



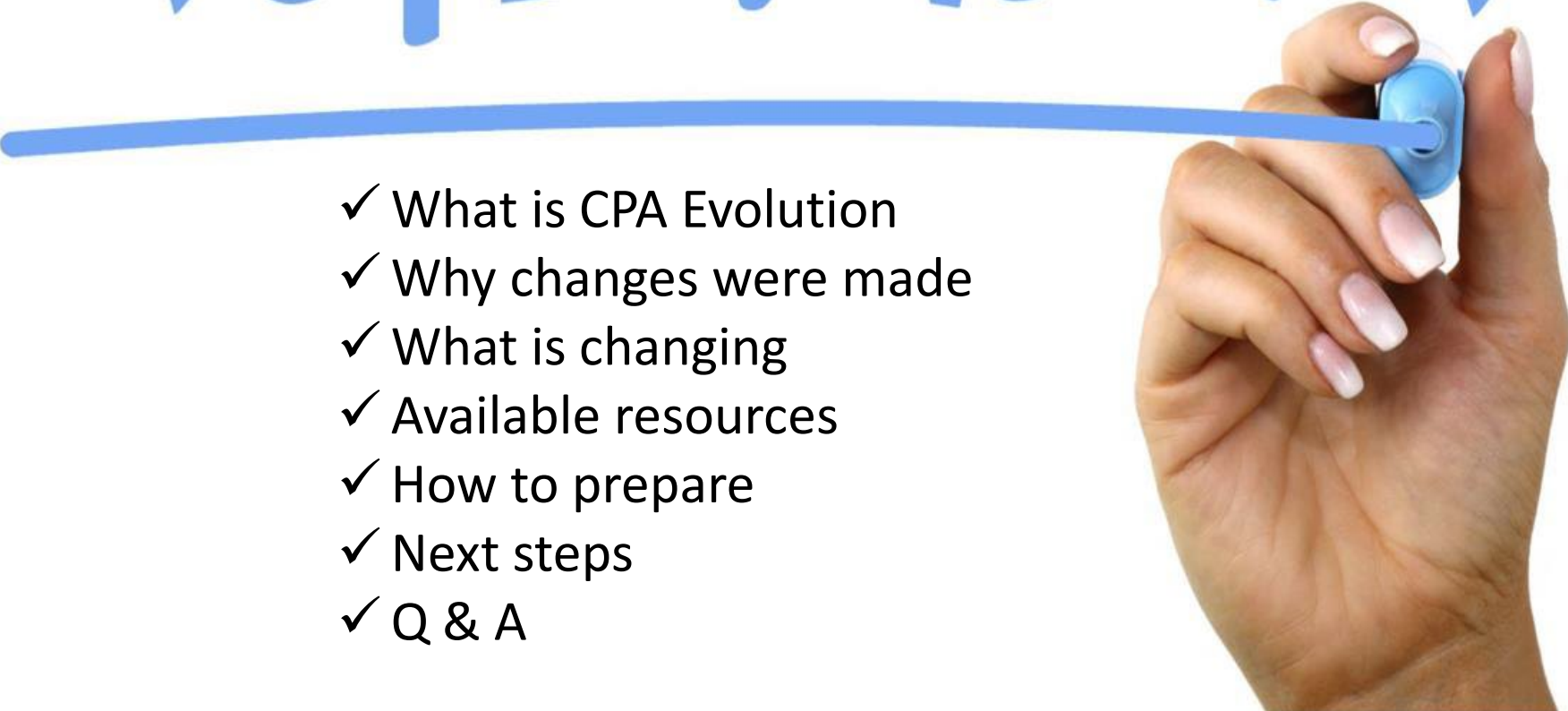
CPA Evolution

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Professor of Practice

Jenkins Master of Accounting Program

AGENDA



- ✓ What is CPA Evolution
- ✓ Why changes were made
- ✓ What is changing
- ✓ Available resources
- ✓ How to prepare
- ✓ Next steps
- ✓ Q & A



How much do you know about CPA Evolution?

- Never heard of it
- Some surface knowledge, not spent much time to dig deeper
- Broad understanding of effort
- Have evaluated how it will impact our accounting program
- They call me an expert on CPA Evolution

What is CPA Evolution

The CPA Evolution initiative aims to transform the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will require in the future. It is a joint effort of the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA).

Source: AICPA Website

Why CPA Evolution

Why reimagine licensure?



Why CPA Evolution



Source: AICPA

Why CPA Evolution

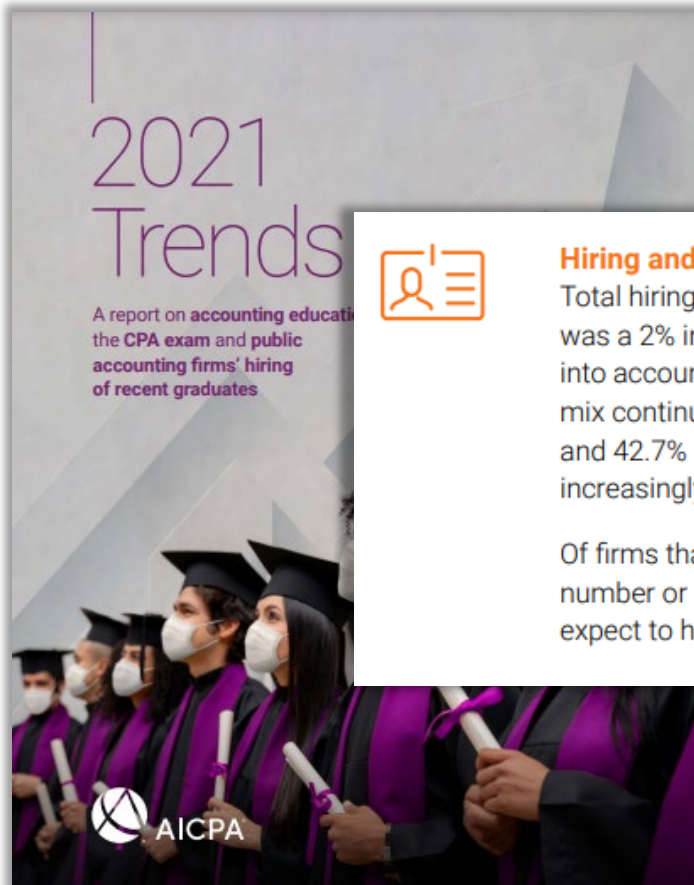


Accounting graduates and enrollment expectations

Accounting graduates trended downward in the 2019–2020 academic year, with decreases of 2.8% and 8.4% at the bachelor's and master's levels, respectively. Accounting programs are optimistic about enrollments for the 2021–2022 academic year — 58% of both bachelor's and master's programs respondents reported that they expected enrollment for that academic year to be the same or higher than the 2020–2021 academic year. (Note: IPEDS data for 2020–2021 has not yet been released at the time of this publication).

Source: AICPA

Why CPA Evolution



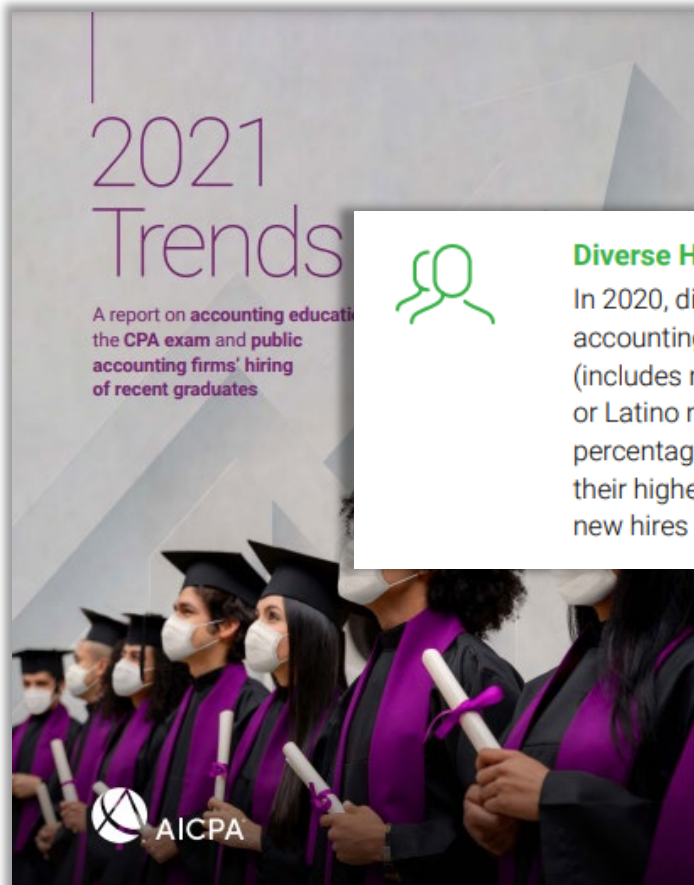
Hiring and hiring expectations

Total hiring of new accounting graduates in 2020 has decreased by 10%, however there was a 2% increase in master's graduate new hires. New non-accounting graduates hired into accounting and finance functions have increased by 10 percentage points. The hiring mix continues to shift, with 57.3% of new graduate new hires being accounting graduates and 42.7% being non-accounting graduates. New accounting graduate new hires are increasingly being assigned to audit – a shift of 11.5 percentage points from 2018.

Of firms that hired one or more accounting graduates in 2020, 74% expect to hire the same number or more in 2022 as compared with 2021. Eighty-nine percent of all U.S. CPA firms expect to have the same number or more CPAs on staff in 2022 in comparison with 2021.

Source: AICPA

Why CPA Evolution

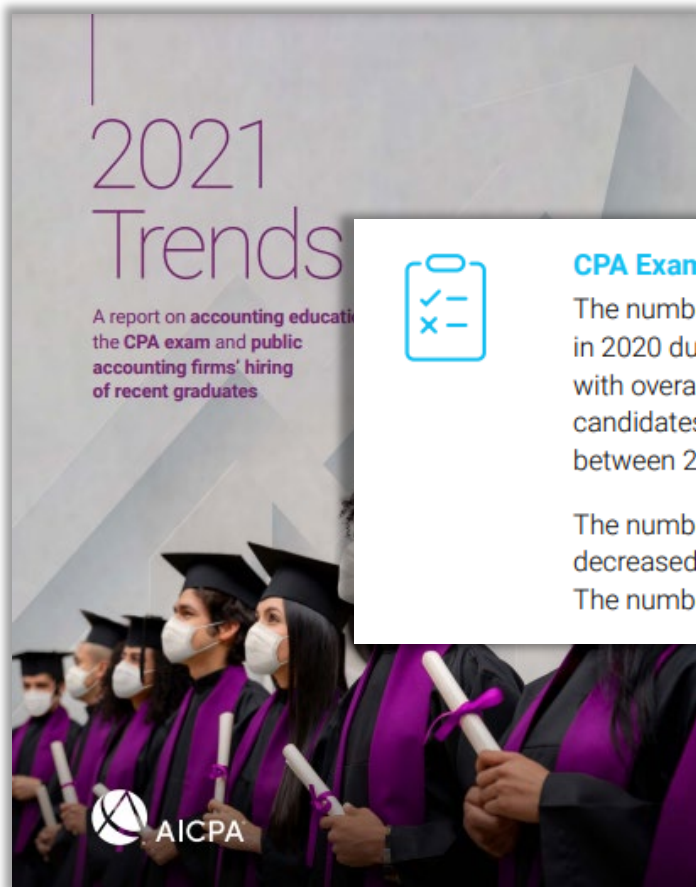


Diverse Hiring

In 2020, diverse hiring of new bachelor's and master's of accounting graduates into accounting/finance functions of U.S. CPA firms increased by almost five percentage points (includes multiethnic hires). Asian or Pacific Islander, Black or African American, and Hispanic or Latino new graduate new hires in accounting have all increased by near one or more percentage points (1.9, 0.6, 1.6 percentage points, respectively). These three groups comprise their highest (or very near their highest) percentage of the whole of new graduate new hires in the history of Trends' data collection.

Source: AICPA

Why CPA Evolution



CPA Examination

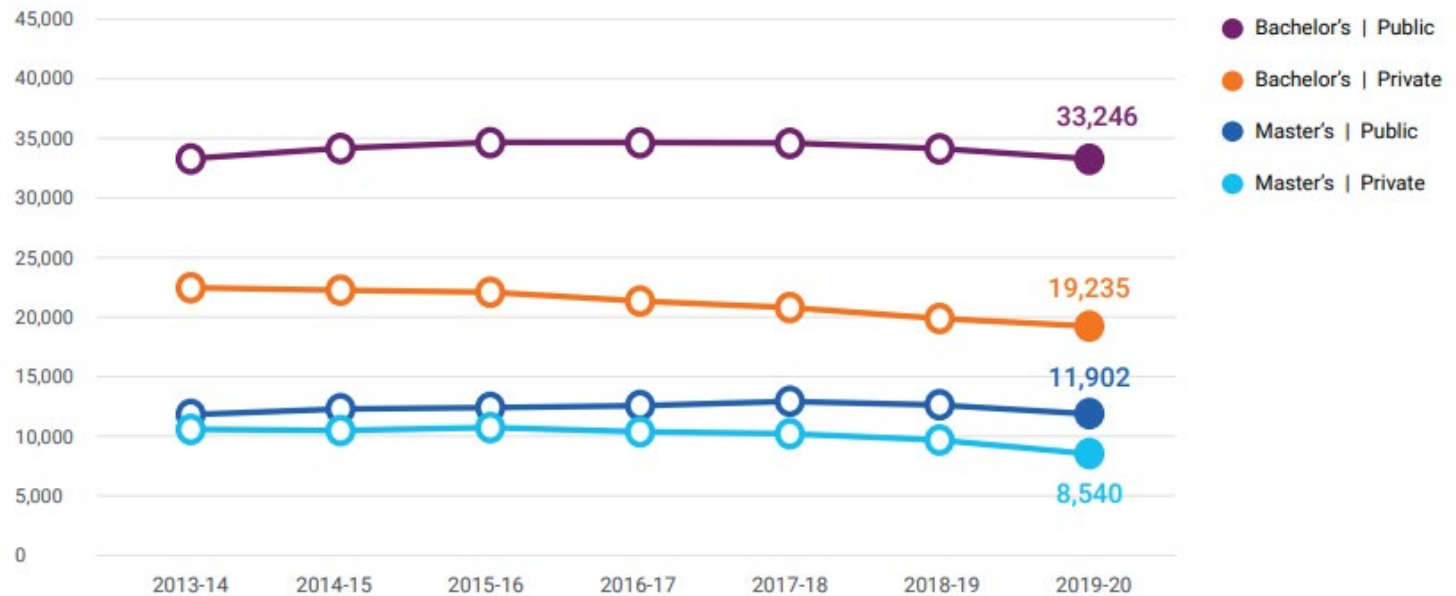
The number of new CPA Exam candidates entering the CPA pipeline decreased anomalously in 2020 due to short-term closings and the various restrictions at Prometric® test centers, with overall COVID concerns carrying forward into 2021. As such, while new CPA Examination candidates decreased less than 0.5% between 2018 and 2019, there was a 17% decrease between 2019 and 2020. A 6% increase occurred between 2020 and 2021.

The number of CPA Exam candidates who passed their fourth section of the exam decreased 11% between 2019 and 2020 after a 2% decline between 2018 and 2019. The number of successful candidates decreased 5.5% between 2020 and 2021.

Source: AICPA

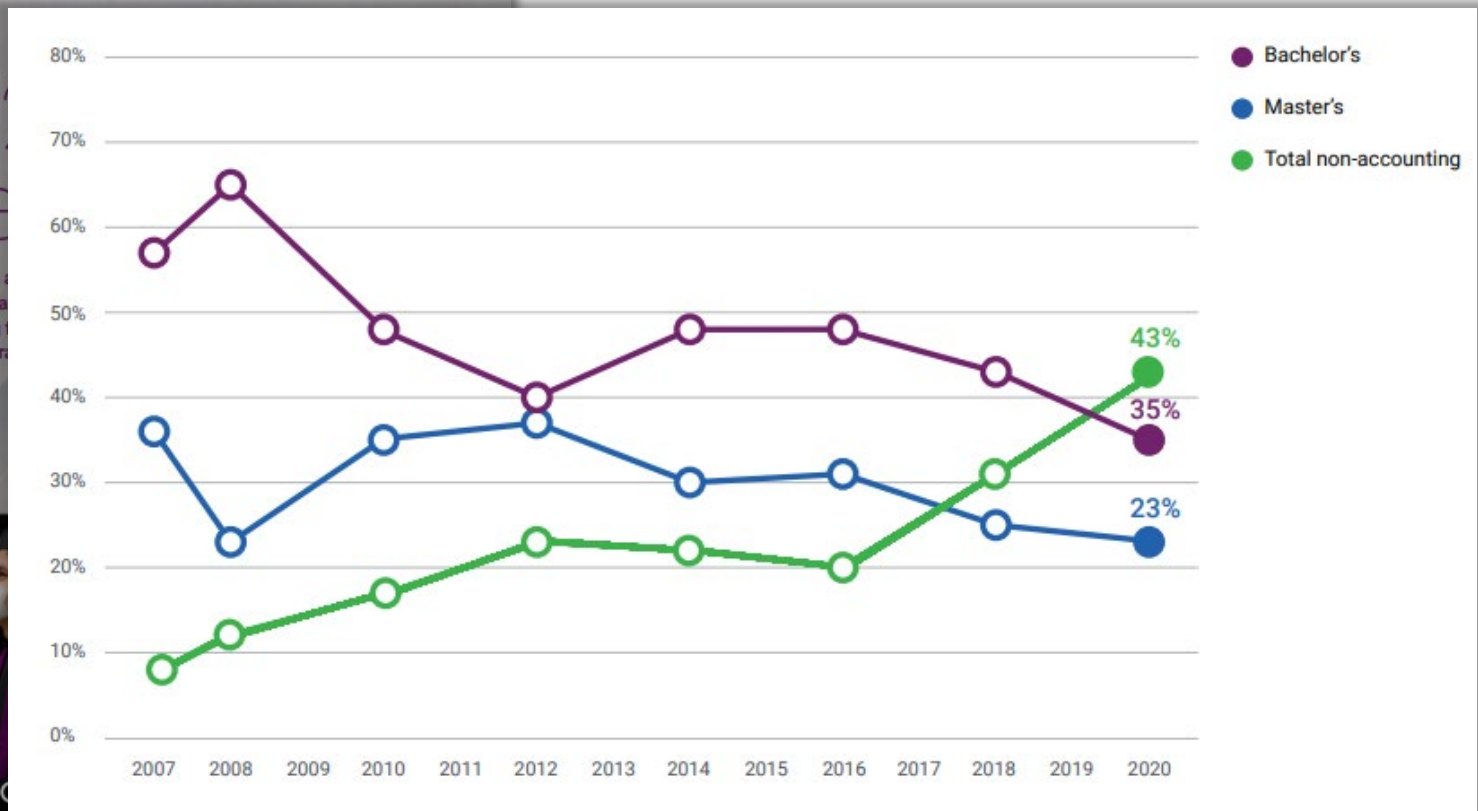
Why CPA Evolution

1.7 Trends in new accounting degree completions by degree and institution type | 2013-20



Source: AICPA

Why CPA Evolution



Source: AICPA



Why CPA Evolution

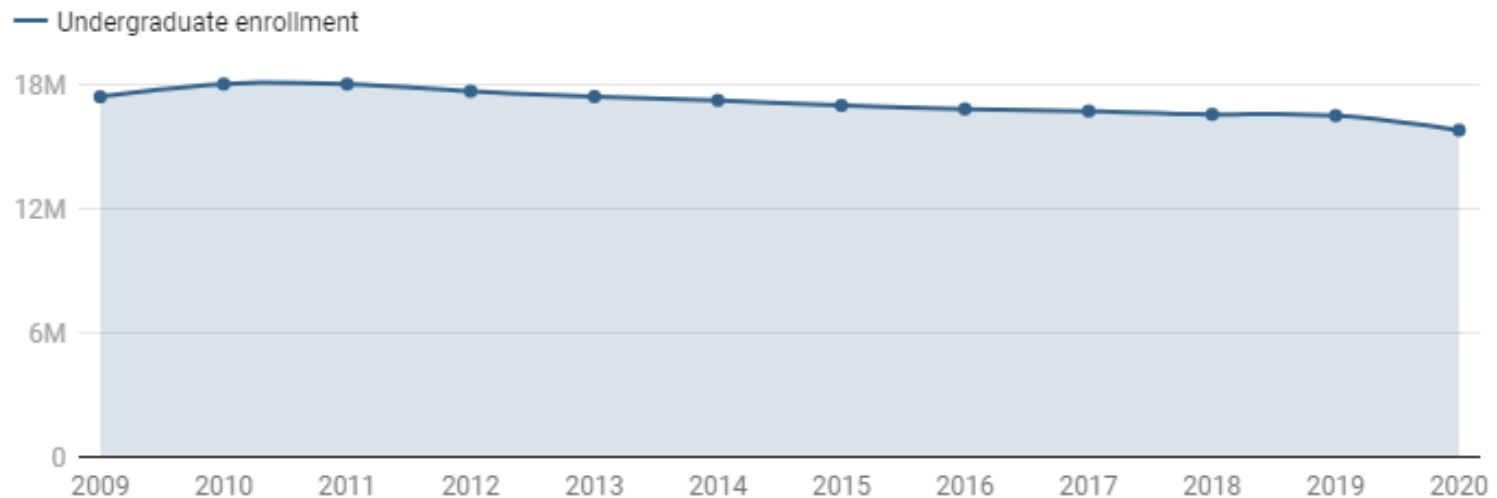
- Higher
- Same
- Lower
- Not Sure



Source: AICPA

Undergraduate Enrollment

Between the fall of 2011, when undergraduate enrollment began to dip, and the fall of 2020, undergraduate enrollment fell 12.3 percent.



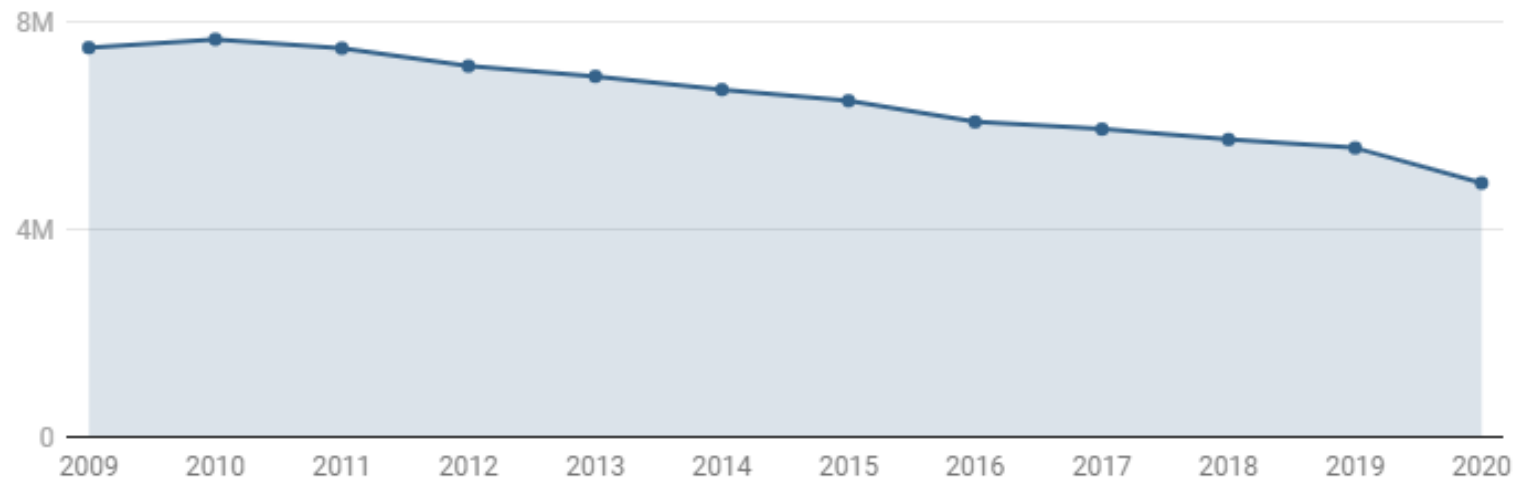
Note: Data are for institutions that grant associate degrees or higher in the 50 states and the District of Columbia that participate in Title IV federal financial-aid programs.

Chart: Audrey Williams June • Source: [Source: National Center for Education Statistics](#) • [Get the data](#) • Created with [Datawrapper](#)

Community College Enrollment

Community-college enrollment has fallen by 2.6 million students since 2009.

— Two-year college enrollment



Note: Data are for institutions that grant associate degrees or higher in the 50 states and the District of Columbia and that participate in Title IV federal financial-aid programs.

Chart: Audrey Williams June • Source: [Source: National Center for Education Statistics](#) • [Get the data](#) • Created with [Datawrapper](#)

What is changing

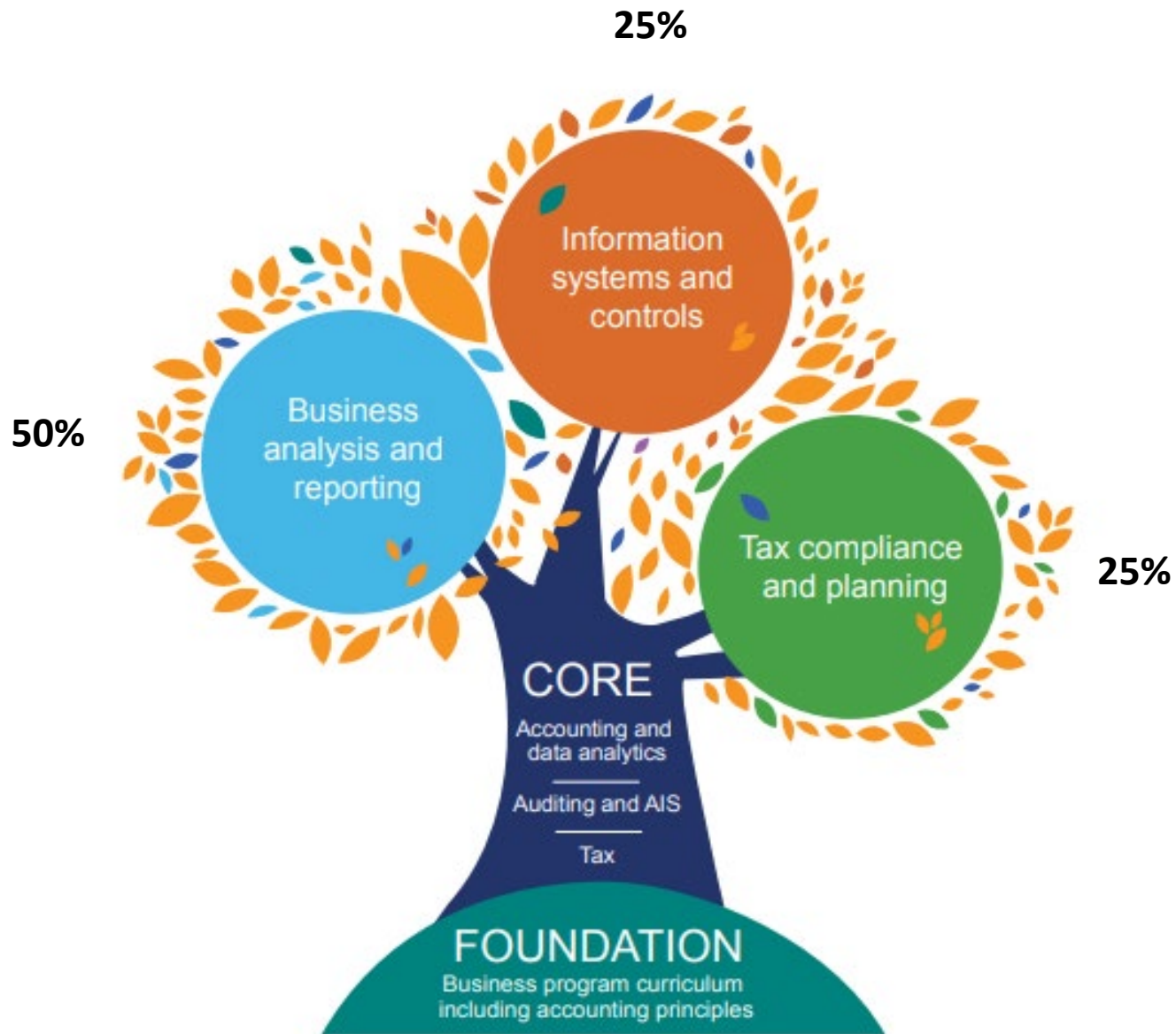
The new core + disciplines licensure model starts with a deep and strong core in accounting, auditing, tax and technology that all candidates would be required to complete.

Then, each candidate would choose a discipline in which to demonstrate deeper skills and knowledge.

What is changing



= CPA



Source: AICPA Model Curriculum



CPA Core content

No BEC!!

- Accounting and Data Analytics
- Audit and Accounting Information Systems
- Tax

- Topics relative to digital acumen and technology in each section
- An emphasis on data analytics in the Core and BAR sections, including logical thinking, extract-transform-load, data mining and data visualization; and
- An emphasis on information systems in the Core and ISC, including IT governance, information security, system and organization controls and application of digital technologies.



BAR Discipline

Section 1: Business Analysis and Reporting (BAR) Discipline

Module 1: Accounting Research

Module 2: For-Profit Entity Financial Statements

Module 3: Select Financial Statement Accounts

Module 4: Select Transactions

Module 5: Cost accounting

Module 6: State and Local Governments

Module 7: Employee Benefit Plan Accounting

Module 8: Planning Techniques

Module 9: Financial Statement Analysis

Module 10: Advanced Data Analytics



ISC Discipline

Section 2: Information Systems and Controls (ISC) Discipline

Module 1: IT Governance and Risk Assessment

Module 2: Performing Procedures, Tests of Internal Controls

Module 3: SOC Engagements

Module 4: Use and Management of Data

Module 5: Information Security and Protection of Information Assets



TCP Discipline

Section 3: Tax Compliance and Planning (TCP) Discipline

Module 1: Individual Tax Fundamentals and Tax Planning

Module 2: Acquisition, Use and Disposition of Assets

Module 3: Tax Accounting Methods

Module 4: Federal Taxation of Entities

Module 5: C Corporations

Module 6: S Corporations

Module 7: Partnerships

Module 8: Tax Planning for Entities

Module 9: Trusts

Module 10: Tax-Exempt Organizations

Module 11: Multijurisdictional Tax Basics

Module 12: Technology

Module 13: Tax Research

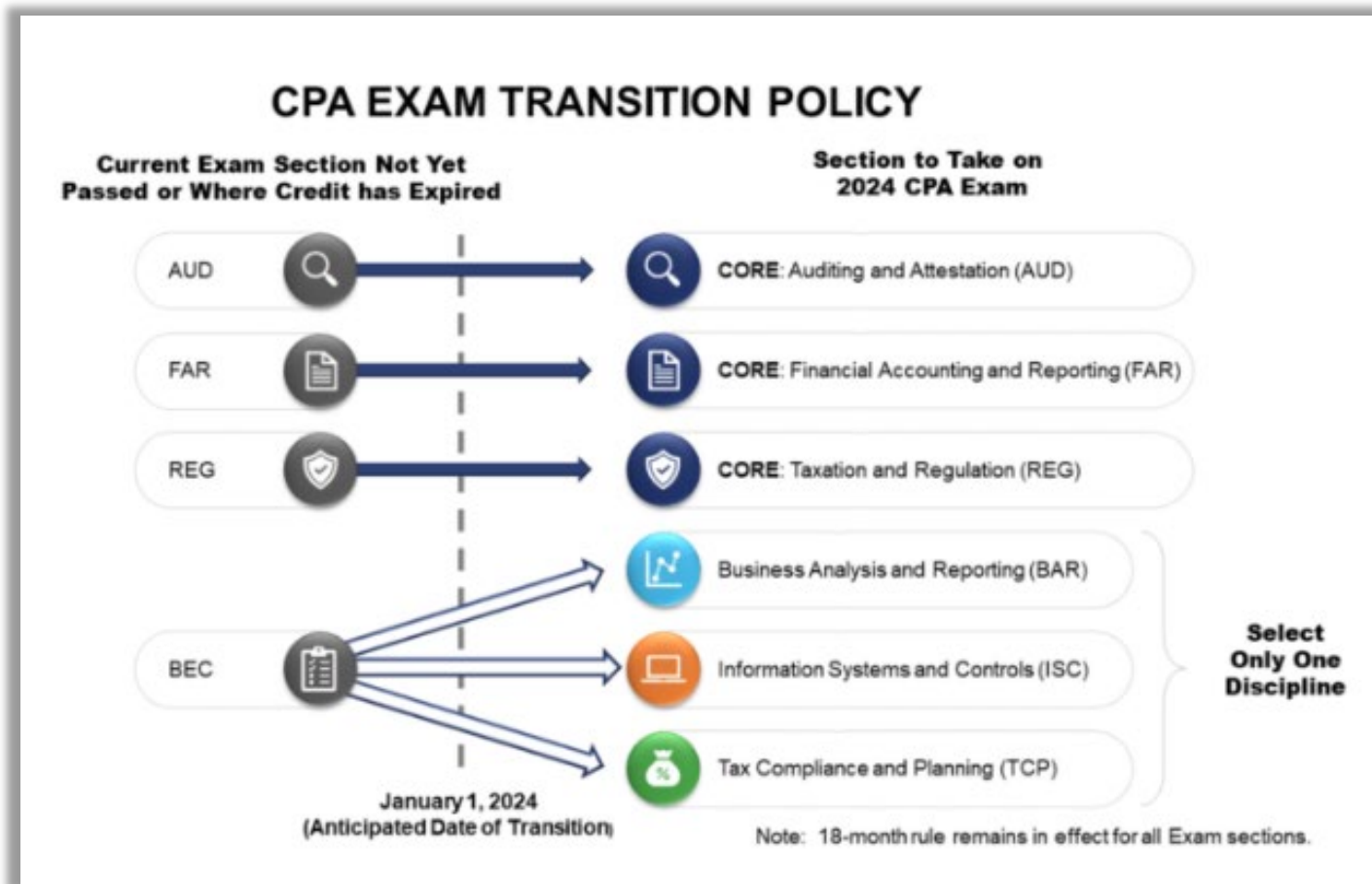
Module 14: Personal Financial Advisory Services



Commonly asked questions

- Which discipline should students select?
- Can a student take more than discipline?
- Can a student practice outside their CPA exam discipline?
- Will exam changes result in changes to State Boards' education and licensure requirements?
- Will content covered by the current CPA Examination and curricula will be considered “core” under the new licensure model?

Transition Guidance



Why CPA Evolution

What are our goals?



Assuring exam and education are fit for purpose and flexible



Assuring continued public protection

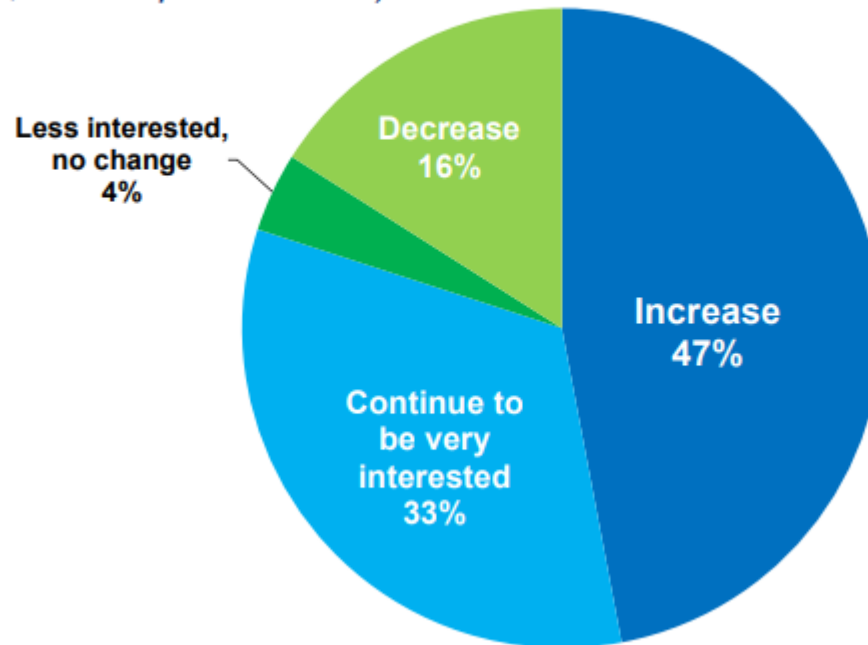


Evolving the license for those entering the profession

Why CPA Evolution

Will candidates be interested?

How would CPA Evolution affect your interest in becoming a CPA? (Accounting majors, total responses = 519)



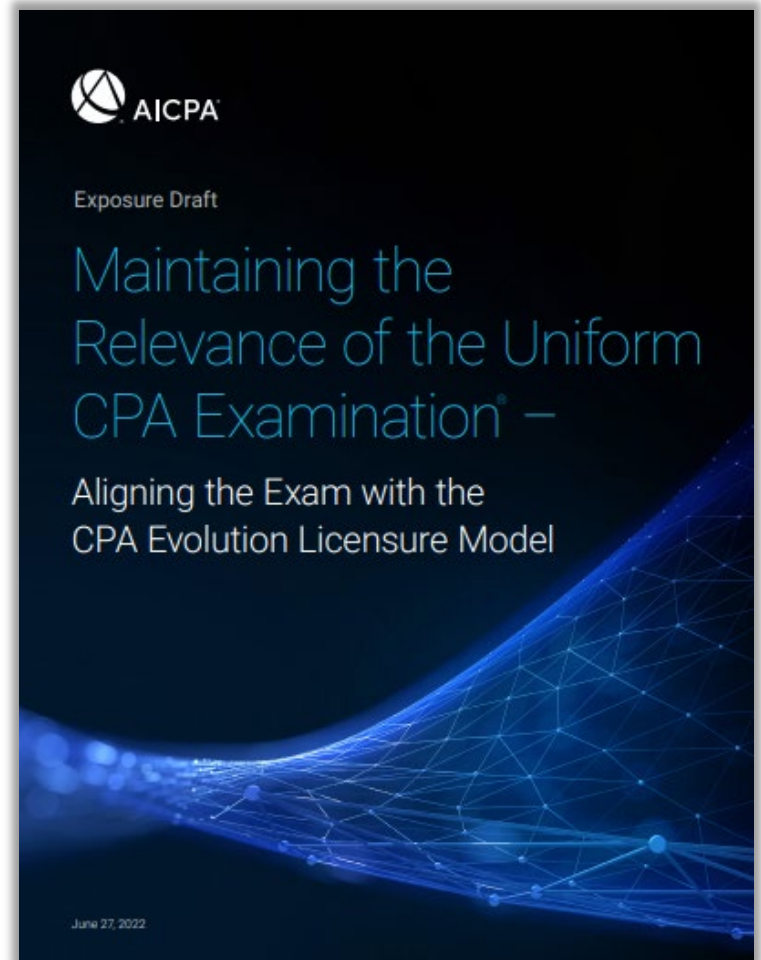
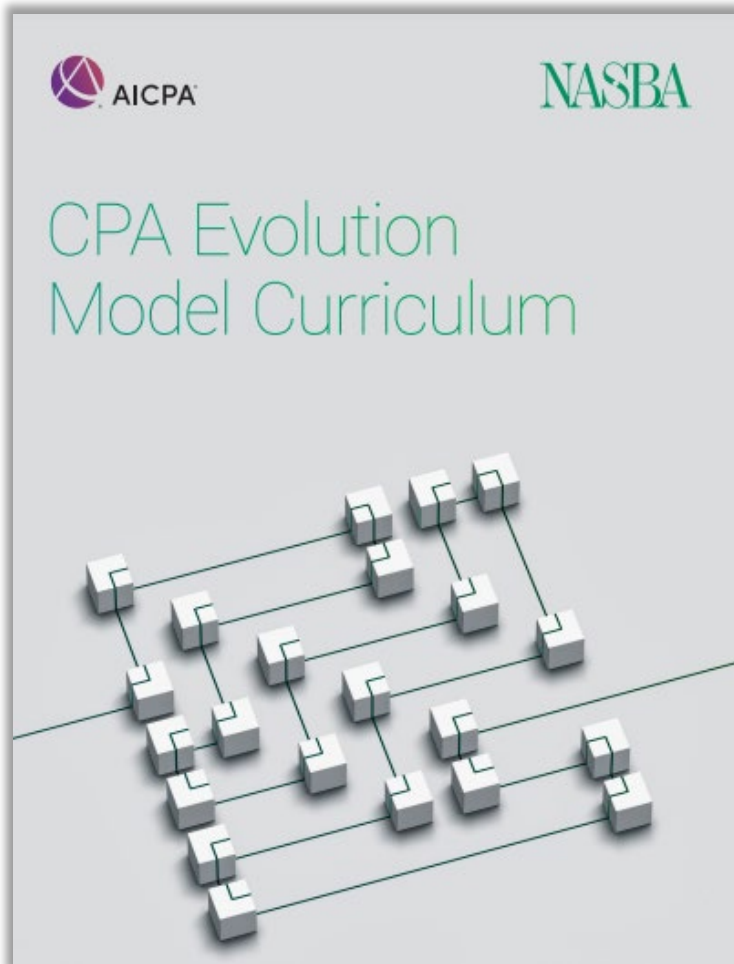
Benefits of New Model

- Enhance public protection by producing candidates who have the deep knowledge necessary to perform high-quality work, meeting the needs of organizations, firms and the public.
- Builds accounting, auditing, tax and technology knowledge requirements into a robust common core.
- Reflects the realities of practice, requiring deeper proven knowledge in one of three disciplines that are pillars of the profession.
- Adaptive and flexible, helping to future-proof the CPA as the profession continues to evolve.
- Results in one CPA license.

Available Resources

- Model Curriculum
- Practice Analysis and CPA Exam Blueprint ED
- AICPA FAQ
- AICPA Critical Thinking
- CPA Evolution website
- CPA Preparation Services

Model Curriculum & Blueprint



Model Curriculum Example

Part I: CPA Evolution Core

Section 1: Accounting and Data Analytics Core

Module 1: Financial statements

Topic 1: Balance sheet

Summary	Estimated Hours	Suggested course(s)
Define elements and prepare a for-profit entity's balance sheet; make needed adjustments; and perform basic financial analysis using appropriate technology (e.g., general ledger software, spreadsheet software/application).	3-5	INT

Learning objective(s):

1. Prepare a classified balance sheet from a trial balance and supporting documentation.
2. Adjust the balance sheet to correct identified errors.
3. Detect, investigate, and correct discrepancies while agreeing the balance sheet amounts to supporting documentation (see Part I, Section 1, Module 3, Topic 1).
4. Calculate fluctuations and ratios and interpret the results while reviewing comparative balance sheets.

Major changes

The CPA Evolution Model Curriculum includes:

- Topics relative to digital acumen and technology in each section of the curriculum;
- An emphasis on data analytics in the Core and BAR sections, including logical thinking, extract-transform-load, data mining and data visualization; and
- An emphasis on information systems in the Core and ISC, including IT governance, information security, system and organization controls and application of digital technologies.

Source: CPA Evolution Model Curriculum FAQs

Recommended steps to implement model curriculum

- Review the modules and topics in the CPA Evolution Model Curriculum – Identify gaps
- Consider your program's objectives and strategy in light of available resources
- After identifying the modules and topics program will prioritize, seek ways to build them into existing courses
- Consider whether new courses will be necessary and begin the approval process

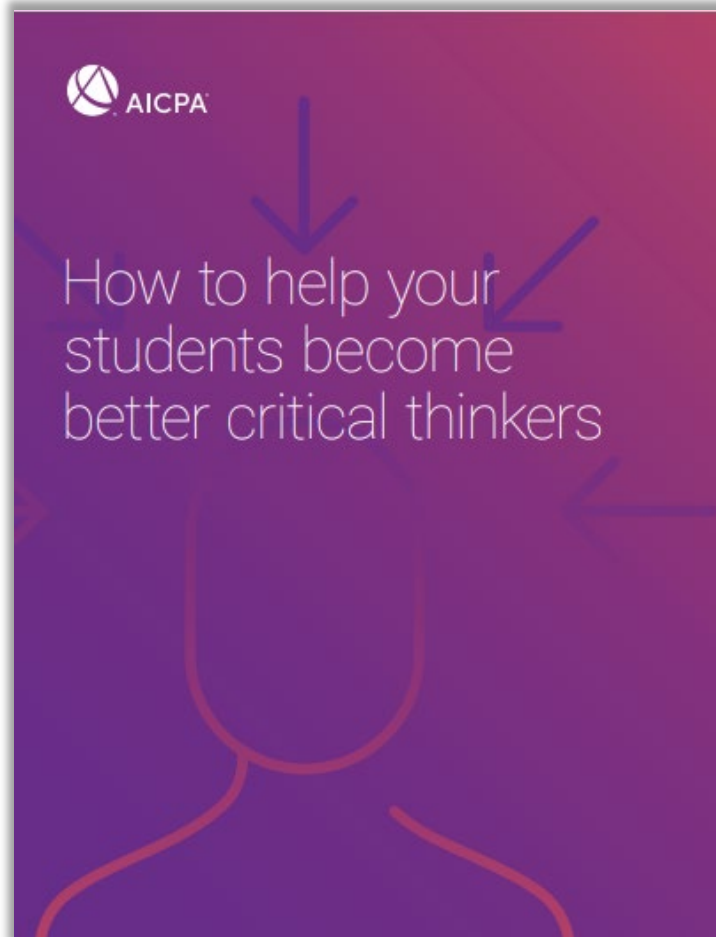
Source: CPA Evolution Model Curriculum FAQs

Example Curriculum

Core 21 credit hours	Disciplines (students choose one track)		
	Business Analysis and Reporting 9 credit hours	Information Systems and Controls 9 credit hours	Tax Compliance and Planning 9 credit hours
Data Analytics in Accounting (DAA)	Advanced Accounting (ADV)	Information Systems Assurance and Advisory 1 (ISAA)	Individual Compliance and Planning (ICP)
Intermediate Accounting 1 (INT)	Advanced Managerial Accounting/Data Analytics (AMDA)	Information Systems Assurance and Advisory 2 (ISAA)	Entity Compliance and Planning (ECP)
Intermediate Accounting 2 (INT)	Governmental and Not-For-Profit Accounting (GVT/NFP)	Emerging Attestation (EA)	Personal Financial Advisory Services (PFAS)
Intermediate Managerial Accounting/Data Analytics (IMDA)			
Accounting Information Systems (AIS)			
Auditing Principles (AUD)			
Introduction to Tax (TAX)			

Source: CPA Evolution Model Curriculum

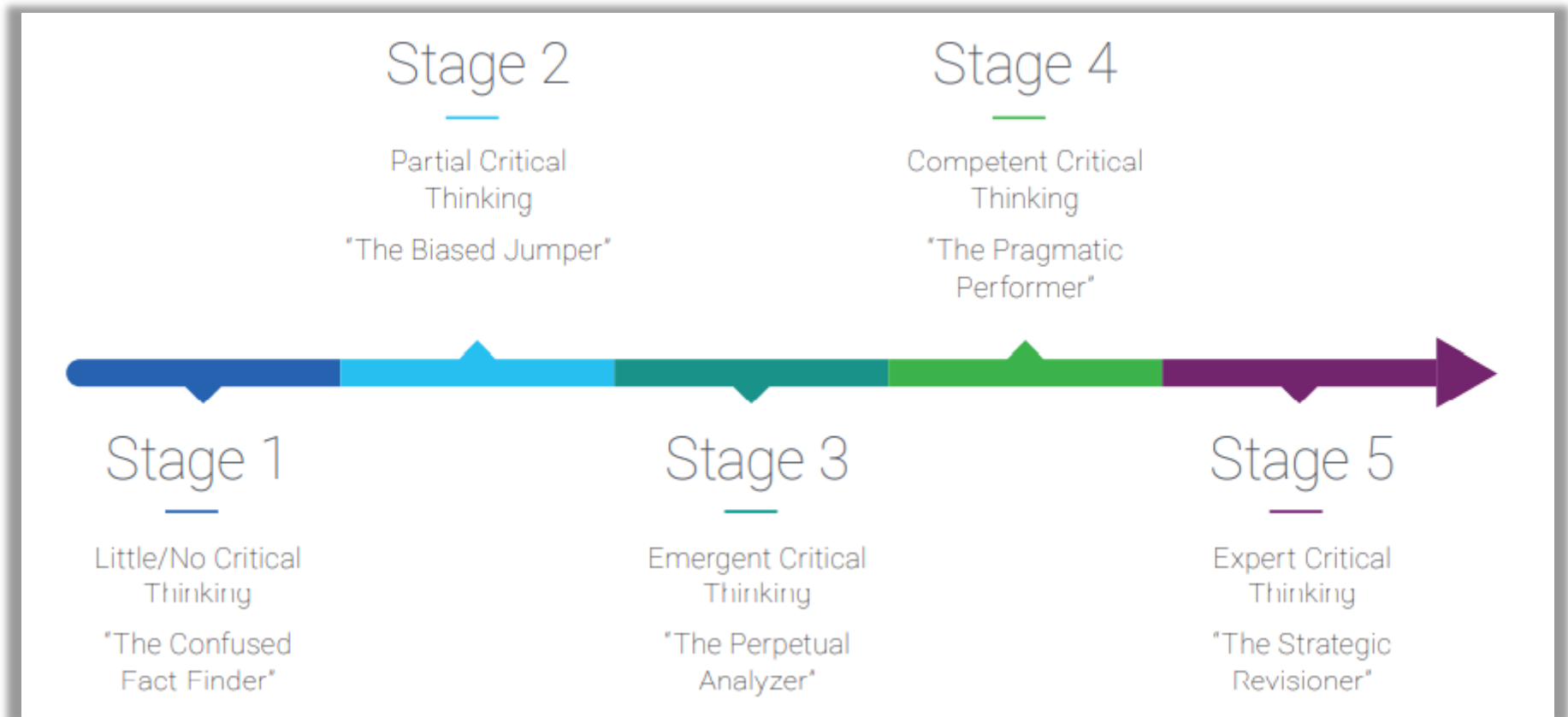
Importance of Critical Thinking



Critical Thinking

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 indentify 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.

5 Stages of Adult Cognitive Development



Proposed Exam Design

Section	Section Time	Multiple-Choice Questions (MCQs)	Tasked-Based Simulations (TBSs) ⁴
AUD – Core	4 hours	78	7
FAR – Core	4 hours	50	7
REG – Core	4 hours	72	8
BAR – Discipline	4 hours	50	7
ISC – Discipline	4 hours	82	6
TCP – Discipline	4 hours	68	7

Distribution of Skills Levels

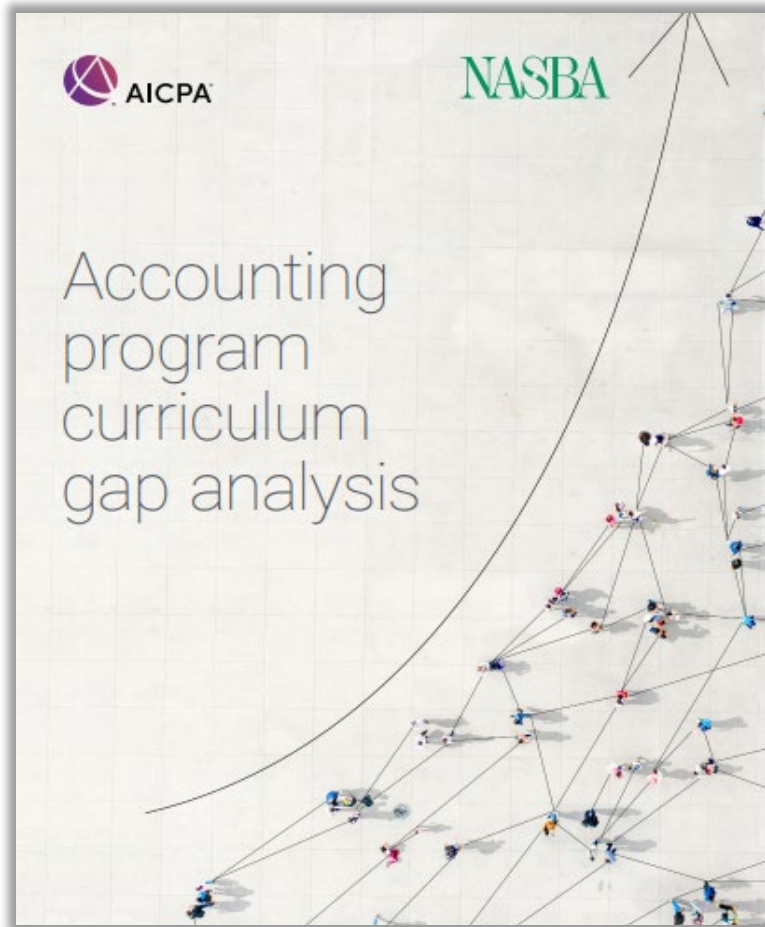
Section	Remembering and Understanding ⁴	Application ⁴	Analysis ⁴	Evaluation ⁴
AUD – Core	30–40%	30–40%	15–25%	5–15%
FAR – Core	5–15%	45–55%	35–45%	–
REG – Core	25–35%	35–45%	25–35%	–
BAR – Discipline	10–20%	45–55%	30–40%	–
ISC – Discipline	55–65%	20–30%	10–20%	–
TCP – Discipline	5–15%	50–60%	30–40%	–

Example Blueprint

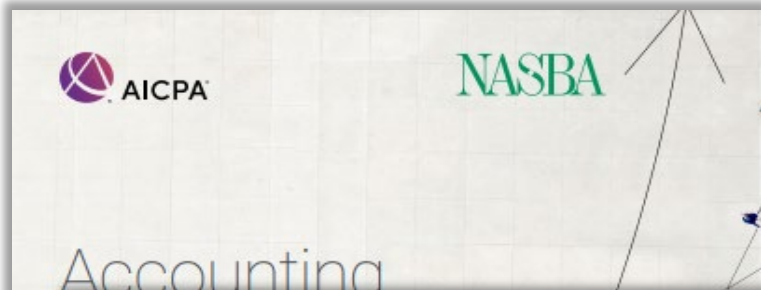
Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Understanding an entity's control environment and business processes, including information technology (IT) systems (continued)					
3. Business processes and the design of internal controls, including IT systems (continued)			✓		Identify and document the relevant automated and manual controls within the flow of an entity's transactions for a significant business process and consider the effect of these controls on the completeness, accuracy and reliability of an entity's data.
				✓	Conclude whether relevant automated and manual transaction-level internal controls are effectively designed and placed in operation.
4. Implications of an entity using a service organization	✓				Understand the differences between SOC 1 [®] and SOC 2 [®] engagements.
		✓			Identify and document the purpose and significance of an entity's use of a service organization, including the impact of using a SOC 1 [®] Type 2 report in an audit of an entity's financial statements.
		✓			Use a SOC 1 [®] Type 2 report to determine the nature and extent of testing procedures to be performed in an audit of an entity's financial statements.
5. Limitations of controls and risk of management override	✓				Understand the limitations of internal controls and the potential impact on the risk of material misstatement of an entity's financial statements.
		✓			Identify and document the risks associated with management override of internal controls and the potential impact on the risk of material misstatement of an entity's financial statements.
D. Materiality					
1. For the financial statements as a whole	✓				Understand materiality as it relates to the financial statements as a whole.
		✓			Calculate materiality for an entity's financial statements as a whole.
		✓			Calculate the materiality level (or levels) to be applied to classes of transactions, account balances and disclosures in an audit of an issuer or nonissuer.

How Prepared Are We



Gap Analysis



The findings in this report show us that there are major gaps in accounting education today in several crucial areas for accounting students. For example, we learned that while around 64% of accounting programs are teaching data analytics, fewer than half of accounting programs teach emerging topics such as IT governance and cybersecurity. Where these topics are being covered, they are often being covered in only a couple of class sessions. As we expect that the new CPA Exam will cover many of these emerging topics, we are using the results from this report to inform our continued creation of faculty resources.



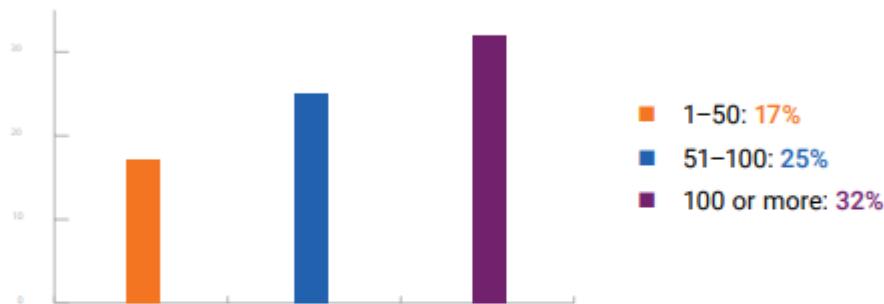
Gap Analysis



Does your accounting program cover SOC?

A suite of service offerings CPAs may provide in connection with system-level controls of a service organization or entity-level controls of other organizations.

Yes – 23%

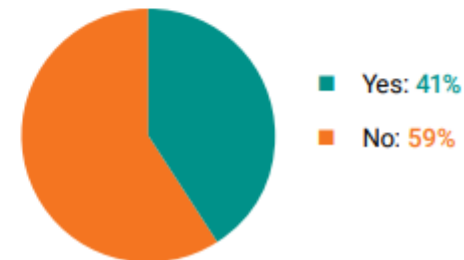
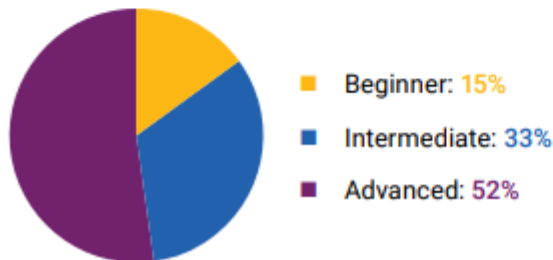


The findings from several crucial accounting programs are emerging today as they are of the CPA Exam will continue to inform our

today in
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programs teach
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port to

Highest level of undergrad coverage

Coverage in graduate programs

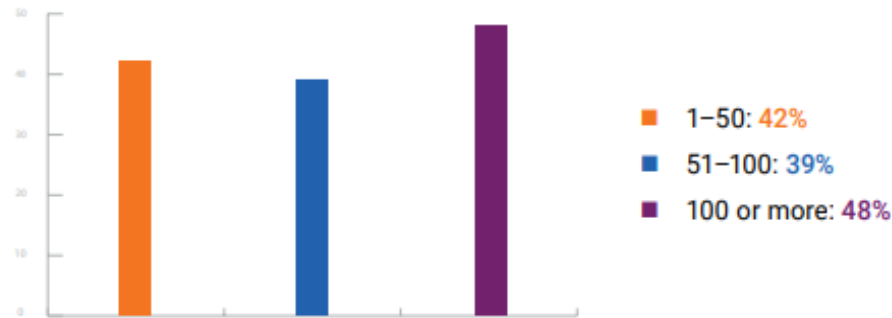


Gap Analysis

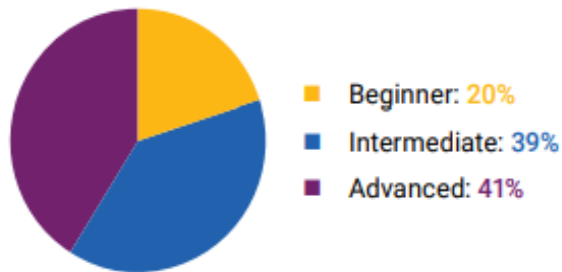
Does your accounting program cover IT risks and controls?

Planning, managing and monitoring rapidly changing technologies to deliver and support new products and services.

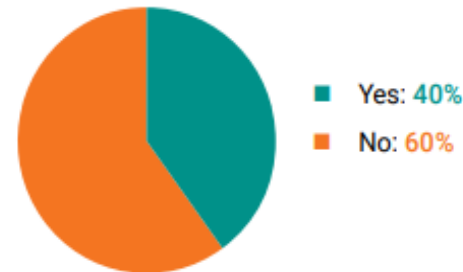
Yes – 43%



Highest level of undergrad coverage



Coverage in graduate programs



organization or

today in
and 64% of
programs teach
ing covered,
the new CPA
port to

the programs

Yes: 41%

No: 59%

Gap Analysis

Does your accounting program cover IT risks and controls?

Planning, managing and monitoring rapidly changing technologies to deliver and support new products and services.

Yes – 43%

Along with data analytics and IT audit, the survey also asked whether departments taught:

- IT risks and controls (43% of department heads said they did).
- IT governance (41%).
- Predictive analytics (40%).
- Cybersecurity (40%).
- Digital acumen (23%).
- Systems and Organization Control (SOC) engagements (23%).

Advanced: 41%

No: 59%

Open questions

- Should we recommend students take CPA in late 2023 or wait until 2024?
- Should students change sequence of taking parts of CPA exam?
- Will the disciplines be equally as difficult?

Impact on academia

- Undergraduate
- Graduate
- Community Colleges
- 4-Year Institutions



Where do you go from here?



Next Steps

- Begin now
- Identify student learning objectives
- Develop curriculum map with faculty
- Decide pathway forward
- Communicate with students

Available resources



CPA Evolution



Evolving initial CPA licensure requirements to build a future-ready profession for a rapidly changing marketplace

[News](#) [The New CPA Licensure Model](#) [For Accounting Educators](#) [For Students and Candidates](#) [CPA Exam Practice Analysis](#)

As accounting educators, you'll play a vital role in preparing students to pursue the CPA under this new licensure model. We're here to help you every step of the way.

Check out the recording of our faculty and student webinar to learn the background of CPA Evolution. See below for resources to help accounting educators prepare for the new CPA licensure model. All of these resources are free and can be accessed by all faculty.

For more information about the proposed model and what's coming next, read the FAQs below and download a summary of the initiative [here](#).

For questions about the new CPA licensure model, please reach out to Feedback@EvolutionofCPA.org.



Click through to watch the recording of our latest Faculty Hour.

<https://www.evolutionofcpa.org/>

Available resources

Faculty Hour: CPA Evolution update – Practice Analysis

Archived: originally presented September 24, 2021

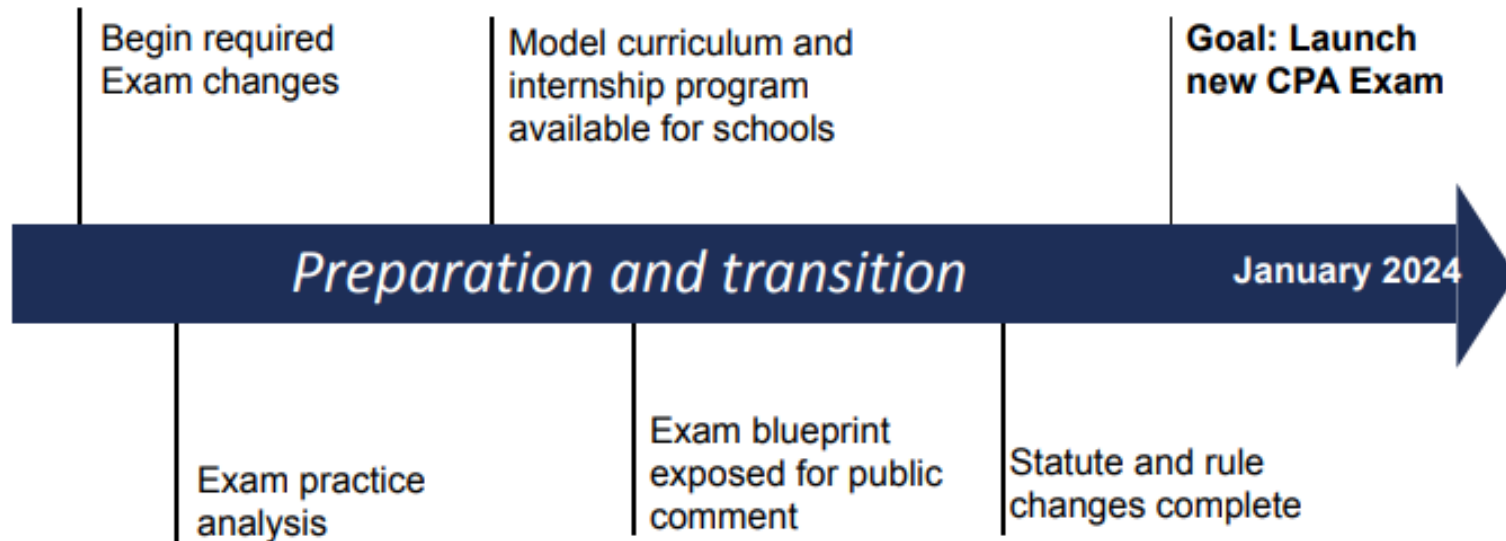
The CPA Evolution initiative aims to transform the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and in the future; this will necessitate changes to the CPA Exam. Members of the AICPA's Examinations team discuss the association's practice analysis process, timelines, how the CPA Exam will and won't change, impact on future and existing candidates and more.

Host: Anna Howard, CPA, Senior Manager of Academic Initiatives

Guest Speakers: Rich Gallagher, Senior Director - Examination Content, AICPA; Joe Maslott, Associate Director - Content Management, AICPA; and Lori Kelly, Lead Manager – Exam Content, AICPA

Next steps

Goals beyond 2020



Next steps

Goals beyond 2020

Begin required
Exam changes

Model curriculum and
internship program
available for schools

**Goal: Launch
new CPA Exam**

- January 2023 – Announce new CPA Exam details and publish new CPA Exam Blueprints
- January 2024 – Launch new CPA Exam

Exam practice
analysis

Exam blueprint
exposed for public
comment

Statute and rule
changes complete

Possible Program Questions

- How does our current curriculum cover the proposed blueprint?
- What topics do you want to cover in addition to CPA exam topics?
- Are you going to prepare students for all disciplines?
- Should we team with another program to provide coverage of CPA exam?
- How can we add more critical thinking and professional judgment into curriculum?
- What can be removed from the curriculum?



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