled “Using Structured and Unstructured Cases to Teach Business Valuation.” Rebecca will receive her award at the Conference on Teaching and Learning in Accounting (CTL A) in San Francisco on July 31. I would like to remind you that if you submit a learning strategy for the Effective Learning Strategy poster session at the annual AAA meeting and it is accepted, your learning strategy will be automatically considered for the Mark Chain award. The FSA provides financial support up to $2,500 for the winner to attend CTLA and since CTLA precedes the AAA meeting in the same city, this is a great opportunity for the award winner to receive financial support for travel to the AAA meeting as well. You may review recent award winners and honorable mentions, and their submissions (strategies) at http://ceae.aicpa.org/Resources/Scholarships+and+Awards/The+Bea+Sanders+ AICPA+Innovation+in+Teaching+Award.htm.

The FSA is offering a “2 for 1” membership drive and we’re asking for your help to encourage unaffiliated schools to become FSA members. Until the end of this year, any new school that becomes a member will receive a 50 percent discount on dues the first year. Additionally, the member school that brought the new school into membership will receive a 50 percent discount on dues for one year. The discounted price to attend the annual Deloitte/FSA Faculty Consortium will almost pay for the annual dues. Interested schools may contact Lisa Wicker (lwicker@aicpa.org) for membership details.

Officer and board member elections will be held this summer by electronic ballot. The Nominating Committee has forwarded an excellent slate of individuals to assume leadership in August. The nominations are printed in this newsletter. Nominations from the membership are welcome,
including self-nominations, for officers and board members for 45 days after publication of this Newsletter. At the expiration of 45 days, ballots will be issued to the membership.

In the Fall Newsletter I welcomed Steve Matzke as the new FSA Administrator with the AICPA. Now it’s time to say goodbye to Steve.....sort of. You can’t keep a good person from getting promoted. Along with his new responsibilities, Steve will continue on as manager of the Accounting Doctoral Scholars Program. Consequently, we now welcome Lisa Wicker as the FSA Administrator. Lisa comes to us from the AICPA Finance Team, where she worked for two and a half years. Lisa is your contact for FSA-related issues and concerns. She may be reached at lwicker@aicpa.org or 919-402-4968.

I hope you find this issue of the FSA Newsletter informative and interesting. Of particular note are two articles about CPA licensure. Elaine Rodeck gives a briefing on changes coming to the CPA Exam in 2011. Sharon Lightner describes California legislation that will have a significant impact on accounting education. Though limited to California at this time, the issues raised could eventually extend beyond California.

Please don’t hesitate to contact us with issues and concerns you may have. A goal of the Board of Directors is to serve the membership within our mission parameters. If you have agenda items for us to consider, please forward them.

Wishing you a pleasant and productive summer,

Paul Shoemaker
FSA President

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NOMINATIONS FOR FSA ELECTIONS

The FSA officer and board member elections will take place in July 2010 prior to the AAA Annual Meeting. Officers and Board of Directors are elected by majority vote using electronic voting. The FSA Nominations Committee has nominated the following individuals for the respective office or director position.

Larry Walther, Utah State University — President (Automatic)
Gary McGill, University of Florida — Vice President and President Elect
Martha Doran, San Diego State University — Secretary
Larry Tunnell, New Mexico State University — Treasurer
Yvonne Hinson, Wake Forest University — Board Member, Member Schools

If you would like to nominate other persons for an FSA leadership position, please email or write to the Secretary, Gary McGill. Officers and Board of Directors shall be elected by a majority vote of the members voting electronically prior to the AAA annual meeting.

We greatly appreciate the service of all FSA Officers and board members. The following members will continue their current term of service through 2010 — 2011.

Paul Shoemaker, University of Nebraska at Lincoln — Immediate Past President (served as President for 2009 – 2010)
Larry Walther, Utah State University — President (served as President Elect for 2009 – 2010)
Fred Mittelstaedt, University of Notre Dame — Board Member, Member Schools
Shaun Budnik, Deloitte — Board Member, Supporting Associate
Kathy Schaum, KPMG — Board Member, Supporting Associate
Violetta Urba, AACSB — Board Member, Nonprofit Associate

For updates visit us at www.thefsa.org
I am pleased to name Shaun Budnik the recipient of the 2010 FSA Practitioner Service Award. Shaun joined Deloitte in 1998 and became an audit partner in 2000. She graduated from Loyola University in Chicago and she currently works in the New York office.

In 2001 Shaun was named National Director of Deloitte’s Women’s Initiative (WIN) where she focused on developing leadership and networking opportunities for employees and colleagues. WIN supports Deloitte’s commitment to advance high-talent women professionals through innovative career development, mentoring, leadership training, and leadership succession programs. In 2007 Deloitte was awarded the Families & Work Institute’s Corporate Partnership Legacy Award for its workplace programs and research. In 2009 Deloitte earned a top ten spot on Working Mother magazine’s list of “100 Best companies for working mothers.”

Shaun was named President of the Deloitte Foundation in 2006. Now her clients fall into two categories: Universities and the people of Deloitte. It is through her university involvement that we know her best. Shaun has served on the APLG Board in recent years and currently sits on the FSA Board. Under Shaun’s leadership, Deloitte sponsors $250,000 in grants annually to doctoral students through its Ph.D. Fellowship Grant Program. The Deloitte Foundation also sponsors the Wildman Medal and ATA Teaching Innovation Award.

Lesser known facts about Shaun are that she was a gymnast, dancer, and budding actress. She auditioned for and received a part in Pink Nights, an independent film released in 1985. She also auditioned for the TV show Fame and the movie The Color of Money but competition from Janet Jackson and Demi Moore, respectively, was a little too much to overcome.

Shaun has three daughters, three dogs, a motorcycle and a husband who, coincidentally, is also a Deloitte partner.

Please join me in congratulating the 2010 FSA Practitioner Service Award winner, Shaun Budnik.
2010 FSA/Joseph A. Silvoso Faculty Merit Award

The following remarks were made by Paul Shoemaker at the presentation of the 2010 FSA/Joseph A. Silvoso Faculty Merit Award.

I am pleased to name Finley Graves the recipient of the 2010 FSA/Joseph A. Silvoso Faculty Merit Award. Finley is a well educated man. He holds a bachelor’s degree in modern languages from the University of Mississippi, a master of arts in modern German literature from Rice University, a Ph.D. in Germanic languages and literatures from the University of North Carolina at Chapel Hill, a masters in accounting from the University of Alabama-Tuscaloosa, and a Ph.D. in accounting from the University of Alabama-Tuscaloosa.

Finley has held quite a few leadership positions in academia. He served as the chair of the Department of German and Russian at the University of Alabama, Chair of the Departments of Accounting at Kansas State and the University of North Texas, and he currently is dean of the College of Business Administration at the University of North Texas. Previously, he was professor of accounting at the University of Mississippi, visiting professor of accounting at the University of Newcastle in Australia, and he has been a Germanistic Society of America/Fulbright Scholar at the University of Freiburg in Breisgau, Germany. Prior to launching his academic accounting career he was a CPA with Coopers & Lybrand (now PriceWaterhouseCoopers).

While at Ole Miss, Finley was named the School of Accountancy’s Outstanding Teacher and Outstanding Researcher, twice each. He also received the campus-wide Burlington Northern Foundation Faculty Achievement Award for Outstanding Teaching and Scholarship. Finley is a member of Beta Alpha Psi, Tau Alpha Chi, Phi Kappa Phi, Beta Gamma Sigma, Delta Sigma Pi, Pi Delta Phi, and Delta Phi Alpha honorary societies.

Finley has published in ABACUS; Accounting, Auditing, and Accountability Journal; Accounting and Business Research; Accounting, Organizations and Society; Advances in Accounting; Journal of Accounting and Public Policy; the International Journal of Accounting, Auditing & Taxation; Journal of Accounting Education; and the Accounting Historians Journal. He has served as editor of special issues of Critical Perspectives on Accounting; Journal of Accounting and Public Policy; and Journal of International Accounting, Auditing & Taxation and has served on the editorial boards of Accounting Horizons and The Accounting Review.

Finley has served on a number of professional and academic associations, including the APLG and FSA. Among other offices held, he has served as President of the International Accounting Section of the AAA, the Academy of Accounting Historians, and the FSA.

On the personal side, Finley and his wife Gail have two children. They are active in their church and enjoy traveling and visiting their grandparents in Houston and Berkeley.

Please join me in congratulating the 2010 FSA/Joseph A. Silvoso Faculty Merit Award winner, Finley Graves.

Volunteers Needed to Develop Questions on IFRS for Uniform CPA Examination

The AICPA Examinations Team is seeking professionals with solid skills and knowledge in International Financial Reporting Standards to develop questions (“items”) on IFRS for the Uniform CPA Examination. To qualify, volunteers must have a current CPA license or comparable internationally recognized credential, a minimum of three years of experience as a licensed professional, and expertise in the application of IFRS. Volunteers may not be affiliated with any Uniform CPA Examination review course. Workshops conducted via Web conference (approx. 90 minutes) will provide instruction on item development. Volunteers then will submit a few items to the AICPA Examinations Team staff for review and feedback, so that they can independently develop a minimum of 15 items in prescribed areas. If interested, send a resume or curriculum vitae to rwarias@aicpa.org.
CALIFORNIA SB 819

(The following is a summary and analysis of pending California legislation with ramifications for accounting education. It is written in a Q & A format.)

When will the new legislation (SB 819, signed in October, 2009) take effect and what does the bill aim to accomplish?

The bill takes effect on January 1, 2014. The bill makes California a "substantially equivalent state" by complying with the Uniform Accountancy Act.

What is the status on the new requirements under SB 819 for "10 hours in ethics and 20 hours in accounting studies"? Will this be a narrow or broad focus?

SB 819 calls for the formation of two committees to decide on the 10 units of ethics study and the 20 units of accounting study. The California Board of Accountancy appointed the Accounting Education Advisory Committee to decide on the 20 units of accounting study. At its first meeting on April 8, 2010, the committee identified the following issues: (1) Should the courses be graduate or undergraduate? (2) Should the courses include lower division? (3) Should the courses include independent studies? (4) Should the 20 units include on-line courses? (5) Should there be minimum units for Accounting, Business, or Business related courses? (6) How do you define Business related? (7) Should courses from non-accredited extension courses be accepted? Notice that what's missing from the list of issues is the overriding issue of whether 20 additional accounting units is appropriate.

The 10 units of ethics study will be decided by a soon to be appointed eleven member Advisory Committee on Accounting Ethics Curriculum composed of (1) one member appointed by the California Public Employees Retirement System, (2) six professors of business ethics or accounting with two appointed by the Regents of the University of California, two appointed by the California State University Board of Trustees, and two appointed by the Board of Governors of the California Community Colleges, (3) one member appointed by each of the following: The Senate Committee on Rules, the Speaker of the Assembly, and the California Board of Accountancy, and (4) one California certified public accountant in public practice appointed by the Governor from a list provided by the California Society of Certified Public Accountants. Professors from the UC system and the California state system shall have published works on the desirability and potential contents of accounting ethics education. Members appointed by the Senate Committee on Rules and the Speaker of the Assembly shall be from organized labor or consumer advocacy organizations.

It will be interesting to see whether the committees take a narrow or a broad focus. SB 819 provides for a very broad focus in its discussion. However, the committee members have the authority to take it to a very narrow focus. Beyond the concern about whether the committees will strictly follow the law and come up with a description of the 20 units and the 10 units, should be whether they will ask "why 20?" or "why 10?" before they begin this discussion. Where did these numbers come from? Why as educators would we support discussing content before discussing assurance of learning by identifying and assessing learning outcomes?

How do the new requirements (150 hours, 10 units of ethics study and 20 additional units of accounting study) improve the accounting profession or better serve the public interest?

There is little relevant research to suggest that the increased units of accounting and ethics under SB 819 will accomplish this result. The positive is that it makes California a substantially equivalent state and allows California CPAs to participate in mobility statutes which allow the CPA license to be considered similar to a driver's license. CPAs can practice in other states, without registering in those states, as long as they adhere to the rules of the state. With the passage of SB 819, California is now currently substantially equivalent in terms of education, and hence, can enjoy the practice privilege benefits of mobility legislation. Previously, California had two pathways to licensure. Related to education, Pathway 2 met the substantially equivalency test requiring 150 semester units of education, including 24 units of business related subjects and 24 units of accounting related subjects. Pathway 1 required 120 semester hours of education and therefore did not pass the unit test for substantial equivalency.

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To achieve the goal of making California a substantially equivalent state, the legislators could have simply repealed Pathway 1 and left only Pathway 2. However, in passing SB 819, legislators went further and required the 150 semester units to include an additional 10 units of ethics study and an additional 20 units of accounting study. Now the task at hand appears to be determining what is meant by 10 units of ethics study and 20 additional units of accounting study even though the questions were never addressed as to whether there should be the additional 10 units of ethics and 20 units of accounting. I can't help but feel this is regressing in time to 2005 when the Education Committee of NASBA made suggestions prescribing much of the content of the 150-hour education requirement to which both the AAA and the FSA went on record opposing the Committee's proposal and asking that it be withdrawn. The controversy is documented in Phil Recker's February 2006 article in *Issues in Accounting Education*, "Perspectives on the Proposal for a Generally Accepted Accounting Curriculum: A Wake-Up Call for Academics."

California accounting educators need to respond to their own wake-up call. Yes, our voice will be heard in the committees to make the determination of the 10 hours of ethics and the 20 hours of accounting. The committees seemingly have the flexibility to discuss the number of units as well as the composition. Consequently, before the process is too far down the path, we need to let our voice be heard as to whether these are the right numbers.

With SB 819 becoming effective in 2014, and as of yet, no guidance at this time for theses curriculum issues, what are the challenges for educators?

There are many questions for which there are no current answers. Do we want an additional 20 units of accounting study and an additional 10 units of ethics study? If so, universities may need to develop more courses and hire more professors. What a challenge when professors are in short supply, state support for public education is declining, and curriculum committees are reluctant to pass changes that have resource implications. If the Advisory Committee on Accounting Ethics Curriculum concludes a student must have 10 units of ethics – how many accounting programs actually have courses that comprise 10 semester units of ethics? If not, will other departments in the university accommodate all the extra accounting students?

What about from the student perspective? Prior to SB 819, CPA candidates could be substantially equivalent with 150 semester units which included 24 units of accounting and 24 units of business. The remaining units could be anything. Most students in the California State University System are graduating with almost 150 units, and therefore are very close to meeting the less prescribed Pathway 2 requirements. SB 819’s additional prescribed units may cause students to stay at the university longer, and if they are additional graduate units, the students will need to pay the recently assessed $210 per unit graduate fee. Will top students switch to a different major and skip accounting altogether? Prior to SB 819, a person with an undergraduate degree in communications, engineering, economics, science, or math, could have entered the CPA profession on Pathway 2 with an MBA or MSA. However, SB 819 would make this more difficult by increasing the specificity of the required 150 units. Do we really want to place an added burden to entry into the profession with more prescribed units? Where is the research that supports the conclusion that more ethics, accounting, and or business units makes a better CPA and better protects the public interest than a more broad based education?

In summary, what stands out as the biggest plusses or minuses with the new law?

Many practitioners, educators, and students have campaigned for California to be substantially equivalent. The positive – SB 819 accomplished that. However, at what cost? Because of the high percentage of CPA candidates already seeking Pathway 2, a simple repeal of Pathway 1 would have caused far less impact to students, faculty and current curriculum. What will the approach specified in SB 819 cost, and where is the evidence this will have any benefit? SB 819 provides for accounting educators to be heard. Hopefully, all California educators will take this opportunity and actively let their opinions be known to the appointed committees.

Sharon Lightner, Ph.D.
Charles W. Lamden School of Accountancy
San Diego State University

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2010 Deloitte Foundation/Federation of Schools of Accountancy Faculty Consortium

Agenda

Thursday, May 13, 2010

2:00 – 2:10pm Welcome and Announcements
2:10 – 2:55 IFRS Implementation – Realities in Practice
   D.J. Gannon, Partner, Deloitte & Touche LLP
2:55 – 3:40 IFRS Implementation – Roundtable Exercise
   Professor Pat Turner, The Ohio State University
3:40 – 4:00 Break
4:00 – 4:45 XBRL: A demonstration on tools and uses for research
   Yossef Newman, Director, Deloitte & Touche LLP
4:45 – 5:30 XBRL: Exercise on tools and uses for research
   Paul Ratnaraj, Director – Advanced Initiatives Wharton Research Data Services, University of Pennsylvania
5:30 – 7:30 Reception

Friday, May 14, 2010

7:30 – 8:00am Continental Breakfast
8:00 – 8:10 Welcome and Announcements
8:10 – 9:10 FASB Due Process and The Role of Professors in Standard Formulation–A Case Study via Financial Instruments
   Bob Uhl, Partner, Deloitte & Touche LLP
9:10 – 10:00 Financial Instruments Standard Setting Exercise
   Professor Leslie Hodder, Indiana University
10:00 – 10:15 Break
10:15am – 12:00pm SEC Comment Letters: All You Wanted to Know (and Learn) But Were Afraid to Ask
   Christine Davine, Partner, Deloitte & Touche LLP and Professor Parveen Gupta, Lehigh University
12:00 – 1:15 Lunch
1:15 – 2:00 Emissions Trading Schemes Project
   Adrian E. Mills, FASB Practice Fellow
2:00 – 2:45 Emissions Trading Schemes Exercise
   Professor Derek Johnston, Colorado State University
2:45 – 3:00 Closing Remarks and Adjournment
2010 FSA Student Award Recipients

David J. Procknal
University at Buffalo
Margaret J. O’Shea
University of Georgia
Djagoran F. Famie
The University of Texas at Dallas
Dawn Kruckenberg
Oklahoma State University
Catherine Cyrier
Baylor University
Kristie Fisher
Texas Tech University
David Chen
University of Missouri—Columbia
Andrea Boyer Harbison
The University of Southern Mississippi
Lacee L. Wilkey
Utah State University
Anthony Speno
Truman State University
Meredith A. Edmonds
University of Alabama at Birmingham
Giang Thi Huong Ngo
University of Houston—Clear Lake
Gregory Michael Surette
University of Texas at El Paso
Phillip James Wamser
Marquette University
Teilla L. Bransford
Southern Illinois University Carbondale
Darius Dillon
Georgia State University
Elizabeth Neidringhaus
Loyola University Chicago
Steven K. Yarger
Northern Illinois University
Rebecca Ruth Meyer
Illinois State University
Elizabeth Tucker
University of Southern California
Aleksandar Jovanovic
University of North Texas
Brooke E. Fredette
Kennesaw State University
Stephanie E. Carroll
Louisiana Tech University
Sheri Radler
University of West Georgia
Arpeeneh Adamin
University of Denver
Carolyn Van Meter
University of Texas—Arlington
Ashley Gabrielle Murry
Cleveland State University
Bryan R. Gacka
John Carroll University
Ryan J. Lester
The University of Iowa
Mark Gallant
Old Dominion University
Paul A. Zimbardo
Lehigh University
Valerie Chambers
Arizona State University
James Omerza
Arizona State University
Anthony Vetter
University of Florida
Brent M. Monson
Brigham Young University
Kerry M. Griesinger
University of Louisville
Sarah Katherine Cameron
Auburn University
Cory R. Dowers
University of Oklahoma
Meredith Ann Morgan
Clemson University
Erica M. Luby
The University of Alabama
Matthew J. Rowland
Virginia Commonwealth University
Crista Gilmore
Drake University
Margaret Taylor Counts
Texas A&M University
Jon N. DiGiacinto
Kansas State University
Joanne E. Banaszczyk
University of South Florida
Issa I. Qadi
East Tennessee State University
Laura A. Triola
The University of Akron
Ryan Sikorski
Michigan State University
Sarah Monday Brichto
University of New Orleans
Rebekah M. Blankenship
Virginia Tech
Xiang Zhou
University of Kentucky
Adam Patrick Miller
Marshall University
Brett Robert Walsh
Western Michigan University
Asal Mirasalimi
The University at Albany—SUNY
Travis Olney
Weber State University
Lindsay Elizabeth Jones
Mississippi State University
Brian Lehnerer
College of Charleston
Phillip Oh
San Diego State University
Justin P. Reynolds
Georgia Southern University
Christian Slack
University of Virginia
Alexander Martin
College of William and Mary
Douglas Jackson Bedell
University of Texas at Austin
Angel S. Davis
University of Oregon
Charles Bren Hall
Wake Forest University
Sarah L. Ogg
University of Memphis
Patrick Dunlavey
West Virginia University
Matthew S. Fisk
University of Notre Dame
Blanca Lopez
The University of Texas at San Antonio
Lauren Pryor
University of Central Florida
Darryl R. Shiraiishi
California State University, Fullerton

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The New CPA Examination

On January 1, 2011, much that is new will be introduced on the Uniform CPA Examination – in content, question formats, section structure, section time allocations, scoring weights and functionality. These changes are known as CBT-e (Computer-Based Testing – evolution) and will include improvements that will not be visible – or even known – to candidates but will go far to enhance their testing experience.

CBT-e is a collection of projects that grew out of AICPA staff recommendations for CPA Examination improvements. At the request of the AICPA Board of Examiners (BOE), these recommendations were compiled and released in 2007 in an Invitation to Comment (ITC) on CPA Examination Improvements in order to obtain input on the proposed changes from accountancy boards, educators, and many other examination stakeholders. In the spring of 2008, after carefully considering all eighty-two responses to the ITC, the BOE approved the changes that now collectively constitute CBT-e.

While the Invitation to Comment process was in progress, the BOE also consulted with CPA Examination stakeholders about whether it would be preferable to introduce major examination changes all at once or over a protracted period of time. The clear consensus was that simultaneous implementation would be best for the candidates. Concurrent implementation also was recommended for a number of administrative reasons. As a result, the decision was made to synchronize the release of the new Content and Skill Specification Outlines (CSOs/SSOs) for the Uniform CPA Examination – which were then being developed through the 2008 Practice Analysis – with the launch of CBT-e.

The new authoritative literature release – with FASB Accounting Standards Codification – and the new research task format were subsequently also scheduled for implementation at the time of CBT-e launch. With these additions to the changes scheduled for January 1, 2011, CBT-e has come to mean more than the original collection of projects, and now stands for all CPA Examination changes to be made effective in 2011. And CBT-e will be nothing less than a new examination release – the most important development in the history of the CPA Examination since the launch of the computer-based test in 2004.

Content and Skill Specification Outlines (CSOs/SSOs) for the Uniform CPA Examination

The CSOs/SSOs that will go into effect in 2011 were developed through a practice analysis study conducted between 2006 and 2008 with authorization from the BOE. The study included a large-scale
survey and consultations with subject-matter experts, the Content Committee of the BOE and its preparation subcommittees for the individual sections of the CPA Examination, panels of supervisors of entry-level CPAs from various practice settings, educators, accounting standard-setting bodies, and regulatory agencies.

Because the CPA Examination is a licensure examination, the knowledge and skills to be tested must be aligned with the responsibilities of entry-level CPAs in the workplace. Consequently, the decision as to which content should be included on the examination is based on whether it is relevant and important to entry-level practice. In accordance with best practices in testing, the relevance and importance of content to entry-level responsibilities is determined by means of practice analysis studies, which must be conducted periodically so as to ensure an examination’s continued validity, legal defensibility, and relevance to the profession.

International Standards

As specified in the new CSOs/SSOs, international standards – including International Financial Reporting Standards (IFRS) – will become eligible to be tested in 2011. The fact that international standards will be gradually introduced on the CPA Examination – while the testing of U.S. standards continues – indicates that international standards have been found to be currently relevant, important, and frequently used by entry-level CPAs in the workplace.

The role that international standards now play in entry-level practice was identified through the 2008 practice analysis, and subsequently confirmed by comments received in response to the Exposure Draft, Proposed Content and Skill Specifications for the Uniform CPA Examination. As an additional step after the completion of the practice analysis, the BOE authorized consultation on international standards with an Advisory Group of experts who provided additional information on IFRS and other international standards to be included in CPA Examination content.

Changes in Section Structure

The types of questions to be included on the CPA Examination sections will be reorganized when CBT-e is launched on January 1, 2011. Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Regulation (REG) will each consist of three testlets of Multiple-Choice Questions (MCQs) and one testlet containing six or seven short Task-Based Simulations (TBS). Simulations in the current (long) format will no longer appear on the examination.

Business Environment and Concepts (BEC) will consist of three testlets of MCQs and three written communication tasks on BEC topics. BEC will be the only section in which written communication is tested.

Testing Written Communication in BEC Only

The responses to the ITC on CPA Examination improvements reflected widely divergent views about testing written communication on the CPA Examination. All respondents agreed that good writing skills are important for CPAs to have, but there were many contradictory views as to whether the CPA Examination is the place to test writing skills, whether these skills should be tested in all or only some sections, and whether some sections are more appropriate than others for the testing of writing skills.

When faced with many different opinions on this topic in responses to the ITC, members of the BOE interviewed Executive Directors of some of the state boards that expressed opposition to the administration of written communication in BEC in order to gain insight into their positions. They found that some of the views expressed in response to the Invitation to Comment were based on misconceptions. Chief among them was the belief that testing written communication in one section only would de-emphasize the testing writing skills on the CPA Examination – an understandable but not an entirely accurate position.
Since 2004, when CBT (Computer-Based Testing) was introduced, two written communication tasks have been included in each of three CPA Examination sections – AUD, FAR, and REG. Based on the results of studies conducted after the CBT launch, it became clear that testing written communication in three sections does not provide incremental measurement value from an assessment perspective. In other words, the scores of individual candidates were typically found to be the same across sections, indicating that there was no difference in writing skills based on topic, and suggesting that some of the testing of writing skills was repetitive. Therefore, the amount of information to be gained about a candidate’s writing skills would be the same if the number of writing tasks on the CPA Examination were reduced from six (two in each of three sections) to three, and if all three written communication tasks were offered in one section – BEC.

In the spring of 2008, the BOE approved all testing of writing skills in BEC after carefully considering the views expressed by CPA Examination stakeholders on this topic, and after weighing the importance of this change to the attainment of faster score reporting and cost containment goals. This BOE decision resulted in the reorganization of examination sections and the consequent adjustment of time allocations for two sections – the increase in BEC testing time to three hours and the decrease in AUD testing time to four hours. These changes are scheduled for implementation when CBT-e is launched on January 1, 2011.

CBT-e Information

Recent issues of The Uniform CPA Examination Alert and the CBT-e page, both available on the CPA Examination website, www.cpa-exam.org, contain the latest information about CBT-e. The new tutorial and sample tests, demonstrating what the new CPA Examination will look like and how it will function, will be posted on this site when they become available in early fall of 2010.

Elaine Rodeck, Ph.D., CPA, CA, MBA
Director, Examinations Strategy
AICPA, Examinations Team

THE FUTURE CPA’S DIGITAL BOOK OF WISDOM

If you haven’t heard about the upcoming launch of ThisWayToCPA (www.thiswaytocpa.com), then you will once the AICPA’s 2010 Accounting Competition rolls out this fall. The AICPA is pleased to announce its first annual case competition for college students, being housed on the new website, ThisWayToCPA. The team plans to administer the competition during the fall semester of 2010 in an effort to support the new generation of talent for the profession.

This year’s topic will be focused on accounting for sustainability or triple bottom line reporting. In order to accomplish this, the AICPA has partnered with the Institute for Sustainable Development (www.gogreenplus.org), who plans to engage a fellow to aid with the development, administration, and evaluation of the competition.

In order to participate, the students must be pursuing their Associate or Bachelor’s degree and form a team comprised of accounting majors and/or students from other disciplines. One member of each team will be chosen to be the team leader, responsible for all communications and submittals to and from the AICPA. The teams will be able, but not required to include a faculty mentor on their team for guidance, allowing faculty to get involved. Once all submittals are collected and reviewed, all finalists will be awarded prizes. In addition, if the winning team has included a faculty mentor on their application, that faculty member will receive a prize too.

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So now that you are an expert on the upcoming case competition, let us tell you a little more about the new website, ThisWayToCPA.com. As you may know, the AICPA redesigned StartHereGoPlaces.com last summer, which was created specifically for high school students. The main site, AICPA.org, underwent a major redesign in May of this year and if you haven’t been there yet, we encourage you to go check it out. The AICPA is now breaking ground on a new website with college students and CPA candidates in mind. ThisWayToCPA.com is currently being built on two platforms; one for traditional web content and the other will be a user focused community. The website will contain information on the CPA Exam, including what to expect when you walk into a testing center, state specific requirements, as well as other useful information. The site will also have tools to help students find their fit in the CPA profession and provide tools to help them achieve their professional goals. ThisWayToCPA will also provide students and CPA candidates with a community to discuss a variety of topics including the CPA exam, exam review course providers, career opportunities, emerging issues, and other pertinent topics.

Stay tuned for more news about the competition and website development by registering your email address at www.ThisWayToCPA.com.