The computerized CPA exam: it's a whole new ballgame: This past April, aspiring CPAs were presented with a seminal change in the accounting profession's licensing process when the computer-based uniform CPA examination was launched.

The introduction of this new test marked the biggest change to the examination in its 100-year history. The result of a strong collaborative effort by the AICPA, the National Association of State Boards of Accountancy, the technology-based testing service Thomson Prometric and the state boards of accountancy, the computer-based test is the product of more than five years of hard work by volunteers and these organizations' professional staffs.

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THE EXAM'S CHANGES were developed carefully and based on evidence of practice necessities, psychometric standards and the contributions of regulators, educators and accounting professionals. These alterations have resulted in a state-of-the-art examination that provides a platform from which the licensing process can continuously be improved.

Most importantly, the examination was revised to achieve a better alignment with professional practice requirements. In that fashion, protecting public interest remains paramount and those who rely on the work of CPAs can have confidence that the licensing process adequately protects their interests.

Now that the first testing window (April 5-May 29) has been completed, the question that is on everyone's mind is, "How did it go?" The answer: Very well. Compared to other known computer-based test conversion projects, the CPA examination has gone remarkably well.

During April and May, some 23,000 test sections were delivered. Approximately 92 percent of the test takers reported that they'd had a positive testing experience. Of course, there are issues and challenges to be addressed, but as a profession we can take pride that the CPA examination continues to evolve in a positive manner and meet its mission of protecting the public.

The state boards of accountancy, with responsibility for the entire CPA licensing process, appear to be increasingly comfortable with the computer-based test process. While communication and some functionality and administrative operations need to be fine-tuned, the exam and the work that has been accomplished thus far is impressive.

But that doesn't mean the job is done. This initial testing window is just the first step of an ongoing evolution that will foster continuous innovation and exceptional quality. The CPA exam must keep pace with the business world and the work done by CPAs. Also, it's important to ensure that the CPA examination remains the premier financial licensing test and an effective tool for state boards of accountancy to use in their licensing procedures.

A BETTER-ALIGNED EXAMINATION

While the test's most visible change is its transition from a paper and pencil exam to a computer-based test, the more important components are the content revisions. Based on practice analysis findings, the computer-based exam has been revised to more closely align with an entry-level CPA's real-world, professional responsibilities.

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Through amended content, format and delivery, plus a new case study component called "simulations," the new exam strives to evaluate the research, analytical, judgment and communication skills required of entry-level CPAs.

The result is a 14-hour test with four sections:

* Auditing and Attestation,

* Financial Accounting & Reporting,

* Regulation, and

* Business Environment & Concepts.

The new sections' specifications were established independently of the paper-based test's specifications and the material differences between the structures are summarized as follows:

The subject areas that were tested in the paper and pencil section Accounting & Reporting--taxation, governmental and nonprofit organizations, and managerial--have been separated and grouped with subject matter that is more logically related. Specifically, the topic of accounting and reporting for governmental and nonprofits has been placed in Financial Accounting & Reporting; taxation has been placed in Regulation; and managerial accounting has been placed in Business Environment & Concepts.

Candidates are required to demonstrate general business knowledge that is related to auditing and financial reporting primarily in the new section: Business Environment & Concepts. In addition to managerial accounting, the Business Environment & Concepts section tests candidates' knowledge of certain areas of economics, finance, strategy and information technology.

For more information about the exam's content, the application or scheduling process, as well as links to the state boards of accountancy, NASBA and Prometric, visit the CPA exam website at www.cpa-exam.org.

FOCUS ON CONTENT, NOT PROCESS

Test administration also has been updated with expanded testing opportunities and increased flexibility. Candidates now have more than two testing opportunities per year and are no longer required to take all four sections at one time.

With the computer-based format, individuals deemed eligible by their state boards of accountancy can schedule any or all sections in two out of three months each quarter, throughout the year. These two-month periods are known as "testing windows." Within broad constraints, candidates are able to choose the date, time and test center most convenient for them and their employers.

Once a section is passed, most jurisdictions require candidates to pass all remaining sections within 18 months to receive credit on the previously passed section(s). As an "early bird" incentive, California offered a 24-month credit-retention period to those candidates sitting for the first two testing windows (April-September 2004). But after September 2004, the credit-retention period becomes 18 months for every subsequent exam.

Conceptually, it's important that competency in all areas that are considered essential for the protection of the public interest be demonstrated within a reasonable time frame.

Knowledge and abilities demonstrated at one point in time on a particular subject can become stale and no longer useful as evidence of competency over time. The period of 18 months represents the Board of Examiners' judgment as to the reasonable period of time for such a show of competency.

COLLABORATIVE EFFORT

The strong, collaborative effort among the AICPA, NASBA, state boards of accountancy, educators and the accounting profession is a key to maintaining the computer-based exam's integrity and strength.

For example, before test items or simulations are included for scoring on an actual exam, the AICPA conducts extensive pre-testing to ensure that individual questions perform as expected and are at the appropriate level of difficulty.

This collaborative effort was instrumental to the process of determining the passing standard for the new exam. In layman's terms, the passing standard sets the bar that candidates must meet to demonstrate that they have the knowledge and skills necessary for licensure.

Because the test is a high-stakes element of the licensure process, standard-setting that distinguishes between successful and unsuccessful candidates must assure protection of the public interest and allow for defensible and fair pass/fail decisions.

The development of a passing standard is founded in a standard-setting study and other factors, including the professional judgment of the policy-setting body, in this case, the AICPA Board of Examiners.

The standard-setting process was rigorous and included input from NASBA, state board of accountancy members and several psychometric consultants.

As a result, the computerized CPA examination is an effective, state-of-the-art tool for making licensing decisions.

Overall, the computer-based exam's launch was an historic event. Now we must continue to learn from our experience and continue to make the CPA examination, and the accounting profession, the best that they can be.

2004-05 Testing Windows

Testing Available   No Testing

October-November 2004   December 2004
January-February 2005   March 2005
April-May 2005   June 2005
July-August 2005   September 2005
October-November 2005   December 2005

RELATED ARTICLE: Before You Take the CPA Exam

Now that the computerized CPA examination's first testing window is complete, the experience has shown that there are some things CPA candidates need to know before they take the exam. These tips also are available on the CPA exam website www.cpa-exam.org or in the CPA Examination Candidate Bulletin.

Exam Functionality & Navigation

Be sure you are comfortable with the use of a computer keyboard and mouse, plus common word processing and spreadsheet functions. However, the word processing and spreadsheet applications in the examination are not identical to Word or Excel. Review the exam tutorial to understand the differences.

Take the tutorial and sample test (several times, if necessary) before you take the exam. The tutorial and sample tests are available at www.cpa-exam.org. Pay special attention to the software features that are unique to this examination, especially in the Authoritative Literature portion of the test. Be sure to read the directions in this section very carefully:

* History button: Use this to find the last page visited (a Back button is not available). By clicking on History, you will be able to obtain a list of up to 20 last-page visits in reverse order.

* Copy/paste: In the Authoritative Literature portion, you can highlight or copy/paste only a block of text (not separate lines or words) at a time.

* Only the Copy icon in the Authoritative Literature window will copy/paste highlighted text. Do not use the icon in the main toolbar.

* In the tutorial, find specific copy and paste tips as follows:

* For Audit simulation instructions, refer to Review Letter Item Type:

* For FAR simulation instructions, refer to Accounting and Reporting Item Type;

* For REG simulation instructions, refer to Tax Citation Item Type.

* Search: You will have to scroll down to view all topics returned by a search; if you spell words incorrectly, you will not receive any search results.

* Calculator: You will be able to enter numbers on the online calculator using the keyboard or the keypad with the NumLock feature turned on. Be sure you understand how to move the calculator on the screen.

Remember that the examination consists of several sections (groups of multiple choice questions called testlets or simulations). You will be able to review questions within any testlet/simulation, but you will not be able to go back to a testlet/simulation once you have exited from it.

Scheduling the Exam

When you receive your Notice to Schedule, check the accuracy of your name. The same version of your name must appear on your application, the NTS and the identification you present at the testing center. If your name on this document is not correct, contact your state board of accountancy at least 10 days before your test appointment.

Schedule through www.prometric.com/cpa. This website is available 24 hours a day and also can be used to cancel or reschedule appointments.

Schedule early. It is recommended that you schedule 45 days in advance of your preferred test date.

The appointment time (on the schedule confirmation) is 30 minutes longer than your exam time to allow you to complete the sign-in process and survey. This time is independent of your exam. Completing these activities quickly will not give you extra time on the exam.

At the Test Center

Bring your Notice to Schedule to the testing center. You cannot test without it. Test Center personnel are required to turn CPA candidates away if they do not have paper copy of this document.

In addition to the NTS, every candidate must bring two valid forms of ID with them to the Test Center. The spelling of the name on this ID must match the spelling on the NTS exactly letter for letter. A CPA candidate will not be allowed to test if their ID and NTS do not match. Please see the CPA Examination Candidate Bulletin for a list of valid forms of primary and secondary identification.

Arrive at least 30 minutes early and be sure to have your Examination Password on

hand (it's provided on your Notice to Schedule) when you are seated at the workstation. You have a limited amount of time available to enter this information once you are seated.

Be sure to follow research problem directions. If you are having difficulty entering a response in the space provided, you may not be using the expected response format.

Report any functionality problems to the Test Center Administrator. If possible, wait until the end of the session. If you encounter a problem in a simulation, be sure to identify the TAB in which it occurred.

Don't be distracted by any issue as long as you are able to continue testing. For example, if your responses do not generate the expected result, be sure to read the directions and continue testing. Report this matter to the TCA at the end of the session so that a report can be filed. The system will verify the capture of your responses.

Keep the Confirmation of Attendance form you receive after the exam. This not only verifies that you took the exam, but also contains contact information about reporting any concerns, complaints or questions about the exam.

BY WILLIAM W. HOLDER, CPA, AND DIANE BABUIN

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