SOUTH DAKOTA
BOARD OF ACCOUNTANCY
301 E. 14th Street, Suite 200
Sioux Falls, SD 57104
(605) 367-5770 / Fax: (605) 367-5773
e-mail sdbdacct.sdbd@midconetwork.com
www.accountancy.sd.gov

Agenda
South Dakota Board of Accountancy Meeting
Conference Call
9:00 a.m. (CT)
May 2, 2016

A=Action
D=Discussion
I=Information

FUTURE MEETING DATES (all times CT)
TBD

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South Dakota Board of Accountancy
Minutes of Meeting-Conference Call
March 24, 2016 - 9:00 a.m.

The Board of Accountancy held a meeting by conference call on Thursday, March 24, 2016. Chair David Pummel called the meeting to order at 9:00 a.m.

Roll call was taken to confirm that the following members were present: Marty Guindon, Jeff Smith, John Linn, Jr., Holly Brunick, John Mitchell and David Pummel. A quorum was present.

Also present were Nicole Kasin, Executive Director, Julie Iverson, Sr. Secretary, and Aaron Arnold, Legal Counsel and Department of Labor & Regulation.

Chair David Pummel asked if there were any additions to the agenda. The following were added:
Additions to CPA Certificates
Report to Board on Grades
Report to Board on NASBA Regional Conference
Additions to Executive Director's Report
Addition to Consent Agreements

A motion was made by Holly Brunick and seconded by John Mitchell to approve the agenda and additions to the agenda. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by Jeff Smith and seconded by Marty Guindon to approve the January 15, 2016 meeting minutes. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by Marty Guindon and seconded by John Linn, Jr. to approve the issuance of individual certificates and firm permits through March 22, 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

A motion was made by John Linn, Jr. and seconded by John Mitchell to approve the financial statements through February 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

Executive Director Kasin discussed her report with an update on the new database, CPE audits, an upcoming NASBA Board of Directors meeting be held in Rapid City on July 21-22, 2016, and a recap of NASBA Executive Directors Conference held in Tuscan, AZ March 15-17, 2016.

The Board reviewed the report on the CPA exam grades for the 48th Window.

A motion was made by Marty Guindon and seconded by Holly Brunick to approve the CPA exam scores for the 48th Window through March 2016. A roll call was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board discussed the NASBA Western Regional Conference which will be held in Denver, CO June 22-24, 2016, and the NASBA Eastern Regional Conference which will be held in Asheville, NC, June 7-9, 2016.

A motion was made by John Linn, Jr. and seconded by John Mitchell to approve travel for the Executive Director and four board members to attend the NASBA Western Regional Conference held in Denver, CO June 22-24, 2016. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea) The Executive Director will submit the necessary travel documents for approval.

The Board discussed the AICPA's Board of Examiners meeting highlights from February 11-12, 2016.

The Board discussed NASBA's Exposure Draft Statement on Standards for CPE Programs; the minutes from the Board of Directors October 23, 2015 and October 27, 2015 meetings; highlights from Board of Directors January 22, 2016 meeting; and the Executive Summary and Responses to Focus Questions.

The Board completed NASBA's quarterly Focus Questions.

A motion was made by Marty Guindon and seconded by Holly Brunick to enter into executive session for the deliberative process for peer reviews and consent agreements for Board approval. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

The Board came out of executive session.

A motion was made by John Mitchell and seconded by Marty Guindon to accept the peer reviews and consent agreements as discussed in executive session. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

FUTURE MEETING DATES (all times CT)
May 2, 2016 – 9:00 a.m. Conference call

A motion was made by John Linn, Jr. and seconded by Holly Brunick to adjourn the meeting. A roll call vote was taken. The motion unanimously carried. (Linn, Jr.-yea; Mitchell-yea; Guindon.-yea; Smith-yea; Brunick-yea; Pummel-yea)

All business having come before the board was concluded and Chair David Pummel adjourned the meeting at 10:02 a.m.

David Pummel, CPA, Chair

Attest: Nicole Kasin, Executive Director

Jeff Smith, Sec/Treasurer

CERTIFIED PUBLIC ACCOUNTANT CERTIFICATES
BOARD COPY

Issued Through April 26, 2016

Number	Name	Date Issued	Location
3247	Jarrod R. Reisner	3/28/16	Rapid City, SD
3248	Alice Dorinda Pearce	3/29/16	Sioux Falls, SD
3249	Molly Louise Hoffman	4/14/16	Sioux Falls, SD
3250	Elizabeth Anne Chapman	4/18/16	Rapid City, SD
3251	Derek Thomas Brown	4/26/16	Minneapolis, MN

FIRM PERMITS TO PRACTICE PUBLIC ACCOUNTANCY
BOARD COPY

Issued Through
April 26, 2016

Number	Name	Date Issued	Basis/Comments
1666	Yeager & Boyd, LLC Birmingham, AL	03/29/16	New Firm
1667	BlueBird, CPAs LLC Reno, NV	04/11/16	Name Change

STATE OF SOUTH DAKOTA
CASH CENTER BALANCES
AS OF: 03/31/2016

AGENCY: 10 LABOR & REGULATION
BUDGET UNIT: 1031 BOARD OF ACCOUNTANCY

COMPANY	CENTER	ACCOUNT	BALANCE	DR/CR	CENTER DESCRIPTION
6503	103100061802	1140000	383,016.58	DR	BOARD OF ACCOUNTANCY
COMPANY/SOURCE TOTAL 6503 618			383,016.58	DR *	
COMP/BUDG UNIT TOTAL 6503 1031			383,016.58	DR **	
BUDGET UNIT TOTAL 1031			383,016.58	DR ***	

MONTHLY EXPENDITURE REPORT
FOR PERIOD ENDING: 03/31/2016

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMPANY NO 6503
COMPANY NAME PROFESSIONAL & LICENSING BOARDS

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	51010100	CGEX160226	03/02/2016					2,322.36	DR
6503	103100061802	51010100	CGEX160311	03/16/2016					2,066.69	DR
	OBJSUB: 5101010	F-T EMP SAL & WAGES							4,389.05	DR *
6503	103100061802	51010200	CGEX160226	03/02/2016					1,026.73	DR
6503	103100061802	51010200	CGEX160311	03/16/2016					845.37	DR
	OBJSUB: 5101020	P-T/TEMP EMP SAL & WAGES							1,872.10	DR *
	OBJECT: 5101	EMPLOYEE SALARIES							6,261.15	DR **
6503	103100061802	51020100	CGEX160226	03/02/2016					220.51	DR
6503	103100061802	51020100	CGEX160311	03/16/2016					187.18	DR
	OBJSUB: 5102010	OASI-EMPLOYER'S SHARE							407.69	DR *
6503	103100061802	51020200	CGEX160226	03/02/2016					200.95	DR
6503	103100061802	51020200	CGEX160311	03/16/2016					174.70	DR
	OBJSUB: 5102020	RETIREMENT-ER SHARE							375.65	DR *
6503	103100061802	51020600	CGEX160226	03/02/2016					578.40	DR
6503	103100061802	51020600	CGEX160311	03/16/2016					572.63	DR
	OBJSUB: 5102060	HEALTH/LIFE INS.-ER SHARE							1,151.03	DR *
6503	103100061802	51020800	CGEX160226	03/02/2016					2.68	DR
6503	103100061802	51020800	CGEX160311	03/16/2016					2.33	DR
	OBJSUB: 5102080	WORKER'S COMPENSATION							5.01	DR *
6503	103100061802	51020900	CGEX160226	03/02/2016					1.30	DR
6503	103100061802	51020900	CGEX160311	03/16/2016					1.15	DR
	OBJSUB: 5102090	UNEMPLOYMENT COMPENSATION							2.45	DR *
	OBJECT: 5102	EMPLOYEE BENEFITS							1,941.83	DR **
	GROUP: 51	PERSONAL SERVICES							8,202.98	DR ***
6503	103100061802	52041600	05247	03/04/2016	00288209	NATLASSNST	12005047		695.00	DR
	OBJSUB: 5204160	WORKSHOP REGISTRATION FEE							695.00	DR *
6503	103100061802	52041800	DP602103	04/01/2016					1,403.45	DR
	OBJSUB: 5204180	COMPUTER SERVICES-STATE							1,403.45	DR *
6503	103100061802	52042000	PL602057	03/09/2016					144.50	DR
	OBJSUB: 5204200	CENTRAL SERVICES							144.50	DR *
6503	103100061802	52042200	IN265380	03/11/2016	00289648	ABBUSINESS	12036980		72.18	DR
	OBJSUB: 5204220	EQUIPMENT SERV & MAINT							72.18	DR *
6503	103100061802	52042300	16-018 AUG-JUN16	03/28/2016	00293673	SUNSETOFFI	12043890		126.55	DR
	OBJSUB: 5204230	JANITORIAL & MAINT SERV							126.55	DR *

AGENCY 10 LABOR & REGULATION
BUDGET UNIT 1031 BOARD OF ACCOUNTANCY
CENTER-5 10310 BOARD OF ACCOUNTANCY

COMP	CENTER	ACCOUNT	DOCUMENT NUMBER	POSTING DATE	JV APPVL #, OR PAYMENT #	SHORT NAME	VENDOR NUMBER	VENDOR GROUP	AMOUNT	DR/ CR
6503	103100061802	52044600	N5792098	03/09/2016	02153012	MAILFINANC	12219369		603.00	DR
	OBJSUB: 5204460	EQUIPMENT RENTAL							603.00	DR *
6503	103100061802	52044900	ACCOUNTRENT2015	03/28/2016	02155117	MCGINNISRO	12074040		1,269.45	DR
	OBJSUB: 5204490	RENTS-PRIVATE OWNED PROP.							1,269.45	DR *
6503	103100061802	52045300	TL602152	04/01/2016					249.91	DR
6503	103100061802	52045300	111109001 FEB16	03/04/2016	00288297	MIDCONTINE	12023782		95.00	DR
6503	103100061802	52045300	8381416X02242016	03/04/2016	00288857	ATTMOBILIT	12279233		56.13	DR
	OBJSUB: 5204530	TELECOMMUNICATIONS SRVCS							401.04	DR *
6503	103100061802	52045400	0609779988	03/16/2016	02153445	XCELENERGY	12023853		65.17	DR
	OBJSUB: 5204540	ELECTRICITY							65.17	DR *
6503	103100061802	52045600	68332 FEB16	03/11/2016	00289642	ECOWATER	12035896		22.35	DR
	OBJSUB: 5204560	WATER							22.35	DR *
6503	103100061802	52047400	CI106A-038	03/09/2016	258210				63.70	DR
6503	103100061802	52047400	CI106A-041	03/09/2016	258311				101.40	DR
	OBJSUB: 5204740	BANK FEES AND CHARGES							165.10	DR *
6503	103100061802	52049600	13676936	03/02/2016	00286411	NATLASSNST	12005047		6,127.35	DR
6503	103100061802	52049600	13681796	03/25/2016	00292833	NATLASSNST	12005047		5,824.71	DR
6503	103100061802	52049600	68203	03/16/2016	00290823	ELBOCOMPUT	12124520		66.30	DR
6503	103100061802	52049600	68508	03/16/2016	00290823	ELBOCOMPUT	12124520		66.30	DR
	OBJSUB: 5204960	OTHER CONTRACTUAL SERVICE							12,084.66	DR *
	OBJECT: 5204	CONTRACTUAL SERVICES							17,052.45	DR **
6503	103100061802	52050280	IN236766	03/11/2016	00289869	CLARITUSIN	12129639		164.66	DR
	OBJSUB: 5205028	OFFICE SUPPLIES							164.66	DR *
	OBJECT: 5205	SUPPLIES & MATERIALS							164.66	DR **
6503	103100061802	5228000	T106-077	03/02/2016					353.56	DR
	OBJSUB: 5228000	OPER TRANS OUT -NON BUDGT							353.56	DR *
	OBJECT: 5228	NONOP EXP/NONBGTD OP TR							353.56	DR **
	GROUP: 52	OPERATING EXPENSES							17,570.67	DR ***
	COMP: 6503								25,773.65	DR ****
	CNTR: 103100061802								25,773.65	DR *****
	B. UNIT: 1031								25,773.65	DR ******

South Dakota Board of Accountancy
Balance Sheet
As of March 31, 2016

		Mar 31, 16
ASSETS		
Current Assets		
Checking/Savings		
1130000 · Local Checking - Great Western		384.53
1140000 · Pool Cash State of SD		383,016.58
Total Checking/Savings		383,401.11
Other Current Assets		
1131000 · Interest Income Receivable		4,392.05
1213000 · Investment Income Receivable		981.51
Total Other Current Assets		5,373.56
Total Current Assets		388,774.67
Fixed Assets		
1670000 · Computer Software		
Original Cost	140,063.23	
1770000 · Depreciation	-140,063.23	
Total 1670000 · Computer Software		0.00
Total Fixed Assets		0.00
TOTAL ASSETS		**388,774.67**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2110000 · Accounts Payable		1,577.34
Total Accounts Payable		1,577.34
Other Current Liabilities		
2430000 · Accrued Wages Payable		6,729.32
2810000 · Amounts Held for Others		28,731.46
Total Other Current Liabilities		35,460.78
Total Current Liabilities		37,038.12
Long Term Liabilities		
2960000 · Compensated Absences Payable		18,468.75
Total Long Term Liabilities		18,468.75
Total Liabilities		55,506.87
Equity		
3220000 · Unrestricted Net Assets		252,447.33
3900 · Retained Earnings		11,248.06
Net Income		69,572.41
Total Equity		333,267.80
TOTAL LIABILITIES & EQUITY		**388,774.67**

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2015 through March 2016

	Jul '15 - Mar 16	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,600.00	2,800.00	-1,200.00	57.1%
4293551 · Certificate Renewals-Active				
5208002 · Refunds	-75.00			
4293551 · Certificate Renewals-Active - Other	60,285.00	58,000.00	2,285.00	103.9%
Total 4293551 · Certificate Renewals-Active	60,210.00	58,000.00	2,210.00	103.8%
4293552 · Certificate Renewals-Inactive	20,100.00	21,000.00	-900.00	95.7%
4293553 · Certificate Renewals-Retired	1,040.00	800.00	240.00	130.0%
4293554 · Initial Firm Permits	500.00	700.00	-200.00	71.4%
4293555 · Firm Permit Renewals	13,700.00	15,500.00	-1,800.00	88.4%
4293557 · Initial Audit	660.00	900.00	-240.00	73.3%
4293558 · Re-Exam Audit	1,770.00	2,460.00	-690.00	72.0%
4293560 · Late Fees-Initial Certificate	0.00	0.00	0.00	0.0%
4293561 · Late Fees-Certificate Renewals	2,950.00	3,000.00	-50.00	98.3%
4293562 · Late Fees-Firm Permits	0.00	0.00	0.00	0.0%
4293563 · Late Fees-Firm Permit Renewals				
5208012 · REFUNDS	-50.00			
4293563 · Late Fees-Firm Permit Renewals - Other	450.00	600.00	-150.00	75.0%
Total 4293563 · Late Fees-Firm Permit Renewals	400.00	600.00	-200.00	66.7%
4293564 · Late Fees-Peer Review	400.00	1,300.00	-900.00	30.8%
4293566 · Firm Permit Owners	98,405.00	105,000.00	-6,595.00	93.7%
4293567 · Peer Review Admin Fee	825.00	5,650.00	-4,825.00	14.6%
4293568 · Firm Permit Name Change	100.00	100.00	0.00	100.0%
4293569 · Initial FAR	660.00	1,140.00	-480.00	57.9%
4293570 · Initial REG	630.00	660.00	-30.00	95.5%
4293571 · Inital BEC	510.00	930.00	-420.00	54.8%
4293572 · Re-Exam FAR	1,320.00	1,860.00	-540.00	71.0%
4293573 · Re-Exam REG	1,740.00	2,310.00	-570.00	75.3%
4293574 · Re-Exam BEC	1,650.00	2,310.00	-660.00	71.4%
4491000 · Interest and Dividend Revenue	4,714.96	6,500.00	-1,785.04	72.5%
4896021 · Legal Recovery Cost	200.00	1,000.00	-800.00	20.0%
Total Income	214,084.96	234,520.00	-20,435.04	91.3%
Gross Profit	214,084.96	234,520.00	-20,435.04	91.3%
Expense				
5101010 · F-T Emp Sal & Wages	41,685.62	73,420.00	-31,734.38	56.8%
5101020 · P-T/Temp Emp Sal & Wages	18,014.60	27,319.00	-9,304.40	65.9%
5101030 · Board & Comm Mbrs Fees	2,760.00	2,595.00	165.00	106.4%
5102010 · OASI-Employer's Share	4,243.98	8,102.00	-3,858.02	52.4%
5102020 · Retirement-ER Share	3,563.51	6,044.00	-2,480.49	59.0%
5102060 · Health /Life Ins.-ER Share	11,108.19	26,052.00	-14,943.81	42.6%
5102080 · Worker's Compensation	47.68	218.00	-170.32	21.9%
5102090 · Unemployment Insurance	23.25	91.00	-67.75	25.5%
5203010 · Auto--State Owned	78.65	1,000.00	-921.35	7.9%
5203020 · Auto-Private-Ownes Low Mileage	103.96	400.00	-296.04	26.0%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,500.00	-391.20	73.9%
5203100 · In State-Lodging	319.60	1,000.00	-680.40	32.0%
5203120 · In State-Incidentals to Travel	20.00	100.00	-80.00	20.0%
5203140 · InState-Tax Meals Not Overnigt	11.00	100.00	-89.00	11.0%
5203150 · InState-Non-Tax Meals OverNight	268.00	400.00	-132.00	67.0%
5203230 · OS-Auto Private High Mileage	0.00	100.00	-100.00	0.0%
5203260 · OS-Air Commercial Carrier	1,727.10	6,000.00	-4,272.90	28.8%
5203280 · OS-Other Public Carrier	208.00	500.00	-292.00	41.6%
5203300 · OS-Lodging	2,439.00	7,800.00	-5,361.00	31.3%
5203320 · OS-Incidentals to Travel	248.00	450.00	-202.00	55.1%
5203350 · OS-Non-Taxable Meals Overnight	356.00	1,300.00	-944.00	27.4%
5204010 · Subscriptions	507.90	1,000.00	-492.10	50.8%
5204020 · Dues and Membership Fees	3,200.00	3,900.00	-700.00	82.1%
5204030 · Legal Document Fees	0.00	300.00	-300.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	0.0%
5204050 · Consultant Fees - Computer	10,607.50	34,075.00	-23,467.50	31.1%

South Dakota Board of Accountancy
Profit & Loss Budget vs. Actual
July 2015 through March 2016

	Jul '15 - Mar 16	Budget	$ Over Budget	% of Budget
5204080 · Consultant Fees--Legal	0.00	0.00	0.00	0.0%
5204160 · Workshop Registration Fees	2,085.00	6,000.00	-3,915.00	34.8%
5204180 · Computer Services-State	2,313.90	600.00	1,713.90	385.7%
5204181 · Computer Development Serv-State	1,312.85	10,400.00	-9,087.15	12.6%
5204200 · Central Services	4,878.28	7,000.00	-2,121.72	69.7%
5204220 · Equipment Service & Maintenance	18.97	300.00	-281.03	6.3%
5204230 · Janitorial/Maintenance Services	1,138.95	1,560.00	-421.05	73.0%
5204340 · Computer Software Maintenance	614.50	2,000.00	-1,385.50	30.7%
5204360 · Advertising-Newspapers	0.00	1,000.00	-1,000.00	0.0%
5204440 · Newsletter Publishing	0.00	1,100.00	-1,100.00	0.0%
5204460 · Equipment Rental	2,448.00	4,000.00	-1,552.00	61.2%
5204480 · Microfilm and Photography	0.00	0.00	0.00	0.0%
5204490 · Rents Privately Owned Property	11,425.05	15,234.00	-3,808.95	75.0%
5204510 · Rent-Other	248.80	500.00	-251.20	49.8%
5204530 · Telecommunications Services	2,550.83	3,500.00	-949.17	72.9%
5204540 · Electricity	442.39	865.00	-422.61	51.1%
5204560 · Water	89.40	240.00	-150.60	37.3%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,710.00	-1,710.00	0.0%
5204740 · Bank Fees and Charges	4,438.86	6,000.00	-1,561.14	74.0%
5204960 · Other Contractual Services	0.00	0.00	0.00	0.0%
5205020 · Office Supplies	784.95	2,000.00	-1,215.05	39.2%
5205028 · OFFICE SUPPLIES-2	0.00	0.00	0.00	0.0%
5205310 · Printing State	0.00	500.00	-500.00	0.0%
5205320 · Printing/Duplicating/Binding Co	138.00	1,000.00	-862.00	13.8%
5205330 · Supplemental Publications	0.00	700.00	-700.00	0.0%
5205340 · Microfilm Supplies/Materials	0.00	0.00	0.00	0.0%
5205350 · Postage	0.00	2,500.00	-2,500.00	0.0%
5207430 · Office Machines	0.00	100.00	-100.00	0.0%
5207900 · Computer Hardware	2,783.12	4,800.00	-2,016.88	58.0%
5207950 · System Development	0.00	1,000.00	-1,000.00	0.0%
5207955 · Computer Hardware Other	0.00	500.00	-500.00	0.0%
5207960 · Computer Software Expense	1,092.60	500.00	592.60	218.5%
5228000 · Operating Transfers Out-NonBudg	3,057.76	7,400.00	-4,342.24	41.3%
5228030 · Depreciation Expense	0.00	0.00	0.00	0.0%
Total Expense	144,512.55	293,875.00	-149,362.45	49.2%
Net Ordinary Income	69,572.41	-59,355.00	128,927.41	-117.2%
Net Income	69,572.41	-59,355.00	128,927.41	-117.2%

South Dakota Board of Accountancy
PREVIOUS YEAR MONTHLY COMPARISON
March 2016

	Mar 16	Mar 15	$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	125.00	215.00	-90.00	-41.9%
4293551 · Certificate Renewals-Active	10.00	0.00	10.00	100.0%
4293554 · Initial Firm Permits	250.00	0.00	250.00	100.0%
4293557 · Initial Audit	60.00	90.00	-30.00	-33.3%
4293558 · Re-Exam Audit	330.00	60.00	270.00	450.0%
4293560 · Late Fees-Initial Certificate	0.00	150.00	-150.00	-100.0%
4293566 · Firm Permit Owners	3,170.00	0.00	3,170.00	100.0%
4293567 · Peer Review Admin Fee	75.00	75.00	0.00	0.0%
4293569 · Initial FAR	60.00	0.00	60.00	100.0%
4293570 · Initial REG	30.00	0.00	30.00	100.0%
4293571 · Inital BEC	30.00	30.00	0.00	0.0%
4293572 · Re-Exam FAR	180.00	210.00	-30.00	-14.3%
4293573 · Re-Exam REG	330.00	180.00	150.00	83.3%
4293574 · Re-Exam BEC	300.00	90.00	210.00	233.3%
4896021 · Legal Recovery Cost	0.00	750.00	-750.00	-100.0%
Total Income	4,950.00	1,850.00	3,100.00	167.6%
Gross Profit	4,950.00	1,850.00	3,100.00	167.6%
Expense				
5101010 · F-T Emp Sal & Wages	4,389.05	1,674.00	2,715.05	162.2%
5101020 · P-T/Temp Emp Sal & Wages	1,872.10	750.15	1,121.95	149.6%
5102010 · OASI-Employer's Share	407.69	176.01	231.68	131.6%
5102020 · Retirement-ER Share	375.65	144.13	231.52	160.6%
5102060 · Health /Life Ins.-ER Share	1,151.03	718.50	432.53	60.2%
5102080 · Worker's Compensation	5.01	1.45	3.56	245.5%
5102090 · Unemployment Insurance	2.45	1.09	1.36	124.8%
5203220 · OS-Auto Private Low Mileage	0.00	90.40	-90.40	-100.0%
5203260 · OS-Air Commercial Carrier	536.70	643.70	-107.00	-16.6%
5203280 · OS-Other Public Carrier	84.00	20.00	64.00	320.0%
5203300 · OS-Lodging	708.54	1,783.04	-1,074.50	-60.3%
5203320 · OS-Incidentals to Travel	90.00	76.00	14.00	18.4%
5203350 · OS-Non-Taxable Meals Overnight	122.00	213.00	-91.00	-42.7%
5204010 · Subscriptions	298.92	0.00	298.92	100.0%
5204180 · Computer Services-State	0.00	96.75	-96.75	-100.0%
5204181 · Computer Development Serv-State	0.00	891.10	-891.10	-100.0%
5204200 · Central Services	144.50	80.46	64.04	79.6%
5204220 · Equipment Service & Maintenance	1.18	0.72	0.46	63.9%
5204230 · Janitorial/Maintenance Services	126.55	122.86	3.69	3.0%
5204460 · Equipment Rental	71.00	71.00	0.00	0.0%
5204490 · Rents Privately Owned Property	1,269.45	1,269.45	0.00	0.0%
5204530 · Telecommunications Services	151.13	197.97	-46.84	-23.7%
5204540 · Electricity	58.25	64.86	-6.61	-10.2%
5204560 · Water	0.00	22.35	-22.35	-100.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,267.13	-1,267.13	-100.0%
5204740 · Bank Fees and Charges	101.40	59.14	42.26	71.5%
5205020 · Office Supplies	0.00	123.17	-123.17	-100.0%
5205310 · Printing State	0.00	155.25	-155.25	-100.0%
5205320 · Printing/Duplicating/Binding Co	10.35	24.00	-13.65	-56.9%
5205350 · Postage	0.00	6.53	-6.53	-100.0%
5207960 · Computer Software Expense	66.30	0.00	66.30	100.0%
5228000 · Operating Transfers Out-NonBudg	353.56	287.88	65.68	22.8%
5228030 · Depreciation Expense	0.00	1,005.86	-1,005.86	-100.0%
Total Expense	12,396.81	12,037.95	358.86	3.0%
Net Ordinary Income	-7,446.81	-10,187.95	2,741.14	26.9%
Net Income	**-7,446.81**	**-10,187.95**	**2,741.14**	**26.9%**

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2015 through March 2016

	Jul '15 - Mar 16	Jul '14 - Mar 15	$ Change	% Change
Ordinary Income/Expense				
Income				
4293550 · Initial Individual Certificate	1,600.00	2,100.00	-500.00	-23.8%
4293551 · Certificate Renewals-Active	60,210.00	57,450.00	2,760.00	4.8%
4293552 · Certificate Renewals-Inactive	20,100.00	20,050.00	50.00	0.3%
4293553 · Certificate Renewals-Retired	1,040.00	970.00	70.00	7.2%
4293554 · Initial Firm Permits	500.00	700.00	-200.00	-28.6%
4293555 · Firm Permit Renewals	13,700.00	14,060.00	-360.00	-2.6%
4293557 · Initial Audit	660.00	450.00	210.00	46.7%
4293558 · Re-Exam Audit	1,770.00	1,470.00	300.00	20.4%
4293560 · Late Fees-Initial Certificate	0.00	200.00	-200.00	-100.0%
4293561 · Late Fees-Certificate Renewals	2,950.00	2,600.00	350.00	13.5%
4293563 · Late Fees-Firm Permit Renewals	400.00	300.00	100.00	33.3%
4293564 · Late Fees-Peer Review	400.00	500.00	-100.00	-20.0%
4293566 · Firm Permit Owners	98,405.00	91,945.00	6,460.00	7.0%
4293567 · Peer Review Admin Fee	825.00	1,050.00	-225.00	-21.4%
4293568 · Firm Permit Name Change	100.00	200.00	-100.00	-50.0%
4293569 · Initial FAR	660.00	870.00	-210.00	-24.1%
4293570 · Initial REG	630.00	390.00	240.00	61.5%
4293571 · Inital BEC	510.00	420.00	90.00	21.4%
4293572 · Re-Exam FAR	1,320.00	1,320.00	0.00	0.0%
4293573 · Re-Exam REG	1,740.00	1,560.00	180.00	11.5%
4293574 · Re-Exam BEC	1,650.00	1,410.00	240.00	17.0%
4491000 · Interest and Dividend Revenue	4,714.96	3,578.78	1,136.18	31.8%
4896021 · Legal Recovery Cost	200.00	850.00	-650.00	-76.5%
Total Income	214,084.96	204,443.78	9,641.18	4.7%
Gross Profit	214,084.96	204,443.78	9,641.18	4.7%
Expense				
5101010 · F-T Emp Sal & Wages	41,685.62	36,380.03	5,305.59	14.6%
5101020 · P-T/Temp Emp Sal & Wages	18,014.60	20,289.80	-2,275.20	-11.2%
5101030 · Board & Comm Mbrs Fees	2,760.00	2,700.00	60.00	2.2%
5102010 · OASI-Employer's Share	4,243.98	4,304.00	-60.02	-1.4%
5102020 · Retirement-ER Share	3,563.51	3,359.40	204.11	6.1%
5102060 · Health /Life Ins.-ER Share	11,108.19	16,166.25	-5,058.06	-31.3%
5102080 · Worker's Compensation	47.68	34.05	13.63	40.0%
5102090 · Unemployment Insurance	23.25	25.51	-2.26	-8.9%
5203010 · Auto--State Owned	78.65	123.12	-44.47	-36.1%
5203020 · Auto-Private-Ownes Low Mileage	103.96	180.80	-76.84	-42.5%
5203030 · In State-Auto- Priv. High Miles	1,108.80	1,137.38	-28.58	-2.5%
5203100 · In State-Lodging	319.60	673.75	-354.15	-52.6%
5203120 · In State-Incidentals to Travel	20.00	10.00	10.00	100.0%
5203140 · InState-Tax Meals Not Overnigt	11.00	0.00	11.00	100.0%
5203150 · InState-Non-Tax Meals OverNight	268.00	363.00	-95.00	-26.2%
5203220 · OS-Auto Private Low Mileage	0.00	90.40	-90.40	-100.0%
5203260 · OS-Air Commercial Carrier	1,727.10	2,811.50	-1,084.40	-38.6%
5203280 · OS-Other Public Carrier	208.00	121.31	86.69	71.5%
5203300 · OS-Lodging	2,439.00	5,105.23	-2,666.23	-52.2%
5203320 · OS-Incidentals to Travel	248.00	244.00	4.00	1.6%
5203350 · OS-Non-Taxable Meals Overnight	356.00	543.00	-187.00	-34.4%
5204010 · Subscriptions	507.90	563.58	-55.68	-9.9%
5204020 · Dues and Membership Fees	3,200.00	3,200.00	0.00	0.0%
5204040 · Consultant Fees-Accounting	0.00	7,100.00	-7,100.00	-100.0%
5204050 · Consultant Fees - Computer	10,607.50	0.00	10,607.50	100.0%
5204160 · Workshop Registration Fees	2,085.00	3,475.00	-1,390.00	-40.0%
5204180 · Computer Services-State	2,313.90	769.50	1,544.40	200.7%
5204181 · Computer Development Serv-State	1,312.85	3,182.70	-1,869.85	-58.8%
5204200 · Central Services	4,878.28	7,030.55	-2,152.27	-30.6%
5204220 · Equipment Service & Maintenance	18.97	28.36	-9.39	-33.1%
5204230 · Janitorial/Maintenance Services	1,138.95	1,105.74	33.21	3.0%
5204340 · Computer Software Maintenance	614.50	686.60	-72.10	-10.5%
5204360 · Advertising-Newspapers	0.00	938.33	-938.33	-100.0%
5204440 · Newsletter Publishing	0.00	678.15	-678.15	-100.0%
5204460 · Equipment Rental	2,448.00	2,366.00	82.00	3.5%
5204490 · Rents Privately Owned Property	11,425.05	11,425.05	0.00	0.0%

South Dakota Board of Accountancy
PREVIOUS YEAR TO DATE MONTHLY COMPARISON
July 2015 through March 2016

	Jul '15 - Mar 16	Jul '14 - Mar 15	$ Change	% Change
5204510 · Rent-Other	248.80	230.80	18.00	7.8%
5204530 · Telecommunications Services	2,550.83	2,411.72	139.11	5.8%
5204540 · Electricity	442.39	519.99	-77.60	-14.9%
5204560 · Water	89.40	89.40	0.00	0.0%
5204590 · Insurance Premiums/Surety Bonds	0.00	1,267.13	-1,267.13	-100.0%
5204740 · Bank Fees and Charges	4,438.86	4,039.04	399.82	9.9%
5204960 · Other Contractual Services	0.00	60.96	-60.96	-100.0%
5205020 · Office Supplies	784.95	238.53	546.42	229.1%
5205310 · Printing State	0.00	155.25	-155.25	-100.0%
5205320 · Printing/Duplicating/Binding Co	138.00	150.00	-12.00	-8.0%
5205330 · Supplemental Publications	0.00	1,055.00	-1,055.00	-100.0%
5205350 · Postage	0.00	2,562.25	-2,562.25	-100.0%
5207900 · Computer Hardware	2,783.12	1,786.62	996.50	55.8%
5207960 · Computer Software Expense	1,092.60	0.00	1,092.60	100.0%
5228000 · Operating Transfers Out-NonBudg	3,057.76	3,189.68	-131.92	-4.1%
5228030 · Depreciation Expense	0.00	9,052.82	-9,052.82	-100.0%
Total Expense	144,512.55	164,021.28	-19,508.73	-11.9%
Net Ordinary Income	69,572.41	40,422.50	29,149.91	72.1%
Net Income	**69,572.41**	**40,422.50**	**29,149.91**	**72.1%**

EXECUTIVE DIRECTOR'S REPORT

Nicole Kasin

Database update

The board staff is finalizing the management plan, implementation and timeline with GL Solutions. Future calls will be scheduled for bi-weekly meetings in regards to the outputs and design process. The timeline has a hard date of "Go Live" by mid May of 2017.

Website Update

The board staff is working with the department on a new website layout and design to be integrated with the new department redesign. The planned rollout is for late fall 2017.

Guest Speaking

I went to Dakota State University and spoke to a group of cost accounting students in regards to the CPA exam and had a Q&A session in regards to the exam and licensure.

Board Discussion

- Any New Business/topics?

AICPA®

Practice Analysis Final Report

Maintaining the Relevance of the Uniform CPA Examination

April 4, 2016

Table of Contents

This Practice Analysis Final Report provides details about the next version of the Uniform CPA Examination launching in April 2017. Unless the context indicates otherwise, references to the "Exam" in this document relate to that version.

Executive Summary

In 2014, the American Institute of CPAs (AICPA) launched a **practice analysis**, a comprehensive research project to identify the knowledge and skills required of newly licensed CPAs[1] for the design of the next version of the Uniform CPA Examination (the Exam). Through the practice analysis, the AICPA sought to ensure that the Exam remains current, relevant, reliable and legally defensible, and supports the profession's commitment to protecting the public interest. Equally important is providing reasonable assurance to boards of accountancy that individuals who pass the Exam possess the minimum level of technical knowledge and skills necessary for initial licensure.

To achieve the above goals, the AICPA garnered input from a wide range of stakeholders who share an interest in preserving the strength and mission of the profession. Information was gathered using a variety of methods, including focus groups, interviews, an **Invitation to Comment** and a comprehensive nationwide survey. Valuable input was collected from individual CPAs (including feedback from newly licensed CPAs and supervisors of newly licensed CPAs), boards of accountancy, public accounting firms, individuals working in business and industry and academics, standards setters, regulators and review course providers. Additionally, the AICPA Board of Examiners (BOE) and its Practice Analysis Sponsor Group, the BOE Sponsor Advisory Group, Content Committee and its content subcommittees contributed countless hours to the effort, offering professional insight and guidance throughout the practice analysis.

After concluding its research, the AICPA published its proposal for the next version of the Exam in the ***Exposure Draft, Maintaining the Relevance of the Uniform CPA Examination***. The proposal represented the culmination of in-depth research, critical analysis of data, best practices in test development, and the collective thinking of leaders in the profession. In response to the Exposure Draft, the AICPA received nearly 50 comment letters from firms and organizations and more than 30 comment letters from individuals. In aggregate, the comment letters represented more than 600 discrete comments for consideration.

In February 2016, following a thorough review of all comments, the BOE unanimously approved the final content, structure and design of the Exam. The Exam will launch in April 2017.

Respondents strongly supported increasing the assessment of higher-order cognitive skills, the introduction of more informative blueprints to replace the current Content Specification Outline (CSO) and Skill Specification Outline (SSO), the inclusion of analysis and evaluation-level tasks and increasing the use of simulations that provide a more real-world experience and better assess higher order skills.

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[1]For the purpose of identifying the domain of tasks, knowledge and skills necessary to protect the public interest, a newly licensed CPA is defined as an individual who has fulfilled the applicable jurisdiction's educational and experience requirements and has the knowledge and skills typically possessed by a person with two years of experience.

Executive Summary *continued*

Important and Relevant Conclusions

Based on the practice analysis and Exposure Draft comment responses, the BOE concluded:

- The Exam will launch for the testing window ***starting in April 2017***.
- The Exam will remain structured by the ***four existing sections*** — Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).
- The Exam will have an increased emphasis on ***testing higher order skills*** that include, but are not limited to, critical thinking, problem-solving and analytical ability.
- Each section will have a ***blueprint*** illustrating the content knowledge and skill levels that may be tested on the Exam, which are, in turn, linked directly to tasks that are representative of the work of a newly licensed CPA.
- More ***task-based simulations*** (TBSs) will be used to test a combination of content knowledge and higher order skills, which will include aspects of professional skepticism as appropriate. TBSs will be added to the BEC section.
- Total Exam testing time will increase from 14 to 16 hours — four sections of ***four hours each***.

Although there was strong support for a shift to testing higher order skills in all Exam sections, some responses to the Exposure Draft highlighted concern from the profession about candidate and educator preparedness. Additionally, a number of concerns were raised about the organization and structure of certain aspects of the blueprints. Significant themes from comment letter responses and how these matters were considered and addressed in the final Exam design are included in Exposure Draft Comment Responses beginning on page 8.

The final design of the Exam is described below.

Final Design

Launch Date

The Exam will launch in the testing window starting in April 2017. As discussed further below, any combination of passing scores on the current Exam and the next Exam, within an 18-month window, will count toward licensure requirements.

Exam Structure by Section

The Exam structure, by section, will continue to be Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).

Focus on Higher Order Skills

The need to test higher order skills was a recurring theme of input received throughout the practice analysis and to the Exposure Draft. The profession believes it is critically important that newly licensed CPAs are competent in recognizing issues, identifying errors, challenging assumptions, and applying both professional judgment and skepticism.

To focus on and enhance the testing of higher order skills, the AICPA has adopted a skill framework based on the revised Bloom's Taxonomy of Educational Objectives[2]. Bloom's Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate.

Approximately 600 representative tasks critical to a newly licensed CPA's role in protecting the public interest were 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:

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.

[2]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 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.

In placing greater emphasis on testing higher order skills, analysis-level tasks will be included in all sections of the Exam. Evaluation-level skills will be assessed only in the AUD section.

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

Blueprints Replace CSOs/SSOs
A blueprint for each section **(See Appendix A)** will replace the current CSOs and SSOs. The blueprints, developed by experienced CPAs and psychometricians, serve as the foundation of the Exam and provide greater clarity in the presentation of content, skills and related representative tasks that may be tested on the Exam. 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 content.

Task-Based Simulations
A TBS is a case-study question designed to test higher order skills; it engages the CPA candidate in completing tasks related to practice. With the move to enhance the Exam's overall ability to assess a candidate's higher order skills, the use of TBSs will increase. TBSs will be included in the BEC section for the first time. Additionally, TBSs on the Exam will feature increased background material and data that will require candidates to determine what information is or is not relevant to the question, which is more reflective of the nature of challenges newly licensed CPAs encounter in practice.

Depending on the skill level being assessed, well-prepared candidates would likely spend 15–20 minutes on average for each TBS. Certain analysis and/or evaluation level TBSs could take a well-prepared candidate up to 30 minutes to complete. See **Time Allocation** below.

The table below presents the design of the Exam by section and question type:

Section	Multiple Choice Questions	Task-Based Simulations	Written Communication
AUD	72	8–9	—
BEC	62	4–5	3
FAR	66	8–9	—
REG	76	8–9	—

Adjusted Scoring Weights
With the increase in TBSs for the AUD, FAR and REG sections, the scoring weight of multiple-choice questions (MCQs) and TBSs will be about 50% each in AUD, FAR and REG. BEC will have an approximate score weighting of 50% MCQs, 35% TBSs and 15% written communication.

Time Allocation
With the enhanced assessment of higher order skills and an increased reliance on TBSs, one additional hour of testing time will be given to candidates in the BEC and REG sections. The four sections of the Exam will each have four hours of testing time, which as candidate data demonstrates, is adequate time to complete each section. The two additional hours will increase the total Exam time from 14 to 16 hours.

New Standardized Break

A 15-minute, standardized break will be added to each Exam section. This standardized break will not count against candidates' testing time, and will be automatically offered between testlets at the estimated midway point for the section. The candidate can accept or reject the standardized break. If a candidate chooses not to take the standardized break when offered, it will not be available to them again during that section of the Exam. Consistent with current practice, optional breaks between testlets, which count against candidates' testing time, will continue.

Cost Increase

Implementation of the Exam in 2017 will necessitate a cost increase resulting from the additional hour in candidate seat time for each of the BEC and REG sections. Information on Exam fees is available from the National Association of State Boards of Accountancy (NASBA) and boards of accountancy.

Transition Rule From the Current Exam to the Next Exam

NASBA, boards of accountancy and the AICPA have agreed that any combination of passed current Exam sections and passed next Exam sections will count toward licensure requirements. For example, assume a candidate passed AUD and FAR in the fourth quarter of 2016 and the first quarter of 2017, respectively — that candidate would **NOT** be required to retake AUD or FAR upon the launch of the next Exam in the second quarter of 2017. All candidates will take the next Exam sections beginning in the second quarter of 2017. Thus, any sections passed prior to the launch of the next Exam in the second quarter of 2017 will count toward licensure requirements (subject to the 18-month rule).

Maintain Score Release Timelines

The changes in the Exam will not impact the existing average 20-day score release timeline on an ongoing basis. However, consistent with Exam launches in the past, there will be a delay in the release of scores following the close of the initial testing window (second quarter of 2017). This delay is expected to be 10 weeks following the close of the testing window. During this period, panels of CPAs will review candidate Exam results and recommend passing standards to the BOE. The BOE will review results and establish the passing standards.

For the third and fourth quarters of 2017, scores will be released approximately 10 days after the close of the testing window in order to statistically validate candidate performance on the Exam.

In the first quarter of 2018, it is expected that the existing average 20-day score release timeline will resume.

Ten-Day Extension of Testing Window

Historical data show that candidates accelerate their testing schedule prior to the introduction of a different Exam version. To prepare for this potential influx of candidates in the coming months, the AICPA, NASBA and Prometric (test-site administrator) announced that testing windows will be extended by 10 days to provide additional testing time, beginning in the second quarter of 2016. This 10-day extension will continue through the end of 2017, with the exception of the second quarter of 2017 when the next Exam launches. The exception will allow the AICPA to statistically validate candidate performance during this window.

Exposure Draft Comment Responses

In September 2015, the AICPA published the ***Exposure Draft, Maintaining the Relevance of the Uniform CPA Examination.*** The proposal represented the culmination of in-depth research, critical analysis of data, best practices in test development and the collective thinking of leaders in the profession. In response to the Exposure Draft, the AICPA received nearly 50 comment letters from firms and organizations and more than 40 comment letters from individuals. In aggregate, the comment letters represented more than 600 discrete comments for consideration.

The AICPA, the Board of Examiner's Content Committee, the Exam section subcommittees[3], the Practice Analysis Sponsor Group and the Board of Examiners reviewed and analyzed the comment responses.

Respondents to the Exposure Draft supported the proposed changes to the Exam, particularly the assessment of higher-order cognitive skills, the introduction of more informative blueprints, the inclusion of analysis and evaluation level tasks and increasing the use of simulations. However, there were also comments, questions and concerns that grouped around certain themes presented more fully below.

Additionally, many of the comment responses focused on varying aspects of the organization and structure of the blueprints. About 30% of the comments received were directed specifically at content, skills and tasks included in each of the Exam section blueprints.

The respective Exam section content subcommittees reviewed and considered the detailed comments on Exam section blueprints. The subcommittees considered the comments and either made changes to content and/or tasks in the blueprint, or alternatively, determined change was not necessary. Subcommittees often concluded change was not necessary, as they believed they had considered views expressed by commenters in their original deliberations on the blueprint, and after reconsideration concluded that the original blueprint design was appropriate. In some instances, subcommittees concluded that that the suggested revision did not meet the targeted level for a newly licensed CPA. The subcommittee re-deliberation process and conclusions were reviewed with the Practice Analysis Sponsor Group, the Content Committee and the BOE, each of which unanimously approved the final Exam design.

[3]The Content Committee has four subcommittees — one for each Exam section. The subcommittees review and approve Exam content and related matters for their respective section.

Respondent Comments

Respondent comments are identified and addressed below in three categories:

- Exam structure comments
- Other Exam-related comments
- Forward-looking comments

Exam Structure Comments

Analysis of comment responses identified a number of Exam structure topics highlighted below:

- Accounting and Review Services no longer a separate area in the AUD section
- Not-for-Profit Accounting and Reporting no longer a separate area in the FAR section
- Comments related to the content weight attributed to Business Law in the REG section
- Comments regarding the overall breadth and depth of the BEC blueprint when compared to other sections
- Questions regarding the increased content ranges on the Exam

The following summarizes the concerns raised in the comment letter responses, the conclusion reached on the topics and the rationale for such conclusion.

Accounting and Review Services No Longer a Separate Area in the AUD Section

Respondents to the Exposure Draft were concerned that Accounting and Review Services was no longer a separate area and therefore was either underrepresented in the blueprint for the AUD section or a decision had been made to deemphasize coverage of this content in the Exam. These comments were expressed with a particular focus on the number of accounting and review services engagements performed by firms and the extent of involvement of newly licensed CPAs in these engagements. In the current Exam, Accounting and Review Services is a separate area, which accounts for 12 to 16% of the AUD section content.

The AUD blueprint was reorganized in the Exposure Draft to better follow the engagement process that is fairly consistent whether it be an audit, attestation, or an accounting and review services engagement. The AUD blueprint also was reorganized to recognize that similar skills are required of newly licensed CPAs regardless of engagement type. For example, Area I Ethics, Professional Responsibilities, and General Principles covers multiple general topics, including the Nature and Scope of Engagements, which encompasses understanding the nature and scope of audit and non-audit engagements, including accounting and review services engagements. Additionally, the accounting and review services content has been re-distributed among three areas: Area II — Assessing Risk and Developing a Planned Response, Area III — Performing Further Procedures and Obtaining Evidence, and Area IV — Forming Conclusions and Reporting.

After a lengthy discussion of the comment responses, the AUD subcommittee concluded that the blueprint included in the Exposure Draft is well-organized and appropriately and adequately covers accounting and review services engagements despite it no longer being a separate area. The AUD subcommittee also considered that the knowledge and skills needed for assessing risk and planning, performing procedures and obtaining evidence, and reporting are very similar across audit, attestation, or accounting and review services engagements.

The final blueprint includes an introduction that will make it transparent as to the types of engagements that the AUD section covers, clearly including accounting and review services engagements. The representative tasks highlight when specific distinctions or differences are being tested for the various engagement types. For example, Area IV — Forming Conclusions and Reporting highlights specific representative tasks for reports on auditing engagements, reports on attestation engagements, and reports on accounting and review services engagements.

Not-for-Profit Accounting and Reporting No Longer a Separate Area in the FAR Section

Respondents to the Exposure Draft were concerned that Not-for-Profit Accounting and Reporting was no longer a separate area and therefore was under-represented in the blueprint for the FAR section. These comments were expressed with a particular focus on the number of not-for-profit entities and extent of involvement of newly licensed CPAs in the accounting and reporting for these entities. In the current Exam, Not-for-Profit Accounting and Reporting is a separate area, which accounts for 8 to 12% of the FAR section.

The FAR blueprint was re-organized in the Exposure Draft as compared to its presentation in the existing CSO. The blueprint for the Exam has not-for-profit accounting and reporting content allocated among three areas: Area I — Conceptual Framework, Standard-Setting and Financial Reporting, Area II — Select Financial Statement Accounts, and Area III — Select Transactions.

After consideration of the comment responses, the FAR subcommittee concluded that the blueprint as included in the Exposure Draft appropriately and adequately covers not-for-profit accounting and reporting despite it no longer being a separate area. The final blueprint includes an introduction that will make it transparent as to the types of entities and accounting and reporting that are covered by the FAR section, which clearly will include not-for-profit accounting and reporting.

The FAR subcommittee believes that not-for-profit accounting does not need to be a separate area because the not-for-profit accounting framework, other than certain specific reporting matters, is an accrual basis of accounting similar to that used by business entities (public and nonpublic). Accordingly, much of the content and skills tested are the same whether it is a not-for-profit entity or a business entity. To the extent reporting differences exist, the blueprint includes separate groups, topics and/or task statements in Areas I, II and III that explicitly address such matters. Furthermore, the FAR subcommittee believes that the potential scope of not-for-profit testing is increased in the blueprint as many topics in Areas I, II and III can be tested in the context of either for-profit or not-for-profit entities.

Comments Related to the Content Weight of Business Law in the REG Section

Some respondents to the Exposure Draft did not support the proposed content weight for business law of 5 to 15% as outlined in the REG blueprint. The current Exam has Area II — Business Law weighted at 17 to 21%. Most respondents felt that a range of 5 to 15% was too low given the foundational nature of business law content and its relationship to auditing and accounting. Upon review of the comment responses received and further deliberation, the REG subcommittee increased the business law content allocation to 10 to 20% of REG, which required reductions of 3% and 2% in Area III — Federal Taxation of Property Transactions and Area V — Federal Taxation of Entities, respectively.

Comments Regarding the Overall Breadth and Depth of the BEC Blueprint When Compared to Other Sections

Respondents to the Exposure Draft commented that the BEC blueprint appears to provide less detail than the other Exam sections, and has fewer task statements.

The BEC subcommittee acknowledges that BEC is a unique section of the Exam in that it is not directly tied to authoritative literature and tests five diverse subject areas, including: corporate governance, economic concepts and analysis, financial management, information technology, and operations management. The BEC subcommittee considered the comments received and agreed that some task statements should be added and others clarified. Nine representative tasks were added to the BEC blueprint and 13 representative tasks were clarified. Based upon the additions and clarifications, the BEC subcommittee believes that the BEC blueprint is appropriate to test general business topics and concepts that would be needed to perform audit, attest, accounting and review services, financial reporting, tax preparation tasks, and other professional responsibilities.

Questions Regarding the Increased Area Content Ranges on the Exam

Some respondents to the Exposure Draft questioned the increased area content ranges. Those respondents stated that the broader area content ranges provide less transparency and certainty to candidates about the amount of content tested in a particular area. Area content ranges on the current Exam are 4 to 6%.

The Exam will have area content ranges of 10%. The increase in area content ranges is needed for the automated test assembly of MCQs and TBSs. The current version of the Exam assembles MCQs on an automated basis. In the current Exam, TBSs are judgmentally added to each test panel with a focus on spreading the TBSs across content areas, not using a model to achieve the content ranges indicated in the CSO. As TBSs are larger case study questions with multiple scoring opportunities, more flexibility is necessary to properly assemble the Exam to fully conform to the area content ranges in the blueprints.

With the new blueprints, candidates will have a more comprehensive view of the extent of content that will be tested in an area, even though the content area ranges are broader given that TBSs will be included in the ranges. This improved automated assembly model is also particularly important given the shifting weights of MCQs and TBSs from 60%–40%, to 50%–50%, respectively.

Other Exam-Related Comments

Respondents to the Exposure Draft expressed several high-level questions, requests and concerns related to:

- Educator and candidate preparedness
- Cost increases
- Providing further examples of tasks, exhibits and integration
- Considering a phased approach to testing higher order skills
- Time allotments to complete tasks with higher order skills
- Definition of newly licensed CPA
- Lack of coverage of federal government accounting
- Extent of coverage of fraud

The following summarizes the respondent comments and views/reactions of the Practice Analysis Sponsor Group, the Board of Examiners and its Content Committee and subcommittees.

Educator and Candidate Preparedness

Some respondents to the Exposure Draft, who were very supportive of the testing of higher order skills, nonetheless were concerned that a shift to a greater emphasis on testing higher order skills could adversely affect some candidates. Respondents were also concerned whether educators have been adequately informed to properly instruct and prepare their students for the Exam.

It was clear from the initial AICPA research aided by external consultants and the Practice Analysis Sponsor Group, as well as responses to both the Invitation to Comment and the Exposure Draft, that the profession is demanding newly licensed CPAs to perform at a more advanced level earlier in their careers. This is driven in part by businesses' and firms' use of technology in delivering services. Accordingly, in light of this change in professional practice by newly licensed CPAs, it is imperative that higher-order cognitive skills be tested.

Testing higher-order cognitive skills largely will be accomplished by including additional TBSs on the Exam and increasing the background material and data in a TBS that will require candidates to determine what information is or is not relevant to the question. This is more reflective of the nature of challenges newly licensed CPAs encounter in practice.

The Exam has contained simulations since the launch of the computerized CPA Exam in 2004. At first, simulations were 30% of the Exam in scoring weight. Currently, simulations are about 40% of the Exam in scoring weight. The next version of the Exam takes a further step where simulations are about 50% of the Exam in scoring weight.

In connection with testing higher order skills, the Exam will use a skills-based framework consistent with the revised Bloom's Taxonomy, which is further supported by representative tasks performed by newly licensed CPAs as identified during the practice analysis. The representative tasks combined with the applicable content knowledge and skills form the blueprint for each section of the Exam. As highlighted in the Exposure Draft, the blueprint is designed to: (i) assist candidates in preparing for the Exam by outlining the knowledge and skill that may be tested and (ii) apprise educators of the knowledge and skills candidates will need to function as newly licensed CPAs.

For the past year, AICPA staff and volunteers have been making presentations to various state society educator symposiums as well as at American Accounting Association meetings. During these presentations, numerous professors stated that they are using a case study or other non-lecture format as part of their curriculum, indicating that many colleges and universities already have moved to an instructional model that would help to develop higher-order cognitive skills.

AICPA staff and volunteers will continue to develop meeting materials and make presentations to appropriate academic forums to ensure the design of the Exam is clearly communicated in order to provide interested parties information for their consideration in ongoing curriculum development.

Cost Increases

Some respondents to the Exposure Draft were concerned that an increase to Exam cost would be a barrier to entry for some CPA candidates. Since the beginning of the practice analysis research project, the BOE and the Practice Analysis Sponsor Group have been cognizant of this concern and have weighed any proposed enhancements to the Exam against the cost to candidates and the profession.

The increased focus on higher order skills, as indicated by the initial research and validated through the Exposure Draft, appear to be in line with the scope and value of the proposed changes to the Exam. It should be noted that, as part of the practice analysis, certain areas of potential change were not implemented because the cost/benefit could not be justified.

Providing Further Examples of Tasks, Exhibits and Integration

Some respondents to the Exposure Draft requested that further examples of tasks and exhibits be provided, as well as how integration will be implemented to aid candidates and educators in preparation for the Exam.

The Content Committee and its subcommittees have been focused on ensuring that the blueprints are as clear as possible. As noted in the Exposure Draft and this document, the blueprint was based on extensive research and validated through a large-scale survey. As described earlier, the Exam section subcommittees and the Content Committee reviewed the blueprints in light of the detailed comments received and, in response, certain task statements were added, expanded and/or revised to provide further clarity and transparency. In addition, each Exam section now has an introduction to its blueprint that should be helpful to further clarify the content as well as the tasks that may be tested on the Exam.

As noted in the Exposure Draft, the testing of higher order skills will introduce some integration of content among the Exam sections. This natural integration is consistent with the experience of newly licensed CPAs as there is no segregation of content in practice. For example, a question in AUD related to confirmation of accounts receivable would require the candidate to have a basic understanding of accounting for revenue and accounts receivable. TBSs may combine some areas of content that would be tested primarily in another section of the Exam, but the requisite knowledge level would be fairly basic such that a candidate should know the content from their college coursework.

As part of communicating changes to the Exam, the section sample tests located at **aicpa.org/cpaexam** will be updated six months prior to the launch of the next Exam. The updated sample test will provide candidates and educators further visibility about the Exam's content and item types, including examples of exhibits.

Considering a Phased Approach to Testing Higher Order Skills

Some respondents to the Exposure Draft requested that a phased approach to testing higher order skills be considered to ease the perceived burden on candidates and educators. It was concluded that a phased approach where a series of changes to content, skill weights and/or item types rolled out year after year, or quarter by quarter, would be more disruptive and confusing to both candidates and educators. Additionally, this would require continual adjustment of the score-setting process, which would substantially delay score release for an extended period of time.

Time Allotments to Complete Tasks With Higher Order Skills

Some respondents to the Exposure Draft expressed concern over a candidate's ability to complete items with an increased focus on higher order skills within the allotted time. Similar concerns were expressed above in the section discussing candidate and educator preparedness.

Early in the design process of the next Exam, the Practice Analysis Sponsor Group and Content Committee had a similar concern about the ability of candidates to complete TBSs designed to assess higher order skills within the allotted time. During 2015, the AICPA designed numerous field tests that were completed by hundreds of students and newly licensed CPAs. The results of the field tests were very informative as to the nature and extent of exhibits that can be added to a TBS and the time required by a candidate to complete the task. These time requirements, along with extensive knowledge of the time being spent on the current Exam, were considered in the design of the Exam presented in the Exposure Draft.

Candidates will receive a mix of TBSs with varying degrees of complexity based on the content, skill and task requirements that accordingly will require varying amounts of time to complete. Depending on the skill level being assessed, it is estimated that candidates would spend 15–20 minutes on average for each TBS. Certain analysis and/or evaluation level TBSs could take a candidate up to 30 minutes to complete. The question composition for each Exam section is designed to allow well-prepared candidates adequate time to complete all tasks. The AICPA will continue to monitor candidate experience to ensure that the TBSs continue to fit within the expected design and time parameters.

Definition of Newly Licensed CPA

Some respondents to the Exposure Draft raised questions about the definition of newly licensed CPA, particularly in terms of candidate preparedness. As stated in the Exposure Draft, a newly licensed CPA is defined as an individual who has fulfilled the applicable jurisdiction's educational and experience requirements and has the knowledge and skills typically possessed by a person with two years of experience. This definition of a newly licensed CPA has remained consistent over the years as the baseline for testing.

The CPA Exam is a licensure exam designed to measure minimum competency in order to protect the public interest and helps to establish the CPA license as evidence of professional qualification. The BOE and AICPA are aware that many candidates first sit for the Exam as students or upon graduation, but this has not and will not affect the standard established in terms of the required knowledge and skills necessary for licensure.

Lack of Coverage of Federal Government Accounting

Various groups, including the Federal Accounting Standards Advisory Board and the AICPA Government Performance and Accountability Committee responded to the Exposure Draft suggesting that the BOE consider adding testing of federal accounting standards to the Exam. Federal accounting standards are not tested on the current Exam and have not been tested in the past.

The FAR subcommittee, the Content Committee, the Practice Analysis Sponsor Group and the BOE considered this request as a significant number of federal entities are subject to audits, and a significant number of CPAs work for federal entities. Federal accounting standards are considered a specialized area of accounting similar to an industry-specific basis of accounting. Currently, the Exam does not test industry-specific accounting matters. It also was noted that the Association of Government Accountants offers a certification, the Certified Government Financial Manager, recognizing the unique skills and special knowledge required of today's government financial managers including governmental accounting, auditing, financial reporting, internal controls and budgeting at the federal, state and local levels.

Ultimately, the BOE concluded that the federal accounting standards will not be included in the Exam. However, the BOE will explore the possible inclusion of federal accounting standards in future versions of the Exam.

Extent of Coverage of Fraud
Some respondents to the Exposure Draft commented that the BOE and AICPA should consider adding more fraud-related task statements to the AUD blueprint. Respondents pointed out the importance of the auditor's consideration of fraud throughout the audit, fraud prevention and the importance of a strong corporate culture that can deter fraud and mismanagement.

The AUD content subcommittee analyzed the blueprint for explicit or implicit references to assessing risks due to fraud or identifying and assessing the risk of material misstatements and noted that seven task statements directly referenced fraud. Additionally, there are numerous task statements in the AUD section at the application, analysis and evaluation skill levels covering key concepts related to fraud within the following content groups or topics: Understanding an Entity and its Environment, Specific Areas of Engagement Risk, Understanding Sufficient Appropriate Evidence, Accounting Estimates, Including Fair Value Estimates; and Misstatements and Internal Control Deficiencies.

The AUD subcommittee concluded that, based on their judgment and the results of the large-scale survey, fraud is adequately covered within the blueprint. Additionally, to complement the testing of fraud in the AUD section, the BEC section includes task statements testing internal control frameworks, enterprise risk management frameworks, financial risk management, information technology governance, and information security.

Forward-Looking Comments
Some respondents to the Exposure Draft expressed several high-level forward-looking suggestions and recommendations for the Exam including:

- Testing more professional judgment/skepticism and writing assessment
- Testing evaluation skills beyond the AUD section
- Testing data analytics
- Enhanced and more robust content integration
- More frequent practice analysis
- Quicker implementation of Excel and testing of Excel skills
- Adding audio/video stimuli on the Exam

Testing More Professional Judgment/Skepticism and Writing Assessment
Some respondents to the Exposure Draft strongly support more testing of professional judgment/skepticism, often in the context of a writing assessment. During the practice analysis process, the BOE and the AICPA explored various ways to test written communication skills at a higher order skill level and then to evaluate those abilities in a computerized scoring environment. As noted in the Exposure Draft, the process of objectively evaluating a candidate's application of higher order skills (thought process and judgment) within the context of a written response is currently cost- and time-prohibitive. Accordingly, the AICPA has accelerated research into more advanced automated essay-scoring technology.

Additionally, with the assistance of third-party testing experts, the AICPA is continuing to research potential alternatives to evaluating professional skepticism, which could result in the development of new types of questions for the Exam.

Testing Evaluation Skills Beyond the AUD Section

Some respondents to the Exposure Draft support testing of the highest-level skill, evaluation, beyond the AUD section. Evaluation tasks test a candidate's ability in the assessment of problems, and use of judgment to draw conclusions. AUD is the only section in the Exam in which the evaluation skill is assessed.

The BOE and its Content Committee, using the results of the large-scale survey that rated the frequency and criticality of tasks, and reflecting on the roles and responsibilities of newly licensed CPAs, concluded that AUD is currently the only section where newly licensed CPAs would need to exhibit evaluation skills — particularly when assessing risk, performing procedures and obtaining evidence. Changes in the profession and to technology will require the BOE and its Content Committee to assess the content and skills tested on the Exam on an annual basis, which could lead to assessing evaluation tasks in other sections in the future.

Testing Data Analytics

Some respondents to the Exposure Draft supported adding the testing of data analytics and big data in the Exam. The proliferation of data has created an entire field of study about big data and a rising demand for individuals who understand how to use data to identify and solve business problems. The BOE and its Content Committee acknowledge the potential impact of big data and data analytics on the services provided by CPAs.

The AUD section of the Exam will include multiple tasks related to analytical review procedures ranging from determining expectations of recorded amounts and related precision to determining the reliability of data used in analytical procedures. Further, the BEC section will contain tasks about understanding the role of big data in business and more specifically on information systems that generate data and related internal controls.

The BOE believes that the level of testing of data analytics proposed for the Exam is sufficient at this time.

The AICPA Examinations team, the BOE, and the Content Committee will continue to engage with the profession and conduct additional research and implementation studies on big data, data analytics, emerging standards, methods, and technologies to ensure the CPA Exam remains current with the profession in data analytics.

Enhanced and More Robust Content Integration

Some respondents to the Exposure Draft generally support more content integration in the CPA Exam. While the BOE and the profession support the current and next Exam structure around the four existing sections, they also have identified the need to test higher order skills beyond basic content knowledge, which will lead to increased content integration among the four sections of the Exam.

Each of the Exam sections is designed to test higher order skills by incorporating the applicable content knowledge and skills required in the context of the work of a newly licensed CPA. Tasks that involve application, analysis, and/or evaluation skills may include some content from other Exam sections, which would occur naturally in the task from a contextual perspective. For example, a question in AUD related to inventory observation would require the candidate to have a basic understanding of accounting for inventory. These tasks will always be rooted in a primary area of content knowledge and skills (as evidenced by the blueprint), but could draw upon a candidate's basic knowledge of general accounting, auditing, tax and business concepts — at a base level typically covered in college coursework.

Broader content integration would likely require substantive modification to the overall structure of the Exam and its sections. The BOE and the AICPA will continue to explore additional opportunities to test more robust integrated content in the future versions of the Exam.

More Frequent Practice Analysis

Some respondents to the Exposure Draft support a more frequent practice analysis to keep the Exam closely aligned with the dynamic accounting profession. In addition to the practice analysis process, the Exam staff regularly reviews content for technical accuracy as necessary, for accounting, auditing and tax law changes in accordance with Exam policy and to eliminate obsolete content. The Exam staff will continue to annually review the section blueprints going forward with the relevant content subcommittee to establish what adjustments may be required to the blueprints.

The AICPA will continue to monitor and remain engaged with the profession and regulators to identify and understand changes in the profession and the related impact on content and skills that should be tested on the Exam. The Exam staff will also evaluate item formats to best assess content and skills required. Depending on the extent of potential changes to the Exam, which could potentially rise to the level of a practice analysis, the BOE and AICPA will work with NASBA and boards of accountancy to determine the appropriate due process for comment and review of such proposed changes. Ultimately, the goal is to ensure that the Exam continues to reflect current practice in assessing the knowledge and skills required for competent newly licensed performance.

Candidates and other stakeholders will be informed of these changes with sufficient notice so that candidates and educators can adequately prepare.

Quicker Implementation of Excel and Testing of Excel Skills

Respondents to the Exposure Draft asked if Microsoft Excel could be implemented on the Exam prior to 2018 to replace the current generic spreadsheet. As the necessary supporting software will not be at test centers until 2018, earlier implementation is not possible.

Respondents also asked if candidates would be tested on their ability to use Excel and its related tools, such as pivot tables and lookups. Although Excel is the most widely used spreadsheet application in the accounting profession today, the BOE and Content Committee want the focus of the Exam to be on the knowledge and skills outlined in the section blueprints. Excel will be added as a tool for candidates to use during the Exam, but candidates will not be tested on their ability to use Excel. The Exam staff will continue to evaluate the best way to leverage Excel in future versions of the Exam, including possibly using Excel for data analysis tasks.

Adding Audio/Video Stimuli on the Exam

Respondents to the Exposure Draft generally support the addition of authentic tasks and stimuli that align with professional practice and fairly test candidates. The Exam has successfully used fixed images of bank statements, memos and other documents that are representative of common business documents. The BOE and its Content Committee did not perceive the need to add audio and video stimuli to the Exam because they do not currently see an assessment benefit beyond existing text-based TBSs. The BOE will continue to explore the possibility of adding audio and video stimuli in future versions of the Exam subject to cost/benefit considerations.

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APPENDIX A

Uniform CPA Examination
BLUEPRINTS

Approved by the Board of Examiners
American Institute of CPAs
February 11, 2016

Effective Date April 1, 2017

TABLE OF CONTENTS

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 Question (MCQ)	Task-Based Simulations (TBSs)	Written Communication
AUD	4 hours	72	8 – 9	—
BEC	4 hours	62	4 – 5	3
FAR	4 hours	66	8 – 9	—
REG	4 hours	76	8 – 9	—

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

	SCORE WEIGHTING		
Section	Multiple-Choice Question (MCQ)	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:

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 seperate 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.

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.

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Uniform CPA Examination Auditing and Attestation (AUD)

BLUEPRINT

Auditing and Attestation

The Auditing and Attestation (AUD) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that a newly licensed CPA must demonstrate when performing:

- **Audits of issuer and nonissuer entities** (including governmental entities, not-for-profit entities, employee benefit plans and entities receiving federal grants)
- **Attestation engagements for issuer and nonissuer entities** (including examinations, reviews and agreed-upon procedures engagements)
- **Preparation, compilation and review engagements** for nonissuer entities and **reviews** of interim financial information for issuer entities.

Newly licensed CPAs are also required to demonstrate knowledge and skills related to professional responsibilities, including ethics and independence.

The engagements tested under the AUD section of the Exam are performed in accordance with professional standards and/or regulations promulgated by various governing bodies, including the American Institute of CPAs (AICPA), Public Company Accounting Oversight Board (PCAOB), U.S. Government Accountability Office (GAO), Office of Management and Budget (OMB) and U.S. Department of Labor (DOL). A listing of standards promulgated by these bodies, and other reference materials relevant to the AUD section of the Exam, are included under References at the conclusion of this Introduction.

Content Organization and Tasks

The AUD section blueprint is 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 when performing audits, attestation engagements or accounting and review services engagements.

Tasks included in the AUD section blueprint may, and typically do, relate to multiple engagement types. For example, tasks related to Analytical Procedures (included under Area III, Group C, Topic 1) may be performed during a:

- **Review Engagement** – as a presumptively mandatory procedure required under Statement for Accounting and Review Services No. 21 (AR-C section 90), or during an
- **Audit Engagement** – during planning, as a substantive procedure, or near the end of the engagement to assist with forming an overall conclusion on the financial statements.

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 AUD 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.

Content Allocation

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

CONTENT AREA		ALLOCATION
Area I	Ethics, Professional Responsibilities and General Principles	15–25%
Area II	Assessing Risk and Developing a Planned Response	20–30%
Area III	Performing Further Procedures and Obtaining Evidence	30–40%
Area IV	Forming Conclusions and Reporting	15–25%

Auditing and Attestation Continued

Overview of Content Areas

Area I of the AUD section blueprint covers several general topics, including the following:

- **Nature and Scope of Engagements** – Understanding the nature and scope of the various types of audit and non-audit engagement types, including:
  - **Audit Engagements** – Financial statement audits as well as other types of audits a newly licensed CPA may perform, such as compliance audits, audits of internal control integrated with an audit of financial statements and audits of entities receiving federal grants
  - **Non-audit Engagements** – Attestation engagements (including examinations, reviews and agreed-upon procedures engagements), Accounting and Review Services engagements (including preparation, compilation and review engagements) and reviews of interim financial information
- **Ethics, Independence and Professional Conduct** – Requirements under the AICPA Code of Professional Conduct and professional and independence requirements of the Securities and Exchange Commission (SEC), PCAOB, GAO and DOL
- **Terms of Engagement** – Preconditions for accepting an audit or non-audit engagement and the terms of engagement and engagement letter
- **Engagement Documentation** – Requirements for engagement documentation for all types of audit and non-audit engagements
- **Communication Requirements** – Understanding the requirements for communicating with management, those charged with governance, component auditors and other parties
- **Quality Control** – Understanding of quality control at the firm and engagement levels

The remaining three areas of the AUD section blueprint (Areas II, III and IV) cover the activities that a newly licensed CPA must be able to perform when providing professional services related to the types of engagements enumerated above. These sections include the activities relevant for every type of engagement covered in the AUD section of the Exam, from the integrated audit of an issuer to a preparation, compilation or review for a small nonissuer, to the audit of a governmental entity. The organization of these sections follows the typical engagement process, from planning through reporting.

Area II of the AUD section blueprint covers the engagement process from initial planning to risk assessment and designing procedures responsive to risks, including:

- **Planning the Engagement** – Understanding the engagement strategy and developing a detailed engagement plan
- **Understanding an Entity and Its Environment and Understanding Internal Controls Over Financial Reporting** – Developing an understanding of an entity and the risks associated with the engagement, understanding an entity's internal controls, and evaluating the effect of internal controls on an engagement
- **Assessing Risks and Planning Further Procedures** – Identifying and assessing risks of misstatement due to error or fraud and developing appropriate engagement procedures, including understanding and calculating materiality and considering specific engagement risks, as well as incorporating concepts such as group audits, using the work of the internal audit function and the work of specialists

Area III of the AUD section blueprint covers performing engagement procedures and concluding on the sufficiency and appropriateness of evidence obtained, including performing specific types of procedures (e.g., analytical procedures, observation and inspection, recalculation and reperformance); testing the operating effectiveness of internal controls; performing tests of compliance and agreed-upon procedures, understanding and responding to specific matters that require special consideration (e.g., accounting estimates, including fair value estimates); evaluating and responding to misstatements due to error or fraud and to internal control deficiencies; obtaining management representations; and performing procedures to identify and respond to subsequent events and subsequently discovered facts.

Auditing and Attestation Continued

Area IV of the AUD section blueprint covers identifying the factors that an auditor, accountant or practitioner should consider when reporting on auditing, attestation, compilation, review or compliance engagements, when performing preparation engagements, and when assisting in the preparation of reports for these engagements. This includes other reporting considerations, such as comparative financial statements, consistency, supplementary information and special considerations when performing engagements under Government Auditing Standards.

Skill Allocation

The Exam focuses on testing of higher order skills. Based on the nature of the task, each representative task in the AUD section blueprint is assigned a skill level. AUD 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 seperate 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 mainly concentrated in Area I and Area IV. These areas contain much of the general audit knowledge that is required for newly licensed CPAs. In Area IV, many of the tasks relate to reporting and are driven by templates and illustrative examples
- Application is tested in all four areas of the AUD section. Application tasks focus on general topics such as professional responsibilities and documentation, and the day-to-day tasks that newly licensed CPAs perform, frequently using standardized application tools such as audit programs and sampling techniques
- Analysis and Evaluation skills, tested in Area II and Area III, involve tasks that require a higher level of analysis and interpretation. These tasks, such as concluding on sufficiency and appropriateness of evidence, frequently require newly licensed CPAs to apply professional judgment

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.

Auditing and Attestation Continued

References – Audit

- AICPA Statements on Auditing Standards and Interpretations
- Public Company Accounting Oversight Board (PCAOB) Standards (SEC-Approved) and Related Rules, PCAOB Staff Questions and Answers and PCAOB Staff Audit Practice Alerts
- U.S. Government Accountability Office Government Auditing Standards
- Single Audit Act, as amended
- Office of Management and Budget (OMB) Audit requirements for Federal Awards (2 CFR 200)
- AICPA Statements on Quality Control Standards
- AICPA Statements on Standards for Accounting and Review Services and Interpretations
- AICPA Statements on Standards for Attestation Engagements and Interpretations
- AICPA Audit and Accounting Guides
- AICPA Code of Professional Conduct
- Sarbanes-Oxley Act of 2002
- U.S. Department of Labor (DOL) Guidelines and Interpretive Bulletins re: Auditor Independence
- SEC Independence Rules
- Employee Retirement Income Security Act of 1974
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO): Internal Control – Integrated Framework
- Current textbooks on auditing, attestation services, ethics and independence

AUDITING AND ATTESTATION (AUD)

Summary Blueprint

Content Area Allocation	Weight
I. Ethics, Professional Responsibilities and General Principles	15–25%
II. Assessing Risk and Developing a Planned Response	20–30%
III. Performing Further Procedures and Obtaining Evidence	30–40%
IV. Forming Conclusions and Reporting	15–25%

Skill Allocation	Weight
Evaluation	5–15%
Analysis	15–25%
Application	30–40%
Remembering and Understanding	30–40%

AUDITING AND ATTESTATION (AUD)

Area I — Ethics, Professional Responsibilities and General Principles (15–25%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. NATURE AND SCOPE					
1. Nature and scope: audit engagements	✓				Identify the nature, scope and objectives of the different types of audit engagements, including issuer and nonissuer audits.
2. Nature and scope: engagements conducted under Government Accountability Office Government Auditing Standards	✓				Identify the nature, scope and objectives of engagements performed in accordance with Government Accountability Office Government Auditing Standards.
3. Nature and scope: non-audit engagements	✓				Identify the nature, scope and objectives of the different types of non-audit engagements, including engagements conducted in accordance with the attestation standards and the accounting and review services standards.
B. ETHICS, INDEPENDENCE AND PROFESSIONAL CONDUCT					
1. AICPA Code of Professional Conduct	✓				Understand the principles, rules and interpretations included in the AICPA Code of Professional Conduct.
	✓				Recognize situations that present threats to compliance with the AICPA Code of Professional Conduct, including threats to independence.
		✓			Apply the principles, rules and interpretations included in the AICPA Code of Professional Conduct to given situations.
		✓			Apply the Conceptual Framework for Members in Public Practice included in the AICPA Code of Professional Conduct to situations that could present threats to compliance with the rules included in the Code.
		✓			Apply the Conceptual Framework for Members in Business included in the AICPA Code of Professional Conduct to situations that could present threats to compliance with the rules included in the Code.
		✓			Apply the Conceptual Framework for Independence included in the AICPA Code of Professional Conduct to situations that could present threats to compliance with the rules included in the Code.

	Skill				
Content Group/Topic	**Remembering and Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
B. ETHICS, INDEPENDENCE AND PROFESSIONAL CONDUCT, continued					
2. Requirements of the Securities and the Exchange Commission and the Public Company Accounting Oversight Board	✓				Understand the ethical requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board.
	✓				Recognize situations that present threats to compliance with the ethical requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board.
		✓			Apply the ethical requirements and independence rules of the Securities and Exchange Commission and the Public Company Accounting Oversight Board to situations that could present threats to compliance during an audit of an issuer.
3. Requirements of the Government Accountability Office and the Department of Labor	✓				Recognize situations that present threats to compliance with the ethical requirements of the Government Accountability Office Government Auditing Standards.
	✓				Recognize situations that present threats to compliance with the ethical requirements of the Department of Labor.
		✓			Apply the ethical requirements and independence rules of the Government Accountability Office Government Auditing Standards to situations that could present threats to compliance during an audit of, or attestation engagement for, a government entity or an entity receiving federal awards.
		✓			Apply the independence rules of the Department of Labor to situations that could present threats to compliance during an audit of employee benefit plans.

	Skill				
Content Group/Topic	**Remembering and Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
C. TERMS OF ENGAGEMENT					
1. Preconditions for an engagement	✓				Identify the preconditions needed for accepting or continuing an audit or non-audit engagement.
		✓			Perform procedures to determine whether the preconditions needed for accepting or continuing an audit or non-audit engagement are present.
		✓			Perform procedures to determine whether the financial reporting framework to be applied to an entity's financial statements is acceptable.
		✓			Perform procedures to obtain the agreement of management that it acknowledges and understands its responsibilities for an audit or non-audit engagement.
2. Terms of engagement and engagement letter	✓				Identify the factors affecting the acceptance or continuance of an audit or non-audit engagement.
	✓				Identify the factors to consider when management requests a change in the type of engagement (e.g., from an audit to a review).
		✓			Perform procedures to confirm that a common understanding of the terms of an engagement exist with management and those charged with governance.
		✓			Document the terms of an audit or non-audit engagement in a written engagement letter or other suitable form of written agreement.
D. REQUIREMENTS FOR ENGAGEMENT DOCUMENTATION					
	✓				Identify the elements that comprise sufficient appropriate documentation for an audit or non-audit engagement.
	✓				Identify the requirements for the assembly and retention of documentation for an audit or non-audit engagement.

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. REQUIREMENTS FOR ENGAGEMENT DOCUMENTATION, continued					
		✓			Prepare documentation that is sufficient to enable an experienced auditor having no previous connection with an audit engagement to understand the nature, timing, extent and results of procedures performed and the significant findings and conclusions reached.
		✓			Prepare documentation that is sufficient to enable an accountant having no previous connection with a non-audit engagement to understand the nature, timing, extent and results of procedures performed and the significant findings and conclusions reached.
E. COMMUNICATION WITH MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE					
1. Planned scope and timing of an engagement	✓				Identify the matters related to the planned scope and timing of an audit or non-audit engagement that should be communicated to management and those charged with governance.
		✓			Prepare presentation materials and supporting schedules for use in communicating the planned scope and timing of an audit or non-audit engagement to management and those charged with governance.
2. Internal control related matters	✓				Identify the matters related to deficiencies and material weaknesses in internal control that should be communicated to those charged with governance and management for an audit or non-audit engagement and the timing of such communications.
		✓			Prepare written communication materials for use in communicating identified internal control deficiencies and material weaknesses for an audit or non-audit engagement to those charged with governance and management.
3. All other matters	✓				Identify matters, other than those related to the planned scope and timing or deficiencies, and material weaknesses in internal control that should be communicated to management and those charged with governance for an audit or non-audit engagement.

Area I — **Ethics, Professional Responsibilities and General Principles (15–25%)** Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
F. COMMUNICATION WITH COMPONENT AUDITORS AND PARTIES OTHER THAN MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE					
	✓				Identify matters that should be communicated to component auditors in a group audit engagement.
	✓				Identify matters that should be communicated to parties other than management and those charged with governance (e.g., communications required by law or regulation) for an audit or non-audit engagement.
G. A FIRM'S SYSTEM OF QUALITY CONTROL, INCLUDING QUALITY CONTROL AT THE ENGAGEMENT LEVEL					
	✓				Recognize a CPA firm's responsibilities for its system of quality control for its accounting and auditing practice.
		✓			Apply quality control procedures on an audit or non-audit engagement.

AUDITING AND ATTESTATION (AUD)

Area II — Assessing Risk and Developing a Planned Response (20–30%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. PLANNING AN ENGAGEMENT					
1. Developing an overall engagement strategy	✓				Explain the purpose and significance of the overall engagement strategy for an audit or non-audit engagement.
2. Developing a detailed engagement plan		✓			Prepare a detailed engagement plan for an audit or non-audit engagement starting with the prior-year engagement plan or with a template.
		✓			Prepare supporting planning related materials (e.g., client assistance request listings, time budgets) for a detailed engagement plan starting with the prior-year engagement plan or with a template.
			✓		Develop or modify a detailed engagement plan for an audit or non-audit engagement based on planning inputs and constraints.
B. UNDERSTANDING AN ENTITY AND ITS ENVIRONMENT					
1. External factors, including the applicable financial reporting framework		✓			Identify and document the relevant industry, regulatory and other external factors that impact an entity and/or the inherent risk of material misstatement, including the applicable financial reporting framework.
		✓			Document the procedures that were performed to obtain an understanding of the relevant industry, regulatory and other external factors that impact an entity and/or the inherent risk of material misstatement, including the applicable financial reporting framework.
2. Internal factors, including nature of the entity, ownership and governance structures and risk strategy		✓			Identify and document the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies and objectives and strategies).
		✓			Document the procedures that were performed to obtain an understanding of the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies, and objectives and strategies).

Area II — Assessing Risk and Developing a Planned Response (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. UNDERSTANDING AN ENTITY'S INTERNAL CONTROL					
1. Control environment and entity-level controls		✓			Identify and document the significant components of an entity's control environment, including its entity-level controls.
		✓			Perform and document the procedures to obtain an understanding of the significant components of an entity's control environment, including its entity-level controls.
2. Flow of transactions and design of internal controls		✓			Perform a walkthrough and document the flow of transactions relevant to an audit of an entity's financial statements or to an examination of an entity's internal controls.
		✓			Perform tests of the design and implementation of internal controls relevant to an audit of an entity's financial statements or to an examination of an entity's internal controls.
			✓		Identify and document the key controls within the flow of an entity's transactions relevant to an audit of an entity's financial statements or to an examination of an entity's internal controls.
				✓	Evaluate whether internal controls relevant to an audit of an entity's financial statements or to an examination of an entity's internal controls are effectively designed and placed in operation.
3. Implications of an entity using a service organization		✓			Identify and document the purpose and significance of an entity's use of a service organization, including its impact on an audit of an entity's financial statements or an examination of an entity's internal controls.
		✓			Use a service organization report to determine the nature and extent of testing procedures to be performed in an audit of an entity's financial statements or in an examination of an entity's internal controls.

Area II — Assessing Risk and Developing a Planned Response (20–30%) Continued

Content Group/Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
C. UNDERSTANDING AN ENTITY'S INTERNAL CONTROL, continued					
4. Information Technology (IT) general and application controls		✓			Identify and document an entity's key IT general and application controls, including their impact on the audit of an entity's financial statements or on the examination of an entity's internal controls.
		✓			Perform and document the tests of an entity's IT general and application controls, including controls relevant to the audit of an entity's financial statements or an examination of an entity's internal controls.
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. ASSESSING RISKS DUE TO FRAUD, INCLUDING DISCUSSIONS AMONG THE ENGAGEMENT TEAM ABOUT THE RISK OF MATERIAL MISSTATEMENT DUE TO FRAUD OR ERROR					
			✓		Assess risks of material misstatement of an entity's financial statements due to fraud or error (e.g., during a brainstorming session), leveraging the combined knowledge and understanding of the engagement team.
E. IDENTIFYING AND ASSESSING THE RISK OF MATERIAL MISSTATEMENT, WHETHER DUE TO ERROR OR FRAUD, AND PLANNING FURTHER PROCEDURES RESPONSIVE TO IDENTIFIED RISKS					
1. Impact of risks at the financial statement level		✓			Identify and document the assessed impact of risks of material misstatement at the financial statement level, taking into account the effect of relevant controls.
			✓		Analyze identified risks to detect those that relate to an entity's financial statements as a whole (as contrasted to the relevant assertion level).

Area II — Assessing Risk and Developing a Planned Response (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. IDENTIFYING AND ASSESSING THE RISK OF MATERIAL MISSTATEMENT, WHETHER DUE TO ERROR OR FRAUD, AND PLANNING FURTHER PROCEDURES RESPONSIVE TO IDENTIFIED RISKS, continued					
2. Impact of risks for each relevant assertion at the class of transaction, account balance and disclosure levels		✓			Identify and document risks and related controls at the relevant assertion level for significant classes of transactions, account balances and disclosures in an entity's financial statements.
			✓		Analyze the potential impact of identified risks at the relevant assertion level for significant classes of transactions, account balances and disclosures in an entity's financial statements, taking account of the controls the auditor intends to test.
3. Further procedures responsive to identified risks		✓			Develop planned audit procedures that are responsive to identified risks of material misstatement due to fraud or error at the relevant assertion level for significant classes of transactions and account balances.
			✓		Analyze the risk of material misstatement, including the potential impact of individual and cumulative misstatements, to provide a basis for developing planned audit procedures.
F. 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.
2. Performance materiality and tolerable misstatement	✓				Understand the use of performance materiality and tolerable misstatement in an audit of an issuer or nonissuer.
		✓			Calculate performance materiality or tolerable misstatement for the purposes of assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures in an audit of an issuer or nonissuer.

Area II — Assessing Risk and Developing a Planned Response (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
G. PLANNING FOR AND USING THE WORK OF OTHERS, INCLUDING GROUP AUDITS, THE INTERNAL AUDIT FUNCTION AND THE WORK OF A SPECIALIST					
	✓				Identify the factors to consider in determining the extent to which an engagement team can use the work of the internal audit function in an audit or non-audit engagement.
	✓				Identify the factors to consider in determining the extent to which an engagement team should use the work of a specialist in an audit or non-audit engagement.
	✓				Identify the factors to consider in determining the extent to which an auditor can use the work of a component auditor in a group audit.
		✓			Determine the nature and scope of the work of the internal audit function that can be used in an audit or non-audit engagement.
		✓			Perform procedures to utilize the work of a specialist to obtain evidence in an audit or non-audit engagement.
		✓			Determine the nature and scope of the work of a component auditor, including the identification of significant components that can be used in a group audit.

Area II — Assessing Risk and Developing a Planned Response (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
H. SPECIFIC AREAS OF ENGAGEMENT RISK					
1. An entity's compliance with laws and regulations, including possible illegal acts	✓				Understand the accountant's responsibilities with respect to laws and regulations that have a direct effect on the determination of material amounts or disclosures in an entity's financial statements for an audit or non-audit engagement.
	✓				Understand the accountant's responsibilities with respect to laws and regulations that are fundamental to an entity's business but do not have a direct effect on the entity's financial statements in an audit or non-audit engagement.
		✓			Perform tests of compliance with laws and regulations that have a direct effect on material amounts or disclosures in an entity's financial statements in an audit or non-audit engagement.
		✓			Perform tests of compliance with laws and regulations that are fundamental to an entity's business, but do not have a direct effect on the entity's financial statements for an audit or non-audit engagement.
2. Accounting estimates, including fair value estimates	✓				Recognize the potential impact of significant accounting estimates on the risk of material misstatement, including the indicators of management bias.
3. Related parties and related party transactions		✓			Perform procedures to identify related party relationships and transactions for an audit or non-audit engagement, including consideration of significant unusual transactions and transactions with executive officers.
			✓		Analyze the potential impact of related party relationships and transactions on the risk of material misstatement for an audit or non-audit engagement, including consideration of significant unusual transactions and transactions with executive officers.

Area III — Performing Further Procedures and Obtaining Evidence (30–40%)

Content Group/Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
A. UNDERSTANDING SUFFICIENT APPROPRIATE EVIDENCE					
				✓	Conclude on the sufficiency and appropriateness of evidence obtained during the audit engagement for an issuer or nonissuer.
				✓	Conclude on the sufficiency and appropriateness of evidence obtained during a non-audit engagement based on the objectives and reporting requirements of the engagement.
B. SAMPLING TECHNIQUES					
	✓				Understand the purpose and application of sampling techniques in an audit or non-audit engagement.
		✓			Use sampling techniques to extrapolate the characteristics of a population from a sample of items tested.
C. PERFORMING SPECIFIC PROCEDURES TO OBTAIN EVIDENCE					
1. Analytical procedures			✓		Determine the suitability of substantive analytical procedures to provide evidence to support an identified assertion.
			✓		Develop an expectation of recorded amounts or ratios when performing analytical procedures in an audit or non-audit engagement and determine whether the expectation is sufficiently precise to identify a misstatement in the entity's financial statements or disclosures.
			✓		Perform analytical procedures during engagement planning for an audit or non-audit engagement.
			✓		Perform analytical procedures near the end of an audit engagement that assist the auditor when forming an overall conclusion about whether the financial statements are consistent with the auditor's understanding of the entity.
				✓	Evaluate the reliability of data from which an expectation of recorded amounts or ratios is developed when performing analytical procedures in an audit or non-audit engagement.
				✓	Evaluate the significance of the differences of recorded amounts from expected values when performing analytical procedures in an audit or non-audit engagement.

Area III — Performing Further Procedures and Obtaining Evidence (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. PERFORMING SPECIFIC PROCEDURES TO OBTAIN EVIDENCE, continued					
2. External confirmations		✓			Prepare external confirmation requests to obtain relevant and reliable evidence in an audit engagement of an issuer or nonissuer, including considerations when using electronic confirmations.
		✓			Use external confirmations to obtain relevant and reliable evidence in an audit engagement of an issuer or nonissuer, including considerations when using electronic confirmations.
			✓		Analyze external confirmation responses in the audit of an issuer or nonissuer to determine the need for follow-up or further investigation.
3. Inquiry of management and others		✓			Inquire of management and others to gather evidence and document the results in an audit or non-audit engagement.
			✓		Analyze responses obtained during structured or informal interviews with management and others and ask relevant and effective follow-up questions during the interview in an audit or non-audit engagement.
4. Observation and inspection			✓		Perform tests of operating effectiveness of internal controls, including the analysis of exceptions to identify deficiencies in an audit of financial statements or an examination of internal control.
				✓	Evaluate evidence through the use of observation and inspection procedures in an audit or non-audit engagement.
5. Recalculation and reperformance		✓			Use recalculation and reperformance to obtain evidence in an audit or non-audit engagement.
6. All other procedures	✓				Identify other procedures in addition to those set out in professional standards, as necessary, to achieve the audit objectives in an audit of an issuer or a nonissuer.
		✓			Perform other procedures in addition to those set out in professional standards, as necessary, to achieve the audit objectives in an audit of an issuer or nonissuer.

Area III — Performing Further Procedures and Obtaining Evidence (30–40%) Continued

	Skill				
Content Group/Topic	**Remembering and Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
D. SPECIFIC MATTERS THAT REQUIRE SPECIAL CONSIDERATION					
1. Opening balances		✓			Test whether prior-period closing balances have been correctly brought forward to the current period or restated in the audit of an issuer or nonissuer, including investigation of differences.
2. Investments in securities and derivative instruments	✓				Identify the considerations relating to the measurement and disclosure of the fair value of investments in securities and derivative instruments in an audit of an issuer or nonissuer.
		✓			Test management's assumptions, conclusions and adjustments related to the valuation of investments in securities and derivative instruments in an audit of an issuer or nonissuer.
3. Physical observation of inventory and inventory held by others			✓		Analyze management's instructions and procedures for recording and controlling the results of an entity's physical inventory counting in an audit of an issuer or nonissuer.
				✓	Observe the performance of inventory counting procedures, inspect the inventory and perform test counts to verify the ending inventory quantities in an audit of an issuer or nonissuer.
4. Litigation, claims and assessments		✓			Perform appropriate audit procedures, such as inquiring of management and others, reviewing minutes and sending external confirmations, to detect the existence of litigation, claims and assessments in an audit of an issuer or nonissuer.
			✓		Analyze management's estimate of the liability associated with litigation, claims and assessments in an audit of an issuer or nonissuer.
5. An entity's ability to continue as a going concern	✓				Identify the factors that could cause substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time in an audit of an issuer or nonissuer.

Area III — Performing Further Procedures and Obtaining Evidence (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. SPECIFIC MATTERS THAT REQUIRE SPECIAL CONSIDERATION, continued					
6. Accounting estimates, including fair value estimates			✓		Perform procedures to analyze an entity's calculations and detailed support for significant accounting estimates in an audit of an issuer or nonissuer, including consideration of information that contradicts assumptions made by management.
				✓	Evaluate the reasonableness of significant accounting estimates in an audit of an issuer or nonissuer.
E. MISSTATEMENTS AND INTERNAL CONTROL DEFICIENCIES					
		✓			Prepare a summary of corrected and uncorrected misstatements.
			✓		Determine the effect of uncorrected misstatements on an entity's financial statements in an audit or non-audit engagement.
			✓		Determine the effect of identified misstatements on the assessment of internal control over financial reporting in an audit of an issuer or nonissuer.
				✓	Evaluate the significance of internal control deficiencies on the risk of material misstatement of financial statements in an audit of an issuer or nonissuer.

Area III — Performing Further Procedures and Obtaining Evidence (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
F. WRITTEN REPRESENTATIONS					
	✓				Identify the written representations that should be obtained from management or those charged with governance in an audit or non-audit engagement.
		✓			Assist in the preparation of required written representations that should be obtained from management or those charged with governance in an audit or non-audit engagement.
G. SUBSEQUENT EVENTS AND SUBSEQUENTLY DISCOVERED FACTS					
		✓			Perform procedures to identify subsequent events that could affect an entity's financial statements or the auditor's report, including 1) events that occur between the date of the financial statements and the date of the auditor's report and 2) facts that become known to the auditor after the date of the auditor's report in an audit of an issuer or nonissuer.
		✓			Perform procedures to identify subsequent events that could affect an entity's financial statements or the accountant's report, including 1) events that occur between the date of the financial statements and the date of the report and 2) facts that become known to the accountant after the date of the report in a non-audit engagement.
			✓		Determine whether identified subsequent events are appropriately reflected in an entity's financial statements and disclosures in an audit or non-audit engagement.

Area IV — Forming Conclusions and Reporting (15–25%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. REPORTS ON AUDITING ENGAGEMENTS					
1. Forming an audit opinion, including modification of an auditor's opinion	✓				Identify the factors that an auditor should consider when forming an opinion on an entity's financial statements.
	✓				Identify the type of opinion that an auditor should render on the audit of an issuer or nonissuer's financial statements, including unmodified (or unqualified), qualified, adverse or disclaimer of opinion.
	✓				Identify the factors that an auditor should consider when it is necessary to modify the audit opinion on an issuer or nonissuer's financial statements, including when the financial statements are materially misstated and when the auditor is unable to obtain sufficient appropriate audit evidence.
2. Form and content of an audit report, including the use of emphasis-of-matter and other-matter (explanatory) paragraphs	✓				Identify the appropriate form and content of an auditor's report for an audit of an issuer or nonissuer's financial statements, including the appropriate use of emphasis-of-matter and other-matter (i.e., explanatory) paragraphs.
		✓			Prepare a draft auditor's report starting with a report example (e.g., an illustrative audit report from professional standards) for an audit of an issuer or nonissuer.
3. Examinations of internal control integrated with an audit of financial statements	✓				Identify the factors that an auditor should consider when forming an opinion on the effectiveness of internal control in an examination of internal control.
	✓				Identify the appropriate form and content of a report on the examination of internal control, including report modifications and the use of separate or combined reports for the audit of an entity's financial statements and the examination of internal control.
		✓			Prepare a draft report for an examination of internal control engagement or for an examination of internal control integrated with the audit of an entity's financial statements, starting with a report example (e.g., an illustrative report from professional standards).

Area IV — Forming Conclusions and Reporting (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. REPORTS ON ATTESTATION ENGAGEMENTS					
1. General standards for attestation reports	✓				Identify the factors that a practitioner should consider when issuing an examination or review report for an attestation engagement.
		✓			Prepare a draft examination or review report for an attestation engagement starting with a report example (e.g., an illustrative report from professional standards).
2. Agreed-upon procedures reports	✓				Identify the factors that a practitioner should consider when issuing an agreed-upon procedures report for an attestation engagement.
		✓			Prepare a draft agreed-upon procedures report for an attestation engagement starting with a report example (e.g., an illustrative report from professional standards).
3. Reporting on controls at a service organization	✓				Identify the factors that a service auditor should consider when reporting on the examination of controls at a service organization.
		✓			Prepare a draft report for an engagement to report on the examination of controls at a service organization, starting with a report example (e.g., an illustrative report from professional standards).

Area IV — Forming Conclusions and Reporting (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. ACCOUNTING AND REVIEW SERVICE ENGAGEMENTS					
1. Preparation engagements	✓				Identify the factors that an accountant should consider when performing a preparation engagement.
2. Compilation reports	✓				Identify the factors that an accountant should consider when reporting on an engagement to compile an entity's financial statements, including the proper form and content of the compilation report.
		✓			Prepare a draft report for an engagement to compile an entity's financial statements, starting with a report example (e.g., an illustrative report from professional standards).
3. Review reports	✓				Identify the factors that an accountant should consider when reporting on an engagement to review an entity's financial statements, including the proper form and content of the review report.
		✓			Prepare a draft report for an engagement to review an entity's financial statements, starting with a report example (e.g., an illustrative report from professional standards).

Area IV — Forming Conclusions and Reporting (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. REPORTING ON COMPLIANCE					
	✓				Identify the factors that an auditor should consider when reporting on compliance with aspects of contractual agreements or regulatory requirements in connection with an audit of an entity's financial statements.
	✓				Identify the factors that a practitioner should consider when reporting on an attestation engagement related to an entity's compliance with the requirements of specified laws, regulations, rules, contracts or grants, including reports on the effectiveness of internal controls over compliance with the requirements.
		✓			Prepare a draft compliance report for an attestation engagement to report on an entity's compliance with the requirements of specified laws, regulations, rules, contracts or grants starting with a report example (e.g., an illustrative report from professional standards).
		✓			Prepare a draft compliance report when reporting on compliance with aspects of contractual agreements or regulatory requirements in connection with an audit of an entity's financial statements starting with a report example (e.g., an illustrative report from professional standards).
E. OTHER REPORTING CONSIDERATIONS					
1. Comparative statements and consistency between periods	✓				Identify the factors that would affect the comparability or consistency of financial statements, including a change in accounting principle, the correction of a material misstatement and a material change in classification.
2. Other information in documents with audited statements	✓				Understand the auditor's responsibilities related to other information included in documents with audited financial statements.
3. Review of interim financial information	✓				Identify the factors an auditor should consider when reporting on an engagement to review interim financial information.

Area IV — Forming Conclusions and Reporting (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. OTHER REPORTING CONSIDERATIONS, continued					
4. Supplementary information	✓				Identify the factors an auditor should consider when reporting on supplementary information included in or accompanying an entity's financial statements.
5. Single statements	✓				Identify the factors an auditor should consider when reporting on the audit of a single financial statement.
6. Special-purpose and other country frameworks	✓				Identify the factors an auditor should consider when reporting on the audit of financial statements prepared in accordance with a financial reporting framework generally accepted in another country, when the financial statements are intended for use outside of the United States.
	✓				Identify the factors an auditor should consider when reporting on the audit of financial statements prepared in accordance with a special-purpose framework, including cash basis, tax basis, regulatory basis, contractual basis or other basis.
7. Letters for underwriters and filings with the SEC	✓				Identify the factors an auditor should consider when engaged to issue a comfort letter in connection with an entity's financial statements that are included in a securities offering.
	✓				Identify the factors an auditor should consider in connection with audited financial statements of a nonissuer that are included in a registration statement.
8. Alerts that restrict the use of written communication	✓				Identify the factors an auditor should consider when restricting the use of written communication by including an alert when the potential exists for the written communication to be misunderstood or taken out of context.
9. Additional reporting requirements under Government Accountability Office Government Auditing Standards	✓				Identify requirements under Government Accountability Office Government Auditing Standards related to reporting on internal control over financial reporting and compliance with provisions of law, regulations, contracts and grant agreements that have a material effect on the financial statements.

AICPA®

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.

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 seperate 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 – Integrated Framework

- 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

BUSINESS ENVIRONMENT AND CONCEPTS (BEC)

Summary Blueprint

Content Area Allocation	Weight
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%

Skill Allocation	Weight
Evaluation	–
Analysis	20–30%
Application	50–60%
Remembering and Understanding	15–25%

BUSINESS ENVIRONMENT AND CONCEPTS

Area I — Corporate Governance (17–27%)

	Skill				
Content Group/Topic	**Remembering and Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
A. INTERNAL CONTROL FRAMEWORKS					
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 controls for risk scenarios in an entity.
		✓			Describe the corporate governance structure within an organization (tone at the top, policies, steering committees, oversight, ethics, etc.).
B. ENTERPRISE RISK MANAGEMENT FRAMEWORKS					
1. Purpose and objectives	✓				Define enterprise risk management within the context of the COSO Enterprise Risk Management 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 Enterprise Risk Management framework.
	✓				Define the role of business strategy within the context of the COSO Enterprise Risk Management framework.
		✓			Apply the COSO Enterprise Risk Management framework to identify risk/opportunity scenarios in an entity.
C. OTHER REGULATORY FRAMEWORKS AND PROVISIONS					
	✓				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.

BUSINESS ENVIRONMENT AND CONCEPTS

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

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. ECONOMIC AND BUSINESS CYCLES - MEASURES AND INDICATORS					
	✓				Identify and define business cycles and conditions and government policies that impact an entity's industry or operations.
		✓			Calculate and use economic measures and indicators to explain the impact on an entity's industry or operations due to changes in government policies, business cycles and economic conditions.
B. MARKET INFLUENCES ON BUSINESS					
		✓			Identify and define the key factors related to the economic marketplace and how they generally apply to a business entity.
			✓		Determine the impact of market influences on the overall economy as well as on an entity's business strategy, operations and risk.
			✓		Determine the business reasons for, and explain the underlying economic substance of, significant transactions (business combinations, divestitures, etc.).
C. FINANCIAL RISK MANAGEMENT					
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%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. CAPITAL STRUCTURE					
		✓			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. WORKING CAPITAL					
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 payment methods 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

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. FINANCIAL VALUATION METHODS AND DECISION MODELS					
	✓				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: Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. INFORMATION TECHNOLOGY (IT) GOVERNANCE					
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. ROLE OF INFORMATION TECHNOLOGY IN BUSINESS					
	✓				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.
C. INFORMATION SECURITY/AVAILABILITY					
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

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. PROCESSING INTEGRITY (INPUT/PROCESSING/OUTPUT CONTROLS)					
		✓			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.
E. SYSTEMS DEVELOPMENT AND MAINTENANCE					
	✓				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: Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. FINANCIAL AND NON-FINANCIAL MEASURES OF PERFORMANCE MANAGEMENT					
		✓			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. COST ACCOUNTING					
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

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. PROCESS MANAGEMENT					
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.
D. PLANNING TECHNIQUES					
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.

AICPA®

Uniform CPA Examination Financial Accounting and Reporting (FAR)

BLUEPRINT

Financial Accounting and Reporting

The Financial Accounting and Reporting (FAR) section of the Uniform CPA Examination (the Exam) assesses the knowledge and skills that a newly licensed CPA must demonstrate in the financial accounting and reporting frameworks used by business entities (public and nonpublic), not-for-profit entities and state and local government entities.

The financial accounting and reporting frameworks that are eligible for assessment within the FAR section of the Exam include the standards and regulations issued by the:

- Financial Accounting Standards Board (FASB)
- U.S. Securities and Exchange Commission (U.S. SEC)
- American Institute of Certified Public Accountants (AICPA)
- Governmental Accounting Standards Board (GASB)
- International Accounting Standards Board (IASB)

A listing of standards and regulations promulgated by these bodies, and other reference materials that are eligible for assessment in the FAR section of the Exam are included under References at the conclusion of this Introduction.

Content Organization and Tasks

The FAR 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 in practice.

Tasks in the FAR section blueprint are representative. The tasks are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the FAR 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. For example, the topic titled "Notes to financial statements" in Area I includes two tasks that are intended to encompass the required disclosures for any topic in the FASB Accounting Standards Codification, while the group titled "Leases" in Area III includes eight tasks that are limited to the accounting requirements in Topic 840 of the FASB Accounting Standards Codification. The number of tasks included in the blueprint for this group and this topic is not intended to suggest that "Leases" are more significant to newly licensed CPAs or will be tested more than the "Notes to financial statements."

Content Allocation

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

CONTENT AREA		ALLOCATION
Area I	Conceptual Framework, Standard-Setting and Financial Reporting	25–35%
Area II	Select Financial Statement Accounts	30–40%
Area III	Select Transactions	20–30%
Area IV	State and Local Governments	5–15%

Overview of Content Areas

Area I of the FAR section blueprint covers FASB's Conceptual Framework, FASB's standard-setting process and several different financial reporting topics. The financial reporting topics include the following:

- General-purpose financial statements applicable to for-profit entities, not-for-profit entities and employee benefit plans under the FASB Accounting Standards Codification
- Disclosures specific to public companies including earnings per share and segment reporting under the FASB Accounting Standards Codification and the interim, annual and periodic filing requirements for U.S. registrants in accordance with the rules of the U.S. SEC
- Financial statements prepared under special purpose frameworks as described in AU-C Section 800 of the Codification of Statements on Auditing Standards

Financial Accounting and Reporting Continued

Area II of the FAR section blueprint covers the financial accounting and reporting requirements in the FASB Accounting Standards Codification that are applicable to select financial statement accounts.

- To the extent applicable, each group and topic in the area is eligible for testing within the context of both for-profit and not-for-profit entities
  - If significant accounting or reporting differences exist between for-profit and not-for-profit entities for a given group or topic, such differences are in representative not-for-profit tasks in the blueprint

Area III of the FAR section blueprint covers the financial accounting and reporting requirements for select transactions that are applicable to entities under the FASB Accounting Standards Codification and the IASB standards.

- The testing of content under the IASB standards is limited to a separate group titled, "Differences between IFRS and U.S. GAAP"
- To the extent applicable, the remaining groups in the area are eligible for testing within the context of both for-profit and not-for-profit entities
  - If significant accounting or reporting differences exist between for-profit and not-for-profit entities, such differences are in representative not-for-profit tasks in the blueprint

Area IV of the FAR section blueprint covers GASB's conceptual framework as well the financial accounting and reporting requirements for state and local governments under the GASB standards and interpretations.

Section Assumptions

The FAR section of the Exam includes multiple-choice questions, task-based simulations and research prompts. When completing questions in the FAR section of the Exam, candidates should assume that all of the information provided in each question is material. In addition, candidates should assume that each question applies to a for-profit business entity reporting under U.S. GAAP unless otherwise stated in the fact pattern for a question. For example, questions that apply to not-for-profit entities specify the nature of these entities as "not-for-profit" or "non-governmental, not-for-profit." Questions that apply to IFRS include phrases such as "under IFRS" or "according to IFRS." Questions that apply to the state and local governments include phrases such as "local government," "state," "municipality" or "city."

Skill Allocation

The Exam focuses on testing higher order skills. Based on the nature of the task, each representative task in the FAR section blueprint is assigned a skill level. FAR 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 seperate 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.

Financial Accounting and Reporting Continued

- Remembering and Understanding tasks are in all four areas of the FAR blueprint. These tasks, such as identifying transactions and financial reporting requirements, frequently require newly licensed CPAs to demonstrate their comprehension of accounting concepts and standards. Area IV has the highest concentration of remembering and understanding tasks
- Application tasks are in all four areas of the FAR blueprint. These tasks, such as preparing journal entries and financial statements, frequently require newly licensed CPAs to use accounting concepts and standards to measure and recognize financial statement amounts
- Analysis tasks are in Area I, Area II and Area III of the FAR blueprint. These tasks, such as reconciling account balances, interpreting agreements and detecting financial reporting discrepancies, frequently require newly licensed CPAs to demonstrate a higher level of interpretation. Area I and Area II have the highest concentration of analysis tasks

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 FAR 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 FAR content.

Financial Accounting and Reporting Continued

References – Financial Accounting and Reporting

- Financial Accounting Standards Board (FASB) Accounting Standards Codification

- FASB Concepts Statements

- U.S. Securities and Exchange Commission References:
  - Securities Exchange Act of 1934
  - Regulation S-X of the Code of Federal Regulations (17 CFR Part 210)
  - Regulation S-K of the Code of Federal Regulations (17 CFR Part 229)

- Codification of Statements on Auditing Standards: AU-C Section 800, Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

- AICPA Accounting and Auditing Guides

- International Financial Reporting Standards (IFRS) References:
  - International Financial Reporting Standards
  - International Accounting Standards
  - Interpretations issued by the IFRS Interpretations Committee
  - Interpretations issued by the Standing Interpretations Committee

- State and Local Government References:
  - Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards
  - GASB Statements, Interpretations, Technical Bulletins and Concepts Statements
  - National Council on Governmental Accounting (NCGA) Statements and Interpretations

- Current textbooks on accounting for business entities, not-for-profit entities, and state and local government entities

FINANCIAL ACCOUNTING AND REPORTING (FAR)

Summary Blueprint

Content Area Allocation	Weight
I. Conceptual Framework, Standard-Setting and Financial Reporting	25–35%
II. Select Financial Statement Accounts	30–40%
III. Select Transactions	20–30%
IV. State and Local Governments	5–15%

Skill Allocation	Weight
Evaluation	–
Analysis	25–35%
Application	50–60%
Remembering and Understanding	10–20%

FINANCIAL ACCOUNTING AND REPORTING

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. CONCEPTUAL FRAMEWORK AND STANDARD-SETTING FOR BUSINESS AND NONBUSINESS ENTITIES					
1. Conceptual framework	✓				Recall the purpose and characteristics in the conceptual framework for business and nonbusiness entities.
2. Standard-setting process	✓				Recall the due process steps followed by the FASB to establish financial accounting and reporting standards.
B. GENERAL-PURPOSE FINANCIAL STATEMENTS: FOR-PROFIT BUSINESS ENTITIES					
1. Balance sheet/ statement of financial position		✓			Prepare a classified balance sheet from a trial balance and supporting documentation.
		✓			Adjust the balance sheet to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the balance sheet amounts to supporting documentation.
			✓		Calculate fluctuations and ratios and interpret the results while reviewing comparative balance sheets.
2. Income statement/ statement of profit or loss		✓			Prepare a multiple-step income statement from a trial balance and supporting documentation.
		✓			Prepare a single-step income statement from a trial balance and supporting documentation.
		✓			Adjust the income statement to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the income statement amounts to supporting documentation.
			✓		Calculate fluctuations and ratios and interpret the results while reviewing comparative income statements.

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. GENERAL-PURPOSE FINANCIAL STATEMENTS: FOR-PROFIT BUSINESS ENTITIES, continued					
3. Statement of comprehensive income		✓			Prepare a statement of comprehensive income from a trial balance and supporting documentation.
		✓			Calculate reclassification adjustments for items of other comprehensive income.
		✓			Adjust the statement of comprehensive income to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the statement of comprehensive income amounts to supporting documentation.
4. Statement of changes in equity		✓			Prepare a statement of changes in equity from a trial balance and supporting documentation.
		✓			Adjust the statement of changes in equity to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the statement of changes in equity amounts to supporting documentation.
5. Statement of cash flows		✓			Prepare a statement of cash flows using the direct method and required disclosures from supporting documentation.
		✓			Prepare a statement of cash flows using the indirect method and required disclosures from supporting documentation.
		✓			Adjust a statement of cash flows to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the statement of cash flows amounts to supporting documentation.
			✓		Derive the impact of transactions on the statement of cash flows.

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. GENERAL-PURPOSE FINANCIAL STATEMENTS: FOR-PROFIT BUSINESS ENTITIES, continued					
6. Notes to financial statements		✓			Adjust the notes to the financial statements to correct identified errors and omissions.
			✓		Compare the notes to the financial statements to the financial statements and supporting documentation to identify inconsistencies and investigate those inconsistencies.
7. Consolidated financial statements (including wholly owned subsidiaries and noncontrolling interests)	✓				Recall basic consolidation concepts and terms (e.g. controlling interest, noncontrolling interest, primary beneficiary, variable interest entity).
		✓			Prepare consolidated financial statements (includes adjustments, eliminations and/or noncontrolling interests) from supporting documentation.
		✓			Adjust consolidated financial statements to correct identified errors.
			✓		Detect, investigate and correct discrepancies identified while agreeing the consolidated financial statement amounts to supporting documentation.
8. Discontinued operations		✓			Prepare the discontinued operations portion of the financial statements from a trial balance and supporting documentation.
9. Going concern	✓				Recall the requirements for disclosing uncertainties about an entity's ability to continue as a going concern.
C. GENERAL-PURPOSE FINANCIAL STATEMENTS: NONGOVERNMENTAL, NOT-FOR-PROFIT ENTITIES					
1. Statement of financial position	✓				Recall the purpose and objectives of the statement of financial position for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of financial position for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓			Adjust the statement of financial position for a nongovernmental, not-for-profit entity to correct identified errors.

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. GENERAL-PURPOSE FINANCIAL STATEMENTS: NONGOVERNMENTAL, NOT-FOR-PROFIT ENTITIES, continued					
2. Statement of activities	✓				Recall the purpose and objectives of the statement of activities for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of activities for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓			Adjust the statement of activities for a nongovernmental, not-for-profit entity to correct identified errors.
3. Statement of cash flows	✓				Recall the purpose and objectives of the statement of cash flows for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of cash flows and required disclosures using the direct method for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of cash flows and required disclosures using the indirect method for a nongovernmental, not-for-profit entity.
		✓			Adjust the statement of cash flows for a nongovernmental, not-for-profit entity to correct identified errors.
4. Statement of functional expenses	✓				Recall the purpose and objectives of the statement of functional expenses for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of functional expenses for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓			Adjust the statement of functional expenses for a nongovernmental, not-for-profit entity to correct identified errors.

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. PUBLIC COMPANY REPORTING TOPICS (U.S. SEC REPORTING REQUIREMENTS, EARNINGS PER SHARE AND SEGMENT REPORTING)					
	✓				Recall the purpose of forms 10-Q, 10-K and 8-K that a U.S. registrant is required to file with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.
	✓				Identify the significant components of Form 10-Q and Form 10-K filed with the U.S. Securities and Exchange Commission.
		✓			Prepare financial statement note disclosures for reportable segments.
		✓			Calculate basic earnings per share.
		✓			Calculate diluted earnings per share.
E. FINANCIAL STATEMENTS OF EMPLOYEE BENEFIT PLANS					
	✓				Identify the required financial statements for a defined benefit pension plan and a defined contribution pension plan.
		✓			Prepare a statement of changes in net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.
		✓			Prepare a statement of net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.

Area I — Conceptual Framework, Standard-Setting and Financial Reporting (25–35%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
F. SPECIAL PURPOSE FRAMEWORKS					
	✓				Recall appropriate financial statement titles to be used for the financial statements prepared under a special purpose framework.
		✓			Perform calculations to convert cash basis or modified cash basis financial statements to accrual basis financial statements.
		✓			Prepare financial statements using the cash basis of accounting.
		✓			Prepare financial statements using a modified cash basis of accounting.
		✓			Prepare financial statements using the income tax basis of accounting.

Area II — Select Financial Statement Accounts (30–40%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. CASH AND CASH EQUIVALENTS					
		✓			Calculate cash and cash equivalents balances to be reported in the financial statements.
			✓		Reconcile the cash balance per the bank statement to the general ledger.
			✓		Investigate unreconciled cash balances to determine whether an adjustment to the general ledger is necessary.
B. TRADE RECEIVABLES					
		✓			Calculate trade accounts receivable and allowances and prepare journal entries.
		✓			Prepare any required journal entries to record the transfer of trade receivables (secured borrowings, factoring, assignment, pledging).
			✓		Prepare a rollforward of the trade receivables account balance using various sources of information.
			✓		Reconcile and investigate differences between the subledger and general ledger for trade receivables to determine whether an adjustment is necessary.
C. INVENTORY					
		✓			Calculate the carrying amount of inventory and prepare journal entries using various costing methods.
		✓			Measure impairment losses on inventory.
			✓		Reconcile and investigate differences between the subledger and general ledger for inventory to determine whether an adjustment is necessary.
			✓		Prepare a rollforward of the inventory account balance using various sources of information.

Area II — Select Financial Statement Accounts (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. PROPERTY, PLANT AND EQUIPMENT					
		✓			Calculate the gross and net property, plant and equipment balances and prepare journal entries.
		✓			Calculate gains or losses on the disposal of long-lived assets to be recognized in the financial statements.
		✓			Measure impairment losses on long-lived assets to be recognized in the financial statements.
		✓			Calculate the amounts necessary to prepare journal entries to record a nonmonetary exchange.
		✓			Determine whether an asset qualifies to be reported as held for sale in the financial statements.
		✓			Adjust the carrying amount of assets held for sale and calculate the loss to be recognized in the financial statements.
			✓		Prepare a rollforward of the property, plant and equipment account balance using various sources of information.
			✓		Reconcile and investigate differences between the subledger and general ledger for property, plant and equipment to determine whether an adjustment is necessary.
E. INVESTMENTS					
1. Financial assets at fair value	✓				Identify investments that are eligible or required to be reported at fair value in the financial statements.
		✓			Calculate the carrying amount of investments measured at fair value and prepare journal entries (excluding impairment).

Area II — Select Financial Statement Accounts (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. INVESTMENTS, continued					
1. Financial assets at fair value, *continued*		✓			Calculate gains and losses to be recognized in net income or other comprehensive income for investments measured at fair value and prepare journal entries.
		✓			Calculate investment income to be recognized in net income for investments measured at fair value and prepare journal entries.
		✓			Measure impairment losses to be recognized on applicable investments reported at fair value in the financial statements.
2. Financial assets at amortized cost	✓				Identify investments that are eligible to be reported at amortized cost in the financial statements.
		✓			Calculate the carrying amount of investments measured at amortized cost and prepare journal entries (excluding impairment).
		✓			Measure impairment losses to be recognized on investments reported at amortized cost in the financial statements.
3. Equity method investments	✓				Identify when the equity method of accounting can be applied to an investment.
		✓			Calculate the carrying amount of equity method investments and prepare journal entries (excluding impairment).
		✓			Measure impairment losses to be recognized in the financial statements on equity method investments.

Area II — Select Financial Statement Accounts (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
F. INTANGIBLE ASSETS – GOODWILL AND OTHER					
	✓				Identify the criteria for recognizing intangible assets in the statement of financial position and classify intangible assets as either finite-lived or indefinite-lived.
	✓				Identify impairment indicators for goodwill and other indefinite-lived intangible assets.
		✓			Calculate the carrying amount of finite-lived intangible assets reported in the financial statements (initial measurement, amortization and impairment) and prepare journal entries.
		✓			Calculate the carrying amount of goodwill and other indefinite-lived intangible assets reported in the financial statements (includes initial measurement and impairment) and prepare journal entries.
G. PAYABLES AND ACCRUED LIABILITIES					
		✓			Calculate the carrying amount of payables and accrued liabilities and prepare journal entries.
		✓			Identify and calculate liabilities arising from exit or disposal activities and determine the timing of recognition in the financial statements.
		✓			Calculate the liabilities and assets resulting from asset retirement obligations and prepare journal entries.
			✓		Reconcile and investigate differences between the subledger and general ledger for accounts payable and accrued liabilities to determine whether an adjustment is necessary.
H. LONG-TERM DEBT (FINANCIAL LIABILITIES)					
1. Notes and bonds payable	✓				Classify a change to a debt instrument as either a modification of terms or an extinguishment of debt.
	✓				Understand when a change to the terms of a debt instrument qualifies as a troubled debt restructuring.
	✓				Classify a financial instrument as either debt or equity, based on its characteristics.

Area II — Select Financial Statement Accounts (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
H. LONG-TERM DEBT (FINANCIAL LIABILITIES), continued					
1. Notes and bonds payable, *continued*		✓			Calculate the interest expense attributable to notes and bonds payable reported in the financial statements (including discounts, premiums or debt issuance costs).
		✓			Calculate the carrying amount of notes and bonds payable and prepare journal entries.
2. Debt covenant compliance		✓			Calculate debt covenants as stipulated in a debt agreement to ascertain compliance.
I. EQUITY					
		✓			Prepare journal entries to recognize equity transactions in the financial statements.
		✓			Calculate unrestricted, temporarily restricted and permanently restricted net asset balances for a nongovernmental, not-for-profit entity and prepare journal entries.
J. REVENUE RECOGNITION					
	✓				Recall concepts of accounting for revenue.
		✓			Determine the amount and timing of revenue to be recognized under an arrangement with multiple goods and/or services and prepare journal entries.
		✓			Determine the amount and timing of revenue to be recognized under an arrangement for a single good or service and prepare journal entries.
		✓			Determine the amount and timing of revenue to be recognized under an arrangement where delivery is continuous and prepare journal entries.
		✓			Determine revenue to be recognized by a nongovernmental, not-for-profit entity for contributed services received and prepare journal entries.

Area II — Select Financial Statement Accounts (30–40%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
J. REVENUE RECOGNITION, continued					
			✓		Interpret agreements, contracts and/or other supporting documentation to determine the amount and timing of revenue to be recognized in the financial statements.
			✓		Reconcile and investigate differences between the sales subledger and the general ledger to determine whether an adjustment is necessary.
K. COMPENSATION AND BENEFITS					
1. Compensated absences		✓			Calculate the carrying amount of the liability for compensated absences and prepare journal entries.
2. Retirement benefits		✓			Use actuarial outputs to calculate the costs and the funded status for a defined benefit pension plan or a defined benefit postretirement plan and prepare journal entries.
3. Stock compensation (share-based payments)	✓				Recall concepts associated with share-based payment arrangements (grant date, vesting conditions, inputs to valuation techniques, valuation models).
		✓			Calculate compensation costs to be recognized for a share-based payment arrangement classified as an equity award and prepare journal entries.
		✓			Calculate compensation costs to be recognized for a share-based payment arrangement classified as a liability award and prepare journal entries.
L. INCOME TAXES					
	✓				Recall the criteria for recognizing uncertain tax positions in the financial statements.
	✓				Recall the criteria for recognizing or adjusting a valuation allowance for a deferred tax asset in the financial statements.
		✓			Calculate the income tax expense, current taxes payable/receivable and deferred tax liabilities/assets to be reported in the financial statements.
		✓			Prepare journal entries to record the tax provision in the financial statements.

FINANCIAL ACCOUNTING AND REPORTING

Area III — Select Transactions (20–30%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. ACCOUNTING CHANGES AND ERROR CORRECTIONS					
		✓			Calculate a required adjustment to the financial statements due to an accounting change or error correction and determine whether it requires prospective or retrospective application.
			✓		Derive the impact to the financial statements and related note disclosures of an accounting change or an error correction.
B. BUSINESS COMBINATIONS					
		✓			Prepare journal entries to record the identifiable net assets acquired in a business combination that results in the recognition of goodwill.
		✓			Prepare journal entries to record the identifiable net assets acquired in a business combination that includes a noncontrolling interest.
		✓			Prepare journal entries to record the identifiable net assets acquired in a business combination that results in the recognition of a bargain purchase gain.
		✓			Adjust the financial statements to properly reflect changes in contingent consideration related to a business combination.
		✓			Calculate the consideration transferred in a business combination.
		✓			Adjust the financial statements to properly reflect measurement period adjustments related to a business combination.

Area III — Select Transactions (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. CONTINGENCIES AND COMMITMENTS					
	✓				Recall the recognition and disclosure criteria used to identify commitments and contingencies.
		✓			Calculate amounts of contingencies and prepare journal entries.
			✓		Review supporting documentation to determine whether a commitment or contingency requires recognition or disclosure in the financial statements.
D. DERIVATIVES AND HEDGE ACCOUNTING (E.G. SWAPS, OPTIONS, FORWARDS)					
	✓				Identify the characteristics of a freestanding and/or embedded derivative financial instrument to be recognized in the financial statements.
	✓				Identify the criteria necessary to qualify for hedge accounting.
		✓			Prepare journal entries for hedging transactions.
		✓			Prepare journal entries for derivative financial instruments (swaps, options and forwards).
E. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION					
	✓				Recall the basic functional currency concepts including the indicators to be considered when determining an entity's functional currency.
		✓			Calculate transaction gains or losses recognized from monetary transactions denominated in a foreign currency.
		✓			Adjust an entity's financial statements (local currency to functional currency or functional currency to reporting currency) and recognize the effect on equity through net income or other comprehensive income.

FINANCIAL ACCOUNTING AND REPORTING

Area III — Select Transactions (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
F. LEASES					
	✓				Recall the appropriate accounting treatment for residual value guarantees, bargain purchase options and variable lease payments included in leasing arrangements.
	✓				Identify the criteria for classifying a lease arrangement.
		✓			Calculate the carrying amount of lease-related assets and liabilities and prepare journal entries that a lessee should record.
		✓			Calculate the carrying amount of lease-related assets and prepare joumal entries that a lessor should record.
		✓			Calculate the lease costs that a lessee should recognize in the income statement.
		✓			Prepare joumal entries that the seller/lessee should record for a sale-leaseback transaction.
		✓			Calculate the amount of lease income that a lessor should recognize in the income statement.
			✓		Interpret agreements, contracts and/or other supporting documentation to determine the appropriate accounting treatment of a leasing arrangement and prepare the journal entries that the lessee should record.
G. NONRECIPROCAL TRANSFERS					
	✓				Recall the recognition requirements associated with conditional and unconditional promises to give (pledges) for a nongovernmental, not-for-profit entity.
	✓				Identify transfers to a nongovernmental, not-for-profit entity acting as an agent or intermediary that are not recognized as contributions in the statement of activities.

Area III — Select Transactions (20–30%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
G. NONRECIPROCAL TRANSFERS, continued					
		✓			Calculate the carrying amount of donated assets (financial assets or long-lived assets) to be reported in the statement of financial position.
		✓			Calculate increases in unrestricted, temporarily restricted or permanently restricted net assets attributable to contributions for a nongovernmental, not-for-profit entity.
H. RESEARCH AND DEVELOPMENT COSTS					
	✓				Identify research and development costs and classify the costs as an expense in the financial statements.
		✓			Calculate the research and development costs to be reported as an expense in the financial statements.
I. SOFTWARE COSTS					
	✓				Identify the criteria necessary to capitalize software costs (software for internal use or sale) in the financial statements.
		✓			Calculate capitalized software costs (software for internal use or sale) to be reported in the financial statements and the related amortization expense.
J. SUBSEQUENT EVENTS					
	✓				Identify a subsequent event and recall its appropriate accounting treatment.
		✓			Calculate required adjustments to financial statements and/or note disclosures based on identified subsequent events.
			✓		Derive the impact to the financial statements and required note disclosures due to identified subsequent events.

Area III — **Select Transactions (20–30%)** Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
K. FAIR VALUE MEASUREMENTS					
	✓				Identify the valuation techniques used to measure fair value.
		✓			Use the fair value hierarchy to determine the classification of a fair value measurement.
		✓			Use the fair value guidance (e.g. highest and best use, market participant assumptions, unit of account) to measure the fair value of assets and liabilities.
L. DIFFERENCES BETWEEN IFRS AND U.S. GAAP					
	✓				Identify accounting and reporting differences between IFRS and U.S. GAAP.
		✓			Determine the impact of the differences between IFRS and U.S. GAAP on the financial statements.

Area IV — State and Local Governments (5–15%)

	Skill				
Content Group/Topic	**Remembering and Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
A. STATE AND LOCAL GOVERNMENT CONCEPTS					
1. Conceptual framework	✓				Recall the purpose and characteristics of the conceptual framework for state and local governments.
2. Measurement focus and basis of accounting	✓				Recall the measurement focus and basis of accounting used by state and local governments for fund and government-wide financial reporting.
3. Purpose of funds		✓			Determine the appropriate fund(s) that a state or local government should use to record its activities.
B. FORMAT AND CONTENT OF THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)					
1. Government-wide financial statements	✓				Identify and recall basic concepts and principles associated with government-wide financial statements (e.g., required activities, financial statements and financial statement components).
		✓			Prepare the government-wide statement of net position for a state or local government from trial balances and supporting documentation.
		✓			Prepare the government-wide statement of activities for a state or local government from trial balances and supporting documentation.
2. Governmental funds financial statements	✓				Identify and recall basic concepts and principles associated with governmental fund financial statements (e.g., required funds, financial statements and financial statement components).
		✓			Prepare the statement of revenues, expenditures and changes in fund balances for the governmental funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the balance sheet for the governmental funds of a state or local government from trial balances and supporting documentation.

Area IV — State and Local Governments (5–15%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. FORMAT AND CONTENT OF THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) continued					
3. Proprietary funds financial statements	✓				Identify and recall basic concepts and principles associated with proprietary fund financial statements (e.g., required funds, financial statements and financial statement components).
		✓			Prepare the statement of revenues, expenses and changes in fund net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of cash flows for the proprietary funds of a state or local government.
4. Fiduciary funds financial statements	✓				Identify and recall basic concepts and principles associated with fiduciary fund financial statements (e.g., required funds, financial statements and financial statement components).
		✓			Prepare the statement of changes in fiduciary net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
5. Notes to financial statements	✓				Recall the disclosure requirements for the notes to the basic financial statements of state and local governments.
6. Management's discussion and analysis	✓				Recall the objectives and components of management's discussion and analysis in the comprehensive annual financial report for state and local governments.
7. Budgetary comparison reporting	✓				Recall the objectives and components of budgetary comparison reporting in the comprehensive annual financial report for state and local governments.

Area IV — State and Local Governments (5–15%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. FORMAT AND CONTENT OF THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) continued					
8. Required supplementary information (RSI) other than management's discussion and analysis	✓				Recall the objectives and components of required supplementary information other than management's discussion and analysis in the comprehensive annual financial report for state and local governments.
9. Financial reporting entity, including blended and discrete component units	✓				Recall the criteria for classifying an entity as a component unit of a state or local government and the financial statement presentation requirements (discrete or blended).
C. DERIVING GOVERNMENT-WIDE FINANCIAL STATEMENTS AND RECONCILIATION REQUIREMENTS					
		✓			Prepare worksheets to convert the governmental fund financial statements to the governmental activities reported in the government-wide financial statements.
		✓			Prepare the schedule to reconcile the total fund balances and the net change in fund balances reported in the governmental fund financial statements to the net position and change in net position reported in the government-wide financial statements.

Area IV — State and Local Governments (5–15%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. TYPICAL ITEMS AND SPECIFIC TYPES OF TRANSACTIONS AND EVENTS: MEASUREMENT, VALUATION, CALCULATION AND PRESENTATION IN GOVERNMENTAL ENTITY FINANCIAL STATEMENTS					
1. Net position and components thereof		✓			Calculate the net position balances (unrestricted, restricted and net investment in capital assets) for state and local governments and prepare journal entries.
2. Fund balances and components thereof		✓			Calculate the fund balances (assigned, unassigned, nonspendable, committed and restricted) for state and local governments and prepare journal entries.
3. Capital assets and infrastructure assets	✓				Identify capital assets reported in the government-wide financial statements of state and local governments.
		✓			Calculate the net general capital assets balance for state and local governments and prepare journal entries (initial measurement and subsequent depreciation and amortization).
4. General and proprietary long-term liabilities	✓				Identify general and proprietary long-term liabilities reported in the government-wide financial statements of state and local governments.
		✓			Calculate the total indebtedness to be reported in the government-wide financial statements of a state or local government.
		✓			Calculate the net general long-term debt balance for state and local governments and prepare journal entries (debt issuance, interest payments, issue premiums or issue discounts).
5. Interfund activity, including transfers		✓			Prepare eliminations of interfund activity in the government-wide financial statements of state and local governments.
		✓			Prepare journal entries to recognize interfund activity within state and local governments.

Area IV — State and Local Governments (5–15%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
D. TYPICAL ITEMS AND SPECIFIC TYPES OF TRANSACTIONS AND EVENTS: MEASUREMENT, VALUATION, CALCULATION AND PRESENTATION IN GOVERNMENTAL ENTITY FINANCIAL STATEMENTS, continued					
6. Nonexchange revenue transactions		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the modified accrual basis of accounting and prepare journal entries.
		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the accrual basis of accounting and prepare journal entries.
7. Expenditures and expenses		✓			Calculate expenditures to be recognized under the modified accrual basis of accounting (paid from available fund financial resources) for state and local governments and prepare journal entries.
		✓			Calculate expenses to be recognized under the accrual basis of accounting for state and local governments and prepare journal entries.
8. Special items	✓				Identify transactions that require presentation as special items in government-wide financial statements for state and local governments.
9. Budgetary accounting and encumbrances	✓				Recall and explain the types of budgets used by state and local governments.
		✓			Prepare journal entries to record budgets (original and final) of state and local governments.
		✓			Prepare journal entries to record encumbrances of state and local governments.
10. Other financing sources and uses		✓			Calculate the amount to be reported as other financing sources and other financing uses in the governmental funds financial statements.

Uniform CPA Examination Regulation (REG)

BLUEPRINT

Regulation

The Regulation (REG) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that a newly licensed CPA must demonstrate with respect to:

- Federal taxation
- Ethics and professional responsibilities related to tax practice
- Business law

A listing of reference materials relevant to the REG section of the Exam are included under References at the conclusion of this Introduction.

Content Organization and Tasks

The REG section blueprint is 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 when performing tax preparation services, tax advisory services or other responsibilities of a CPA.

The tasks are not necessarily questions on the Exam. The knowledge or skill required to perform the tasks form the basis of the exam questions. For example, the REG section of the Exam will not specifically ask a candidate to "Calculate taxpayer penalties relating to federal tax returns." However, identifying situations where it is appropriate to calculate those penalties might be asked. Additionally, tasks are to be inclusive, not exclusive of exam content. For example, the task, "Calculate tax depreciation for tangible business property ..." could include the calculation of bonus depreciation.

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 REG 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.

Content Allocation

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

CONTENT AREA		ALLOCATION
Area I	Ethics, Professional Responsibilities and Federal Tax Procedures	10–20%
Area II	Business Law	10–20%
Area III	Federal Taxation of Property Transactions	12–22%
Area IV	Federal Taxation of Individuals	15–25%
Area V	Federal Taxation of Entities	28–38%

Overview of Content Areas

Area I of the REG section blueprint covers several topics, including the following:

- Ethics and Responsibilities in Tax Practice – Requirements based on Treasury Department Circular 230 and the rules and regulations for tax return preparers
- Licensing and Disciplinary Systems – Requirements of state boards of accountancy to obtain and maintain the CPA license
- Federal Tax Procedures – Understanding federal tax processes and procedures, including appropriate disclosures, substantiation, penalties and authoritative hierarchy
- Legal Duties and Responsibilities – Understanding legal issues that affect the CPA and his or her practice

Regulation Continued

Area II of the REG section blueprint covers several topics of Business Law, including the following:

- Knowledge and understanding of the legal implications of business transactions, particularly as they relate to accounting, auditing and financial reporting
- Areas of agency, contracts, debtor-creditor relationships, government regulation of business, and business structure
  - The Uniform Commercial Code under the topics of contracts and debtor-creditor relationships
  - Nontax-related business structure content. Area V of the REG section blueprint covers the tax-related issues of the various business structures
- Federal and widely adopted uniform state laws and references as identified in References below.

Area III, Area IV and Area V of the REG section blueprint cover various topics of federal income taxation and gift and estate tax. Accounting methods and periods, and tax elections are included in the Areas listed below:

- Area III covers the federal income taxation of property transactions. Area III also covers topics related to federal estate and gift taxation
- Area IV covers the federal income taxation of individuals from both a tax preparation and tax planning perspective
- Area V covers the federal income taxation of entities including sole proprietorships, partnerships, limited liability companies, C corporations, S corporations, joint ventures, trusts, estates and tax-exempt organizations, from both a tax preparation and tax planning perspective

Skill Allocation

The Exam focuses on testing higher order skills. Based on the nature of the task, each representative task in the REG section blueprint is assigned a skill level. REG 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 seperate 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 mainly concentrated in Area I and Area II. These two areas contain the general ethics, professional responsibilities and business law knowledge that is required for newly licensed CPAs and is tested at the lower end of the skill level continuum
- Application and analysis skills are primarily tested in Areas III, IV and V. These three areas contain more of the day-to-day tasks that newly licensed CPAs are expected to perform and therefore are tested at the higher end of the skill level continuum

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 REG 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 REG content.

Regulation Continued

References – Regulation

- Revised Model Business Corporation Act
- Revised Uniform Limited Partnership Act
- Revised Uniform Partnership Act
- Securities Act of 1933
- Securities Exchange Act of 1934
- Uniform Accountancy Act
- Uniform Commercial Code
- Internal Revenue Code of 1986, as amended, and Regulations
- Treasury Department Circular 230
- Other administrative pronouncements regarding federal taxation
- Case law on federal taxation
- Public Law 86-272
- Uniform Division of Income for Tax Purposes Act (UDITPA)
- Current textbooks covering business law, federal taxation, auditing, accounting and ethics

REGULATION (REG)

Summary Blueprint

Content Area Allocation	Weight
I. Ethics, Professional Responsibilities and Federal Tax Procedures	10–20%
II. Business Law	10–20%
III. Federal Taxation of Property Transactions	12–22%
IV. Federal Taxation of Individuals	15–25%
V. Federal Taxation of Entities	28–38%

Skill Allocation	Weight
Evaluation	–
Analysis	25–35%
Application	35–45%
Remembering and Understanding	25–35%

REGULATION

Area I — Ethics, Professional Responsibilities and Federal Tax Procedures (10–20%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. ETHICS AND RESPONSIBILITIES IN TAX PRACTICE					
1. Regulations governing practice before the Internal Revenue Service	✓				Recall the regulations governing practice before the Internal Revenue Service.
		✓			Apply the regulations governing practice before the Internal Revenue Service given a specific scenario.
2. Internal Revenue Code and Regulations related to tax return preparers	✓				Recall who is a tax return preparer.
	✓				Recall situations that would result in federal tax return preparer penalties.
		✓			Apply potential federal tax return preparer penalties given a specific scenario.
B. LICENSING AND DISCIPLINARY SYSTEMS					
	✓				Understand and explain the role and authority of state boards of accountancy.
C. FEDERAL TAX PROCEDURES					
1. Audits, appeals and judicial process	✓				Explain the audit and appeals process as it relates to federal tax matters.
	✓				Explain the different levels of the judicial process as they relate to federal tax matters.
		✓			Identify options available to a taxpayer within the audit and appeals process given a specific scenario.
		✓			Identify options available to a taxpayer within the judicial process given a specific scenario.

Area I — Ethics, Professional Responsibilities and Federal Tax Procedures (10–20%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. FEDERAL TAX PROCEDURES, continued					
2. Substantiation and disclosure of tax positions	✓				Summarize the requirements for the appropriate disclosure of a federal tax return position.
		✓			Identify situations in which disclosure of federal tax return positions is required.
		✓			Identify whether substantiation is sufficient given a specific scenario.
3. Taxpayer penalties	✓				Recall situations that would result in taxpayer penalties relating to federal tax returns.
		✓			Calculate taxpayer penalties relating to federal tax returns.
4. Authoritative hierarchy	✓				Recall the appropriate hierarchy of authority for federal tax purposes.
D. LEGAL DUTIES AND RESPONSIBILITIES					
1. Common law duties and liabilities to clients and third parties	✓				Summarize the tax return preparer's common law duties and liabilities to clients and third parties.
		✓			Identify situations which result in violations of the tax return preparer's common law duties and liabilities to clients and third parties.
2. Privileged communications, confidentiality and privacy acts	✓				Summarize the rules regarding privileged communications as they relate to tax practice.
		✓			Identify situations in which communications regarding tax practice are considered privileged.

Area II — Business Law (10–20%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. AGENCY					
1. Authority of agents and principals	✓				Recall the types of agent authority.
		✓			Identify whether an agency relationship exists given a specific scenario.
2. Duties and liabilities of agents and principals	✓				Explain the various duties and liabilities of agents and principals.
		✓			Identify the duty or liability of an agent or principal given a specific scenario.
B. CONTRACTS					
1. Formation	✓				Summarize the elements of contract formation between parties.
		✓			Identify whether a valid contract was formed given a specific scenario.
		✓			Identify different types of contracts (e.g., written, verbal, unilateral, express, implied, etc.) given a specific scenario.
2. Performance	✓				Explain the rules related to the fulfillment of performance obligations necessary for an executed contract.
		✓			Identify whether both parties to a contract have fulfilled their performance obligation given a specific scenario.

Area II — Business Law (10–20%) Continued

Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
B. CONTRACTS, continued					
3. Discharge, breach and remedies	✓				Explain the different ways in which a contract can be discharged (e.g., performance, agreement, operation of the law, etc.)
	✓				Summarize the different remedies available to a party for breach of contract.
		✓			Identify situations involving breach of contract.
		✓			Identify whether a contract has been discharged given a specific scenario.
		✓			Identify the remedy available to a party for breach of contract given a specific scenario.
C. DEBTOR-CREDITOR RELATIONSHIPS					
1. Rights, duties, and liabilities of debtors, creditors and guarantors	✓				Explain the rights, duties and liabilities of debtors, creditors and guarantors.
		✓			Identify the rights, duties or liabilities of a debtors, creditors or guarantors given a specific scenario.
2. Bankruptcy and insolvency	✓				Explain the rights of the debtors and the creditors in bankruptcy and insolvency.
	✓				Summarize the rules related to the different types of bankruptcy.
	✓				Explain discharge of indebtedness in bankruptcy.
		✓			Identify the rights of the debtors and the creditors in bankruptcy and insolvency given a specific scenario.
		✓			Identify the type of bankruptcy described in a specific scenario.

Area II — Business Law (10–20%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. DEBTOR-CREDITOR RELATIONSHIPS, continued					
3. Secured transactions	✓				Explain how property can serve as collateral in secured transactions.
	✓				Summarize the priority rules of secured transactions.
	✓				Explain the requirements needed to create and perfect a security interest.
		✓			Identify the prioritized ordering of perfected security interests given a specific scenario.
		✓			Identify whether a creditor has created and perfected a security interest given a specific scenario.
D. GOVERNMENT REGULATION OF BUSINESS					
1. Federal securities regulation	✓				Summarize the various securities laws and regulations that affect corporate governance with respect to the Federal Securities Act of 1933 and the Federal Securities and Exchange Act of 1934.
		✓			Identify violations of the various securities laws and regulations that affect corporate governance with respect to the Federal Securities Act of 1933 and the Federal Securities and Exchange Act of 1934.
2. Other federal laws and regulations (e.g., employment tax, Affordable Care Act and worker classification)	✓				Summarize federal laws and regulations, for example, employment tax, Affordable Care Act and worker classification federal laws and regulations.
		✓			Identify violations of federal laws and regulations, for example, employment tax, Affordable Care Act and worker classification federal laws and regulations.

Area II — Business Law (10–20%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. BUSINESS STRUCTURE					
1. Selection and formation of business entity and related operation and termination	✓				Summarize the processes for formation and termination of various business entities.
	✓				Summarize the nontax operational features for various business entities.
		✓			Identify the type of business entity that is best described by a given set of nontax-related characteristics.
2. Rights, duties, legal obligations and authority of owners and management	✓				Summarize the rights, duties, legal obligations and authority of owners and management.
		✓			Identify the rights, duties, legal obligations or authorities of owners or management given a specific scenario.

Area III — Federal Taxation of Property Transactions (12–22%)

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. ACQUISITION AND DISPOSITION OF ASSETS					
1. Basis and holding period of assets		✓			Calculate the tax basis of an asset.
		✓			Determine the holding period of a disposed asset for classification of tax gain or loss.
2. Taxable and nontaxable dispositions		✓			Calculate the realized and recognized gain or loss on the disposition of assets for federal income tax purposes.
		✓			Calculate the realized gain, recognized gain and deferred gain on like-kind property exchange transactions for federal income tax purposes.
			✓		Analyze asset sale and exchange transactions to determine whether they are taxable or nontaxable.
3. Amount and character of gains and losses, and netting process (including installment sales)		✓			Calculate the amount of capital gains and losses for federal income tax purposes.
		✓			Calculate the amount of ordinary income and loss for federal income tax purposes.
		✓			Calculate the amount of gain on an installment sale for federal income tax purposes.
			✓		Review asset transactions to determine the character (capital vs. ordinary) of the gain or loss for federal income tax purposes.
			✓		Analyze an agreement of sale of an asset to determine whether it qualifies for installment sale treatment for federal income tax purposes.

Area III — Federal Taxation of Property Transactions (12–22%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. ACQUISITION AND DISPOSITION OF ASSETS, continued					
4. Related party transactions (including imputed interest)	✓				Recall related parties for federal income tax purposes.
	✓				Recall the impact of related party ownership percentages on acquisition and disposition transactions of property for federal income tax purposes.
		✓			Calculate the direct and indirect ownership percentages of corporation stock to determine whether there are related parties for federal income tax purposes.
		✓			Calculate a taxpayer's basis in an asset that was disposed of at a loss to the taxpayer by a related party.
		✓			Calculate a taxpayer's gain or loss on a subsequent disposition of an asset to an unrelated third party that was previously disposed of at a loss to the taxpayer by a related party.
		✓			Calculate the impact of imputed interest on related party transactions for federal tax purposes.
B. COST RECOVERY (DEPRECIATION, DEPLETION AND AMORTIZATION)					
		✓			Calculate tax depreciation for tangible business property and tax amortization of intangible assets.
		✓			Calculate depletion for federal income tax purposes.
			✓		Compare the tax benefits of the Section 179 expense deduction vs. the regular tax depreciation deduction.
			✓		Reconcile the activity in the beginning and ending accumulated tax depreciation account.

Area III — Federal Taxation of Property Transactions (12–22%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. ESTATE AND GIFT TAXATION					
1. Transfers subject to gift tax	✓				Recall transfers of property subject to federal gift tax.
	✓				Recall whether federal Form 709 — *United States Gift (and Generation-Skipping Transfer) Tax Return* is required to be filed.
		✓			Calculate the amount and classification of a gift for federal gift tax purposes.
		✓			Calculate the amount of a gift subject to federal gift tax.
2. Gift tax annual exclusion and gift tax deductions	✓				Recall allowable gift tax deductions and exclusions for federal gift tax purposes.
	✓				Recall situations involving the gift tax annual exclusion, gift-splitting and the impact on the use of the lifetime exclusion amount for federal gift tax purposes.
		✓			Compute the amount of taxable gifts for federal gift tax purposes.
3. Determination of taxable estate	✓				Recall assets includible in a decedent's estate for federal estate tax purposes.
	✓				Recall allowable estate tax deductions in a decedent's estate.
		✓			Calculate the taxable estate for federal estate tax purposes.
		✓			Calculate the gross estate for federal estate tax purposes.
		✓			Calculate the allowable estate tax deductions for federal estate tax purposes.

Area IV — Federal Taxation of Individuals (including tax preparation and planning strategies) (15–25%)

Content Group/Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
A. GROSS INCOME (INCLUSIONS AND EXCLUSIONS) (INCLUDES TAXATION OF RETIREMENT PLAN BENEFITS)					
		✓			Calculate the amounts that should be included in or excluded from an individual's gross income (including retirement plan distributions) as reported on federal Form 1040 — *U.S. Individual Income Tax Return*.
			✓		Analyze projected income for use in tax planning in future years.
			✓		Analyze client-provided documentation to determine the appropriate amount of gross income to be reported on federal Form 1040 — *U.S. Individual Income Tax Return*.
B. REPORTING OF ITEMS FROM PASS-THROUGH ENTITIES					
		✓			Prepare federal Form 1040 — *U.S. Individual Income Tax Return* based on the information provided on Schedule K-1.
C. ADJUSTMENTS AND DEDUCTIONS TO ARRIVE AT ADJUSTED GROSS INCOME AND TAXABLE INCOME					
		✓			Calculate the amount of adjustments and deductions to arrive at adjusted gross income and taxable income on federal Form 1040 — *U.S. Individual Income Tax Return*.
			✓		Analyze client-provided documentation to determine the validity of the deductions taken to arrive at adjusted gross income or taxable income on federal Form 1040 — *U.S. Individual Income Tax Return*.
D. PASSIVE ACTIVITY LOSSES (EXCLUDING FOREIGN TAX CREDIT IMPLICATIONS)					
	✓				Recall passive activities for federal income tax purposes.
		✓			Calculate net passive activity gains and losses for federal income tax purposes.
		✓			Prepare a loss carryforward schedule for passive activities for federal income tax purposes.
		✓			Calculate utilization of suspended losses on the disposition of a passive activity for federal income tax purposes.

Area IV — Federal Taxation of Individuals (including tax preparation and planning strategies) (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. LOSS LIMITATIONS					
		✓			Calculate loss limitations for federal income tax purposes for an individual taxpayer.
			✓		Analyze projections to effectively minimize loss limitations for federal income tax purposes for an individual taxpayer.
			✓		Determine the basis and the potential application of at-risk rules that can apply to activities for federal income tax purposes.
F. FILING STATUS AND EXEMPTIONS					
	✓				Recall taxpayer filing status for federal income tax purposes.
	✓				Recall relationships qualifying for personal exemptions reported on federal Form 1040 — *U.S. Individual Income Tax Return.*
		✓			Identify taxpayer filing status for federal income tax purposes given a specific scenario.
		✓			Identify the number of personal exemptions reported on federal Form 1040 — *U.S. Individual Income Tax Return* given a specific scenario.
G. COMPUTATION OF TAX AND CREDITS					
	✓				Recall and define the minimum requirements for individual federal estimated tax payments to avoid penalties.
		✓			Calculate the tax liability based on an individual's taxable income for federal income tax purposes.
		✓			Calculate the impact of tax deductions and tax credits and their effect on federal Form 1040 — *U.S. Individual Income Tax Return.*

Area IV — Federal Taxation of Individuals (including tax preparation and planning strategies) (15–25%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
H. ALTERNATIVE MINIMUM TAX					
	✓				Recall income and expense items includible in the computation of an individual taxpayer's alternative minimum taxable income (AMTI).
		✓			Calculate alternative minimum tax (AMT) for an individual taxpayer.

Area V — Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%)

Content Group/Topic	Skill: Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
A. TAX TREATMENT OF FORMATION AND LIQUIDATION OF BUSINESS ENTITIES					
		✓			Calculate the realized and recognized gain for the owner and entity upon the formation and liquidation of business entities for federal income tax purposes.
			✓		Compare the tax implications of liquidating distributions from different business entities.
			✓		Analyze the tax advantages and disadvantages in the formation of a new business entity.
B. DIFFERENCES BETWEEN BOOK AND TAX INCOME(LOSS)					
		✓			Identify permanent vs. temporary differences to be reported on Schedule M-1 and/or M-3.
		✓			Calculate the book/tax differences to be reported on a Schedule M-1 or M-3.
		✓			Prepare a Schedule M-1 or M-3 for a business entity.
			✓		Reconcile the differences between book and taxable income (loss) of a business entity.
C. C CORPORATIONS					
1. Computations of taxable income (including alternative minimum taxable income), tax liability and allowable credits		✓			Calculate alternative minimum taxable income and alternative minimum tax for a C corporation.
		✓			Calculate taxable income and tax liability for a C corporation.
		✓			Calculate credits allowable as a reduction to regular and alternative minimum tax for a C corporation.

Area V — Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%) Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
C. C CORPORATIONS, continued					
2. Net operating losses and capital loss limitations		✓			Calculate the current-year net operating or capital loss of a C corporation.
		✓			Prepare a net operating and/or capital loss carryforward schedule for a C corporation.
			✓		Analyze the impact of the charitable contribution and/or dividends received deductions on the net operating loss calculation of a C corporation.
			✓		Analyze the impact of potentially expiring net operating and/or capital losses during tax planning for a C corporation.
3. Entity/owner transactions, including contributions, loans and distributions		✓			Calculate an entity owner's basis in C corporation stock for federal income tax purposes.
		✓			Calculate the tax gain (loss) realized and recognized by both the shareholders and the corporation on a contribution or on a distribution in complete liquidation of a C corporation for federal income tax purposes.
		✓			Calculate the tax gain (loss) realized and recognized on a nonliquidating distribution by both a C corporation and its shareholders for federal income tax purposes.
		✓			Calculate the amount of the cash distributions to shareholders of a C corporation that represents a dividend, return of capital or capital gain for federal income tax purposes.
			✓		Reconcile an owner's beginning and ending basis in C corporation stock for federal income tax purposes.
4. Consolidated tax returns	✓				Recall the requirements for filing a consolidated federal Form 1120 — *U.S. Corporation Income Tax Return*.
		✓			Prepare a consolidated federal Form 1120 — *U.S. Corporation Income Tax Return*.
		✓			Calculate federal taxable income for a consolidated federal Form 1120 — *U.S. Corporation Income Tax Return*.

Area V — Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%) Continued

Content Group / Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
C. C CORPORATIONS, continued					
5. Multijurisdictional tax issues (including consideration of local, state and international tax issues)	✓				Define the general concept and rationale of nexus with respect to multijurisdictional transactions.
	✓				Define the general concept and rationale of apportionment and allocation with respect to state and local taxation.
	✓				Explain the difference between a foreign branch and foreign subsidiary with respect to federal income taxation to a U.S. company.
	✓				Explain how different types of foreign income are sourced in calculating the foreign tax credit for federal income tax purposes.
	✓				Recall payment sources to determine federal tax withholding requirements.
		✓			Identify situations that would create nexus for multijurisdictional transactions.
		✓			Identify the federal filing requirements of cross border business investments.
		✓			Calculate the apportionment percentage used in determining state taxable income.
D. S CORPORATIONS					
1. Eligibility and election	✓				Recall eligible shareholders for an S corporation for federal income tax purposes.
	✓				Recall S corporation eligibility requirements for federal income tax purposes.
	✓				Explain the procedures to make a valid S corporation election for federal income tax purposes.
		✓			Identify situations in which S corporation status would be revoked or terminated for federal income tax purposes.

Area V — Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%) Continued

Content Group/Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
D. S CORPORATIONS, continued					
2. Determination of ordinary business income (loss) and separately stated items		✓			Calculate ordinary business income (loss) for an S corporation for federal income tax purposes.
		✓			Calculate separately stated items for an S corporation for federal income tax purposes.
			✓		Analyze both the accumulated adjustment account and the other adjustments account of an S corporation for federal income tax purposes.
			✓		Analyze the accumulated earnings and profits account of an S corporation that has been converted from a C corporation.
			✓		Analyze components of S corporation income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1120S — *U.S Income Tax Return for an S Corporation*.
3. Basis of shareholder's interest		✓			Calculate the shareholder's basis in S corporation stock for federal income tax purposes.
			✓		Analyze shareholder transactions with an S corporation to determine the impact on the shareholder's basis for federal income tax purposes.
4. Entity/owner transactions (including contributions, loans and distributions)		✓			Calculate the realized and recognized gain or loss to the shareholder of property contribution to an S corporation.
		✓			Calculate the allocation of S corporation income (loss) after the sale of a shareholder's share in the S corporation for federal income tax purposes.
			✓		Analyze the shareholder's impact of an S corporation's loss in excess of the shareholder's basis for federal income tax purposes.
			✓		Analyze the federal income tax implication to the shareholders and the S corporation resulting from shareholder contributions and loans as well as S corporation distributions and loans to shareholders.
5. Built-in gains tax	✓				Recall factors that cause a built-in gains tax to apply for federal income tax purposes.

Area V — **Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%)** Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
E. PARTNERSHIPS					
1. Determination of ordinary business income (loss) and separately stated items		✓			Calculate ordinary business income (loss) for a partnership for federal income tax purposes.
		✓			Calculate separately stated items for a partnership for federal income tax purposes.
			✓		Analyze components of partnership income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1065 — *U.S Return of Partnership Income.*
2. Basis of partner's interest and basis of assets contributed to the partnership		✓			Calculate the partner's basis in the partnership for federal income tax purposes.
		✓			Calculate the partnership's basis in assets contributed by the partner for federal income tax purposes.
			✓		Analyze partner contributions to the partnership to determine the impact on the partner's basis for federal income tax purposes.
3. Partnership and partner elections	✓				Recall partner elections applicable to a partnership for federal income tax purposes.
4. Transactions between a partner and the partnership (including services performed by a partner and loans)		✓			Calculate the tax implications of certain transactions between a partner and partnership (such as services performed by a partner or loans) for federal income tax purposes.
			✓		Analyze the tax implications of a partner transaction with the partnership (such as services performed by a partner or loans) to determine the impact on the partner's tax basis for federal income tax purposes.
5. Impact of partnership liabilities on a partner's interest in a partnership		✓			Calculate the impact of increases and decreases of partnership liabilities on a partner's basis for federal income tax purposes.
			✓		Analyze the impact of partnership liabilities as they relate to the general partners and limited partners for federal income tax purposes.

Area V — Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%) Continued

Content Group/Topic	Skill: Remembering and Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
E. PARTNERSHIPS, continued					
6. Distribution of partnership assets		✓			Calculate the realized and recognized gains (losses) by the partnership and partners of liquidating distributions from the partnership for federal income tax purposes.
		✓			Calculate the realized and recognized gains (losses) by the partnership and partners of nonliquidating distributions from the partnership for federal income tax purposes.
		✓			Calculate the partner's basis of partnership assets received in a liquidating distribution for federal income tax purposes.
		✓			Calculate the partner's basis of partnership assets received in a nonliquidating distribution for federal income tax purposes.
7. Ownership changes	✓				Recall the situations in which a partnership would be terminated for federal income tax purposes.
		✓			Calculate the allocation of partnership income (loss) after the sale of a partner's share in the partnership for federal income tax purposes.
		✓			Calculate the revised basis of partnership assets when making a Section 754 election due to a transfer of a partnership interest for federal income tax purposes.
F. LIMITED LIABILITY COMPANIES					
	✓				Recall the tax classification options for a limited liability company for federal income tax purposes.
G. TRUSTS AND ESTATES					
1. Types of trusts	✓				Recall and explain the differences between simple and complex trusts for federal income tax purposes.

Area V — **Federal Taxation of Entities (including tax preparation and planning strategies) (28–38%)** Continued

	Skill				
Content Group/Topic	Remembering and Understanding	Application	Analysis	Evaluation	Representative Task
G. TRUSTS AND ESTATES, continued					
2. Income and deductions		✓			Calculate the total amount of income items reportable on a federal Form 1041 — *U.S. Income Tax Return for Estates and Trusts.*
		✓			Calculate the total amount of deductible expenses reportable on a federal Form 1041 — *U.S. Income Tax Return for Estates and Trusts.*
3. Determination of beneficiary's share of taxable income		✓			Calculate the beneficiary's share of taxable income from a trust for federal income tax purposes.
H. TAX EXEMPT ORGANIZATIONS					
1. Types of organizations	✓				Recall the different types of tax-exempt organizations for federal tax purposes.
2. Obtaining and maintaining tax exempt status	✓				Recall the requirements to qualify as an IRC Section 501(c)(3) tax-exempt organization.
	✓				Summarize the federal filing and disclosure requirements to obtain tax-exempt status for an organization.
	✓				Summarize the annual federal filing and disclosure requirements for a tax-exempt organization.
	✓				Explain the requirements necessary for retaining tax-exempt status.
	✓				Explain the procedures and recall the time period required to obtain tax-exempt status once the status has been revoked.
3. Unrelated business income		✓			Calculate the unrelated business income for a tax-exempt organization for federal income tax purposes.

Appendix B

Exposure Draft Respondents

Firms and Organizations

Academy of Legal Studies in Business

Association of Government Accountants

Baker Tilly Virchow Krause

BDO

Becker Professional Education

California Board of Accountancy

California Society of CPAs

Chief Financial Officers Association

Connecticut State Board of Accountancy

Crowe Horwath

Deloitte

District of Columbia Board of Accountancy

Federal Accounting Standards Advisory Board (FASAB)

Federation of Schools of Accountancy

Georgia Society of CPAs

Government Performance and Accountability Committee - Subcommittee — AICPA

IFRS Foundation

Illinois Board of Examiners

Illinois Society of CPAs

Institute of Chartered Accountants of Scotland (ICAS)

Maryland Association of CPAs

Maryland Board of Accountancy

Michigan Association of CPAs

Mississippi Society of Certified Public Accountants

Montana Society of Certified Public Accountants

Montana State Board of Public Accountants

National Association of State Boards of Accountancy (NASBA)

National Science Foundation

Firms and Organizations *Continued*

New Jersey Society of CPAs

New York State Board for Public Accountancy

New York State Society of CPAs

North Carolina Association of CPAs

North Carolina State Board of Certified Public Accountant Examiners

Ohio Society of CPAs

Oregon Board of Accountancy

Pennsylvania Institute of Certified Public Accountants

Personal Financial Planning Executive Committee — AICPA

Plante Moran

Public Company Accounting Oversight Board (PCAOB)

PwC

RSM US LLP

RubinBrown LLP

State of Nebraska Board of Accountancy

Texas Society of Certified Public Accountants

Texas State Board of Public Accountancy

U.S. Government Accountability Office (GAO)

University of Wisconsin-Whitewater

Withum Smith & Brown PC

Wolf & Company

Individuals

Dana Bell

Michael J. Bellavia

Patricia Bryant

Deb Burke

Cory Campbell

Peter Cassidy

Jane Chen

Phyllis Corby

Edward Dempsey

Scott DeViney

Christopher J. Distefano

Diann Ferrel

Ahmed Jahangir

Fred H. Johnson III

Kathy Kirkeby

Ahmed Maily

Stephen McCarthy

Michael McFarlene

Nathan McKee

JB Murray

John Newlin

Elizabeth Nunes

James Oakes

Alan Pan

Ronak Patel

Brenda Richter

Alpesh Shah

Preeti Sulibhavi

Vishal Veer

Matthew Vogel

Aaron M. Williamson Jr.

Stephen Zeff

Appendix C

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Kristine Hull

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Mark D. Shermis

Ola M. Smith

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