



AICPA®

NASBA
National Association of State Boards of Accountancy

CPA Evolution

Susan S. Coffey, CPA, CGMA – CEO Public Accounting, AICPA

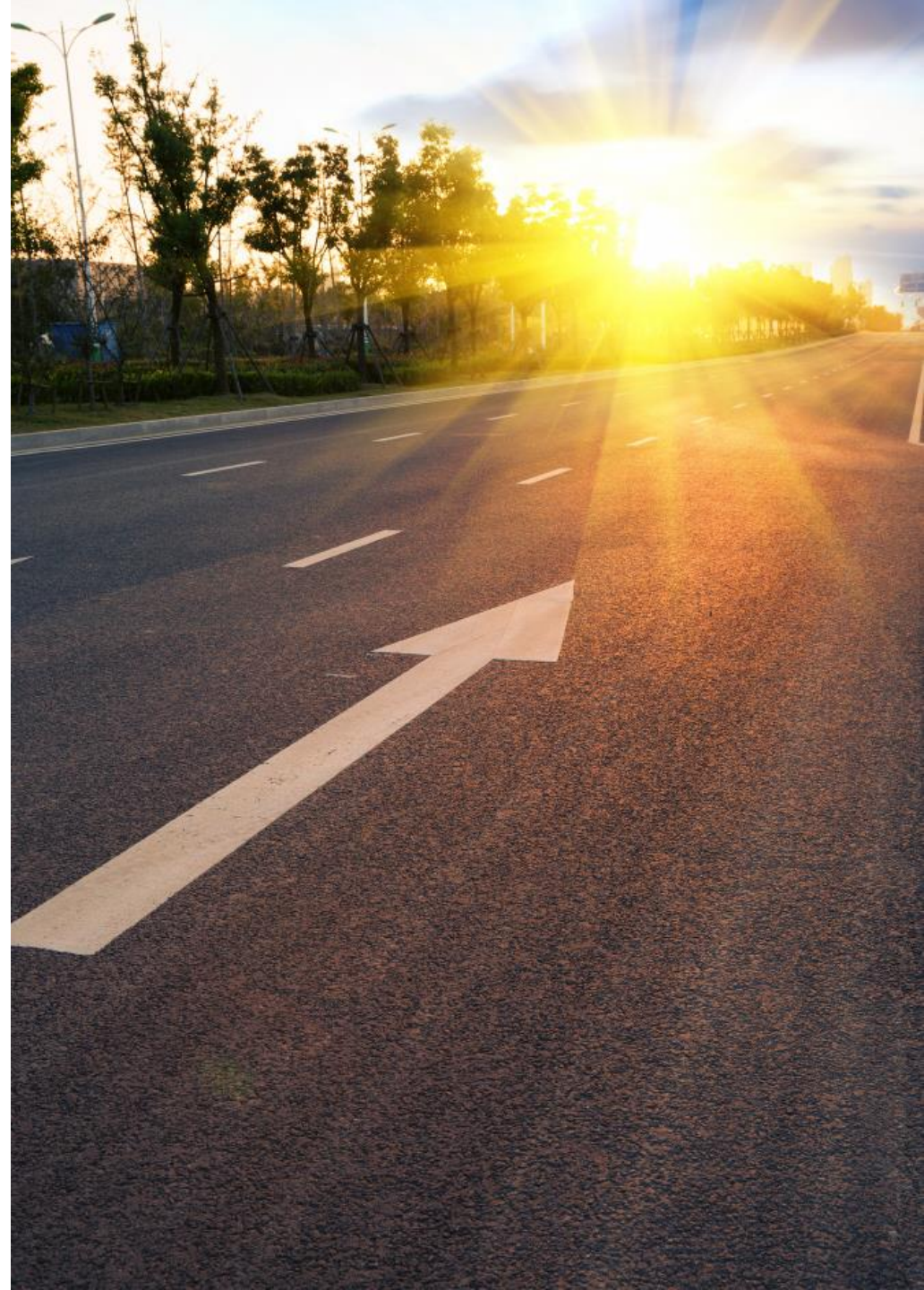
Colleen K. Conrad, CPA – EVP and COO, NASBA

Yvonne Hinson, Ph.D., CPA, CGMA – CEO, AAA

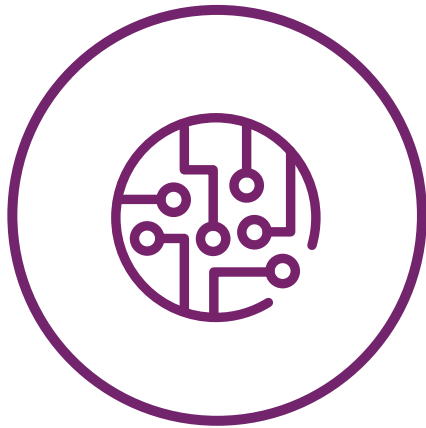
Jan Taylor-Morris, Ph.D., CPA, CGMA – Academic-in-Residence, AICPA

What we will cover

- Trends in the profession
- CPA Evolution
- Trends in accounting education
- Introduction to breakout sessions



Trends in the profession



Technological
innovation



New client and
business demands



Changes to CPA
core services

U.S. public accounting firm hiring

In 2016, there were

19% ↓

fewer accounting
graduate **firm hires** since
2014

Source: 2017 AICPA Trends Report

In 2018, there were

29% ↓

fewer accounting
graduate **firm hires** since
2014

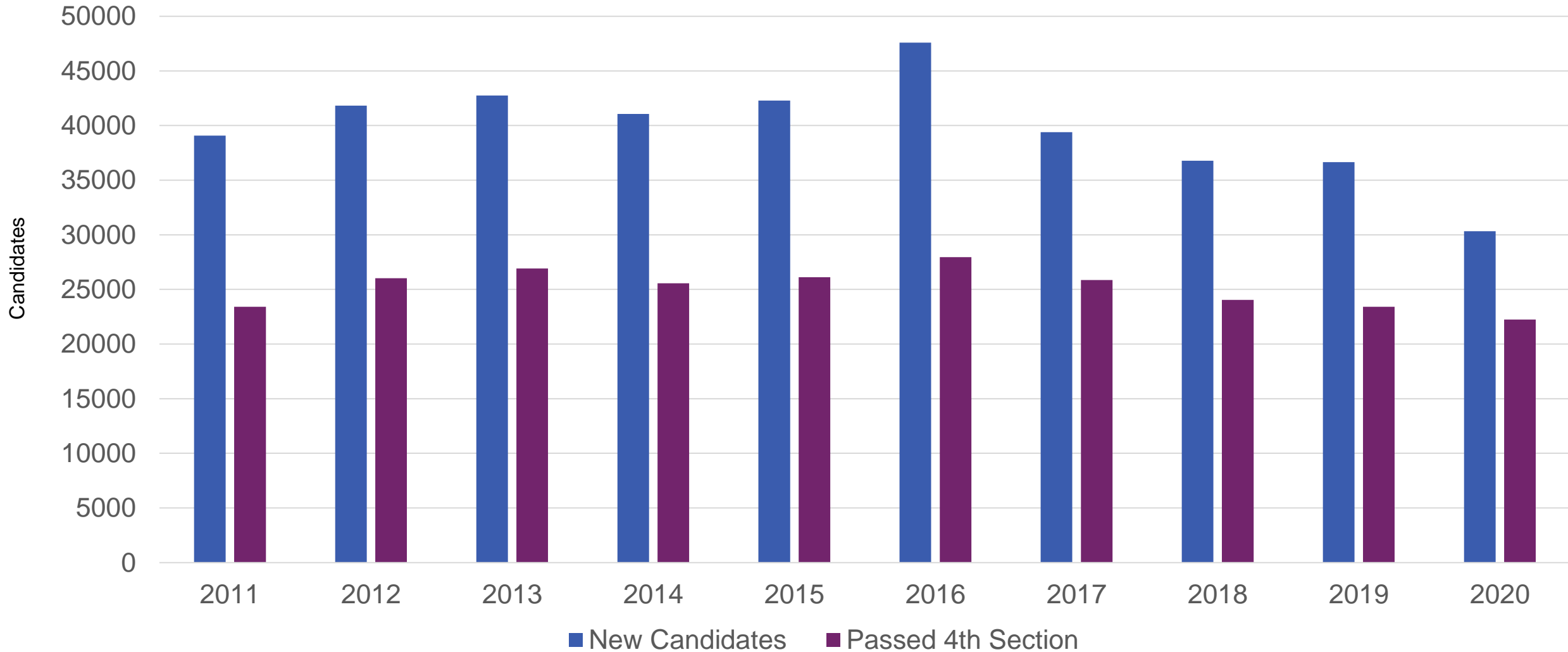
Source: 2019 AICPA Trends Report

College accounting program enrollment

In 2021,
54% of accounting faculty reported declining undergraduate enrollments compared to historical averages

Source: 2021 CPA Evolution Pulse Survey

New Candidates v. Candidates Passing 4th Section



44%

of the core skills
employees need to
perform their roles
effectively will change
by 2025

Source: World Economic Forum *Future of Jobs*, 2020

Growing skills demand

- 1 Analytical thinking and innovation
- 2 Active learning and learning strategies
- 3 Complex problem-solving
- 4 Critical thinking and analysis
- 5 Creativity, originality and initiative
- 6 Leadership and social influence
- 7 Technology use, monitoring and control
- 8 Technology design and programming
- 9 Resilience, stress tolerance and flexibility
- 10 Reasoning, problem-solving and ideation

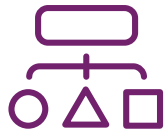
Top skills accountants need in the next 5-10 years



Technology



Customer
service



Strategic
thinking



Business
growth



Communication



Partnering

Right-skilling finance

Top skills gaps

Digital infrastructure

Digital implementation

People skills

Leadership

< 3%

of respondents say their
finance function has
the skills it needs

Source: Association of International Certified Professional Accountants and KPMG International, *Finance transformation: the human perspective*, 2020; global survey of 680+ senior finance and HR professionals

Accelerated shifts to profession and ecosystem



Enhancing our future through technology

SOC, Cyber, supply chain

Blockchain

Information privacy

Software functionality

.cpa Domain

69%

Of accountants said accounting firms need to increase the pace of technology adoption to stay competitive.

91%

Of accountants believe new technology delivers value to their business.

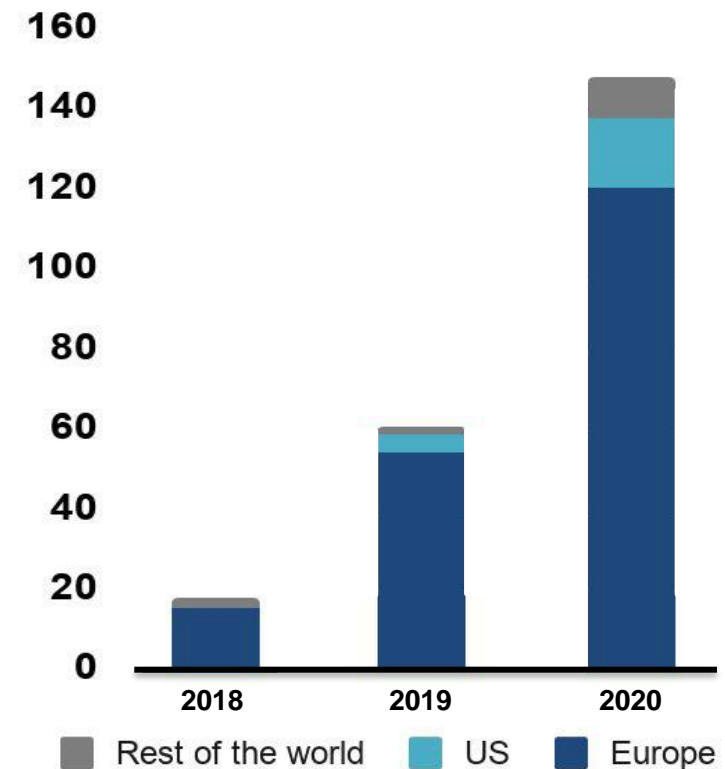
Source: Sage, *The practice of now*, 2020

Business case for sustainability

Resources

- Advisory
 - Educational webcasts and events
 - Resources and practical research tools for management accountants
 - Summary briefs on standards and frameworks
- Assurance
 - Audit roadmap
 - Updates to sustainability attestation guide
 - Training on sustainability attestation engagements and integrated reporting

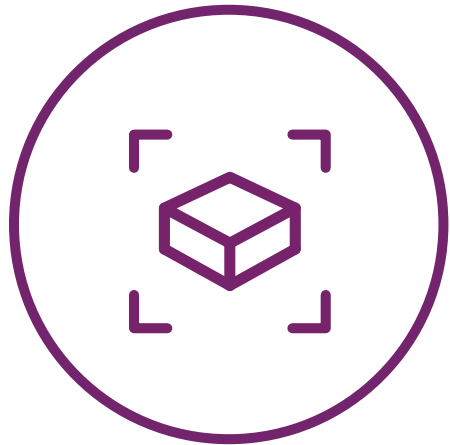
Flows into sustainable funds surged to \$150 billion in the last quarter of 2020.



Source: Morningstar research, *Global Sustainable Fund Flows Report: Q4 2020 in Review*, January 2021

Innovating the audit

Key drivers of the future



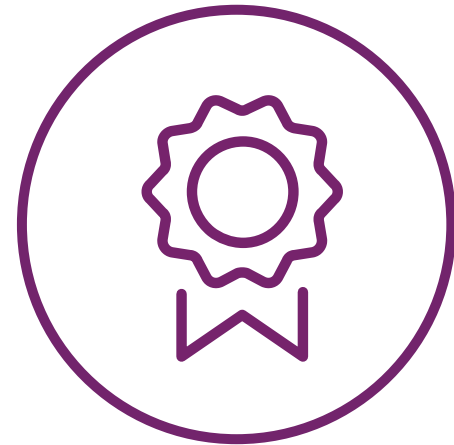
Technology



Methodology



Standards



New skills

Finance driving value through leadership

Key actions

- Double down on technology
- Leverage data and analytics
- Shape how organizations create value
- Evolve business models
- Enhance strategic thinking
- Grow skills, competencies and digital mindset

72%

Of CFOs believe their company will need to completely rethink processes and operating models to be more resilient.

Source: Accenture, *CFO Now*, 2021

We are seeing...

Declining Exams
Candidates

CPA Evolution

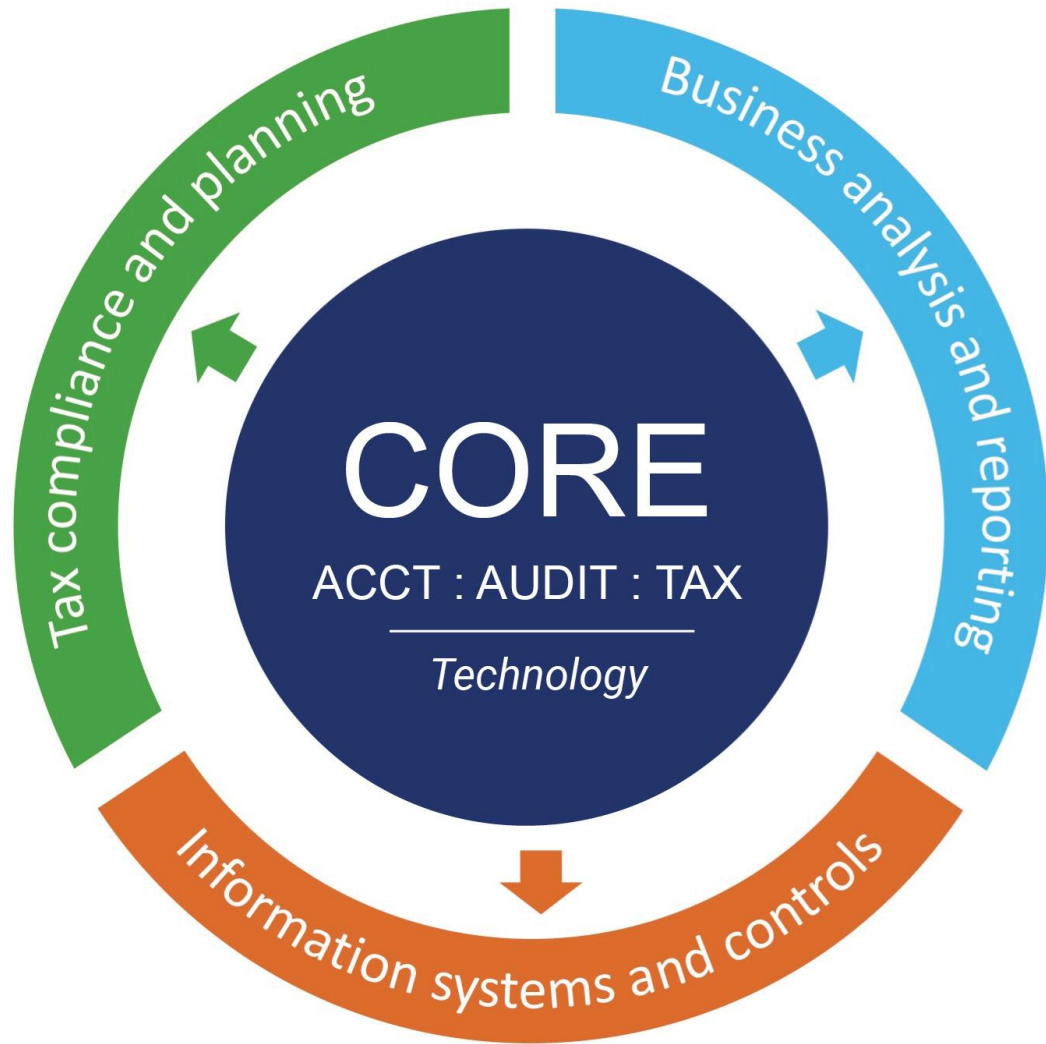
A combined NASBA-AICPA initiative aimed at evolving CPA licensure to reflect the skills and knowledge CPAs increasingly need in a technology-driven marketplace

CPA Evolution is moving forward



For feedback on how we can assist you through this transition, please reach out to us at

Feedback@EvolutionofCPA.org

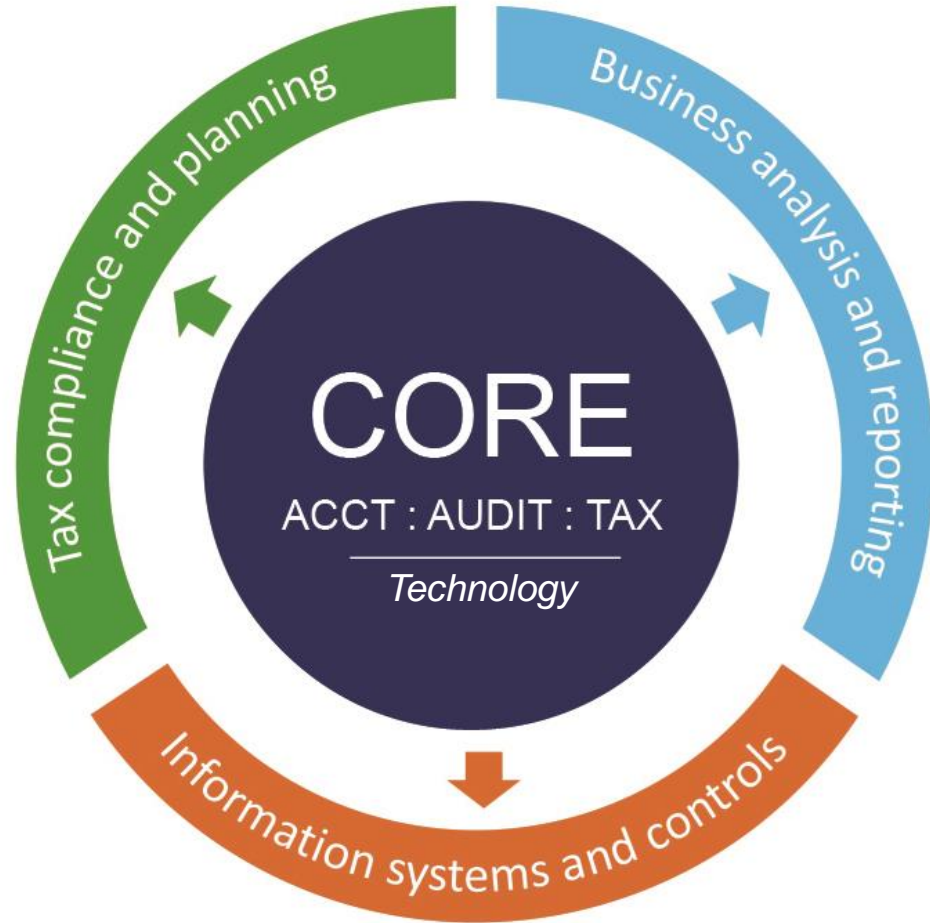


New model

New Exam: expected Jan. 2024

= CPA

New model



- Strong core with accounting, auditing, tax and technology
- Deeper knowledge in three primary disciplines
- Enhances public protection
- Reflects reality of practice
- Adaptive and flexible
- One CPA license

For more background information, please visit EvolutionofCPA.org



CPA Evolution



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

What might the Exam look like?

What we expect would stay the same:

- Designed for 1-2 year level
- No more than a 16-hour Exam
- No new experience requirements to sit for the Exam
- Candidates pass 4 sections
- Exam sections can be taken in any order
- No separate time limits to pass core and discipline



How might the Exam change?

Navigating the core + disciplines:

- Candidates pass the three core sections and one discipline section (max = 4 sections)
- Candidates don't have the option to pass additional disciplines
- All sections cover discrete content and a range of skills (including higher order)
- Discipline passed will not differentiate the license granted



What content might appear in each discipline?

ISC



- Business processes
- Information systems
- Information security and governance
- IT audits
- System and Organization Control (SOC) engagements

BAR



- Data analytics
- Financial risk management and planning techniques
- More advanced technical accounting and reporting
- State and local government accounting (basis of accounting, purpose of funds addressed in Core)

TCP

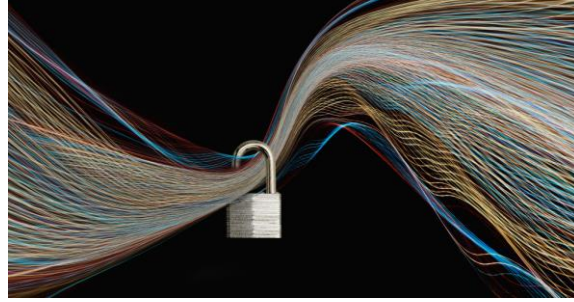


- More advanced individual tax compliance and planning
- Personal financial planning
- More advanced entity tax compliance and planning
- Property transactions

World Economic Forum 2020 Future of Jobs Report: Job roles in *increasing* demand



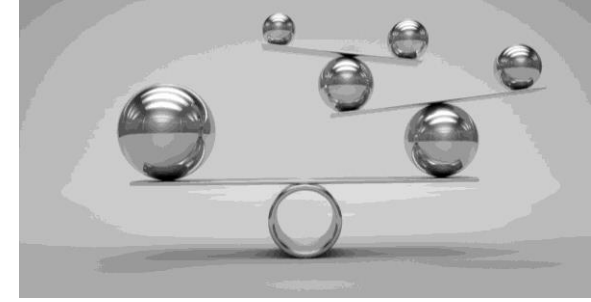
Data analysis



Information security



Digital transformation



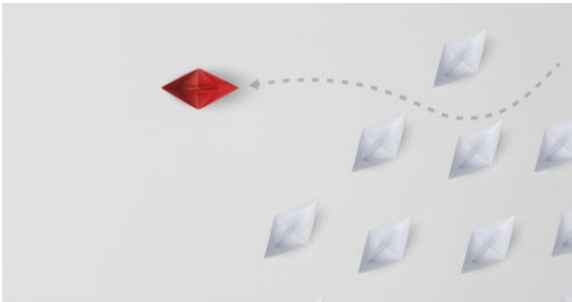
Risk management

Exam change timing

- Practice Analysis happening now
- Blueprint exposed for public comment available mid-2022
- Blueprint finalized in early 2023
- Launch new Exam in January 2024



How is CPA Evolution likely to impact accounting programs?



**For many schools,
this will be a
curricular evolution,
not a revolution**

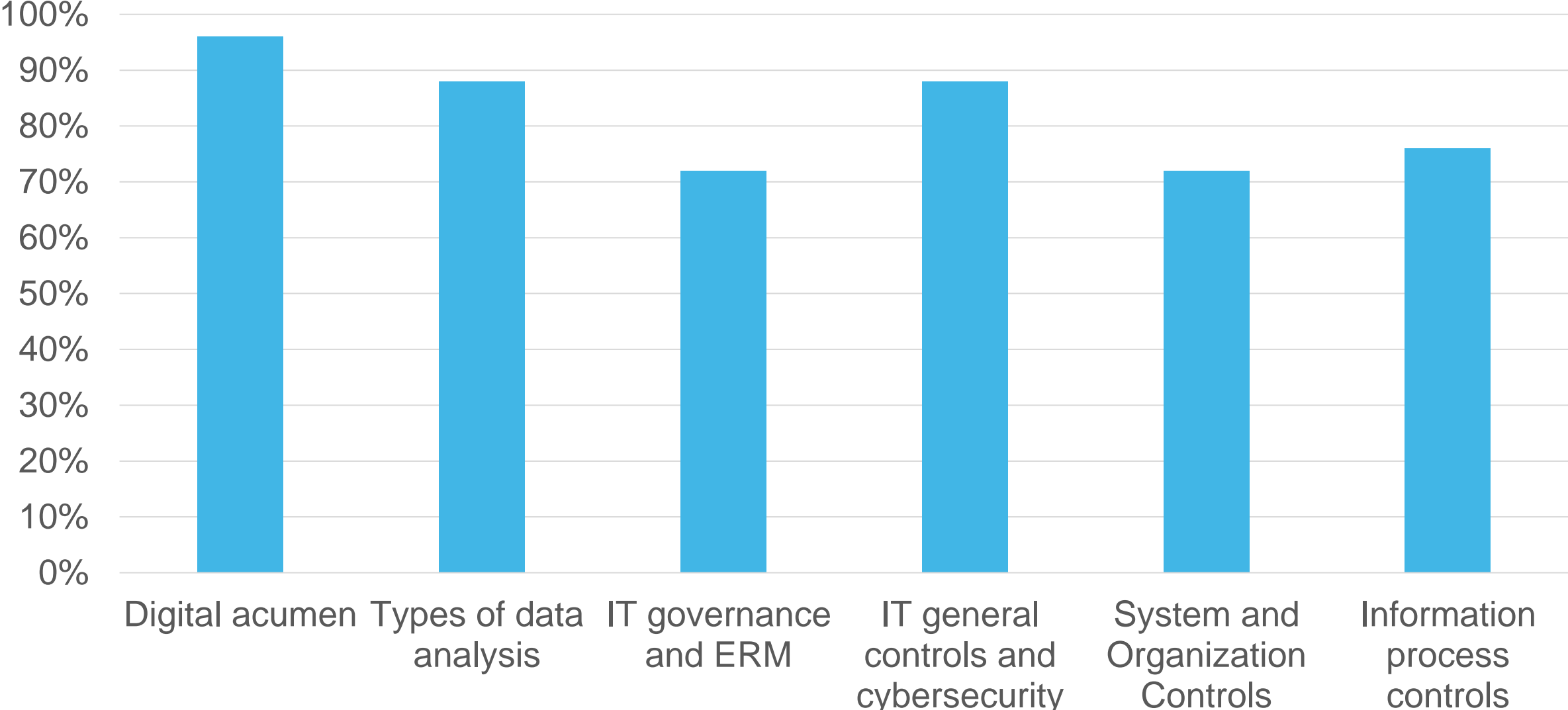


**Much of what is being
taught today is still
relevant**



**Emerging areas are
becoming increasingly
important in
accounting practice**

What skills and competencies are needed by professional staff at the Top 100 public accounting firms?



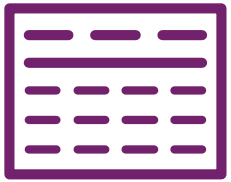
Source: 2021 CPA Evolution firm demand survey

Curriculum gap analysis

- Survey sent to over 1200 accounting department chairs
- 317 responses
- Are their accounting programs teaching:
 - Data analytics
 - IT audit
 - Cybersecurity
 - And more
- Results informing faculty resource creation

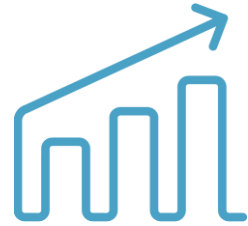


Gap analysis results: % of schools covering each topic



Data analytics

64%



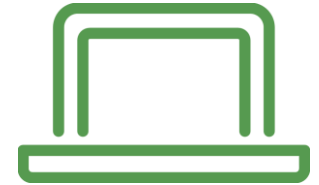
Predictive analytics

40%



System and
Organization Controls

23%



Digital acumen

23%

Gap analysis results: % of schools covering each topic



Cybersecurity

40%



IT audit

63%



IT governance

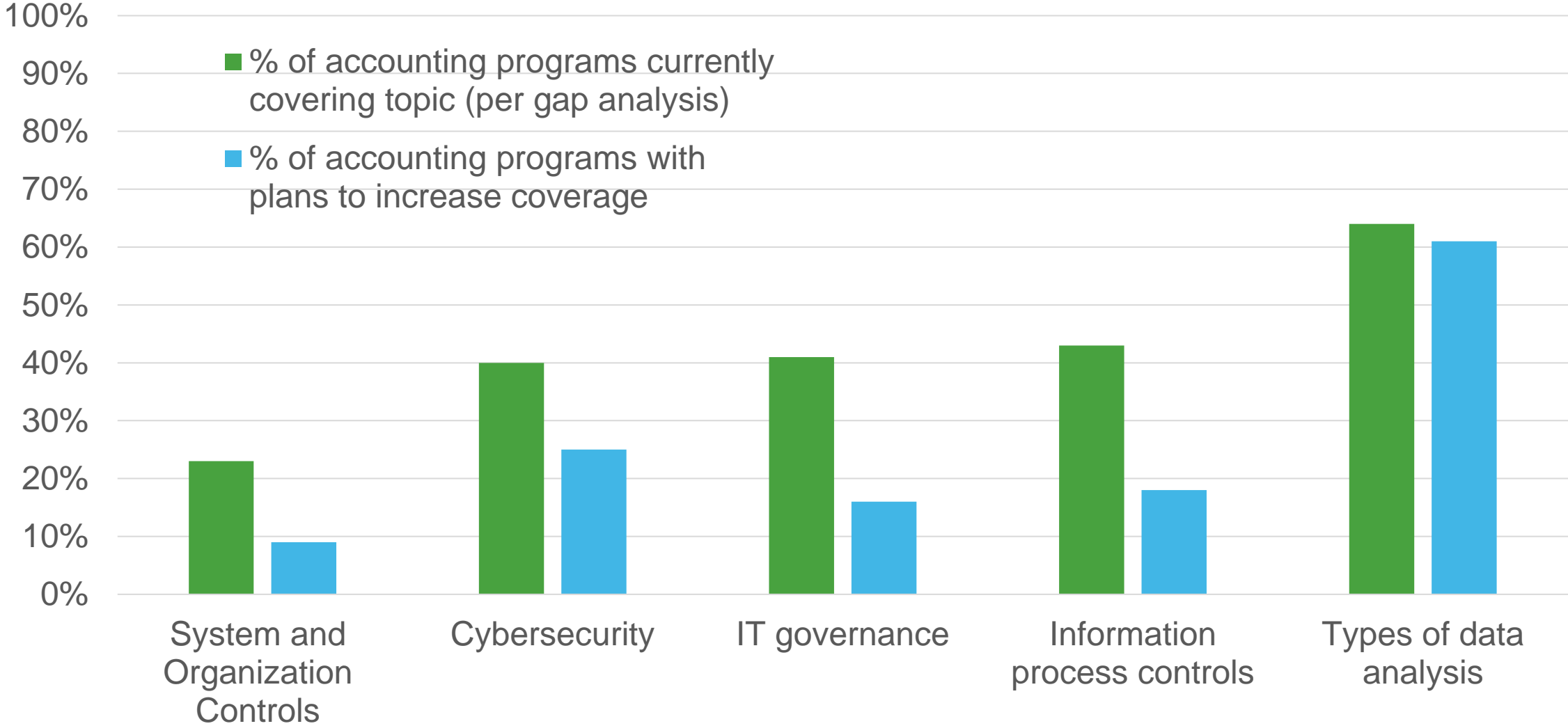
41%



IT risk

43%

Faculty pulse survey: Schools increasing coverage in gap areas?



Source: 2021 CPA Evolution faculty pulse survey

Why develop the CPA Evolution Model Curriculum?

- AICPA-NASBA outreach efforts
 - Small school, HBCU discussion groups
 - Survey of 150+ educators
 - AAA, AACSB, ACBSP, IACBE
- Common questions
 - What content is “core” vs. “discipline”?
 - How can we structure our program to prepare a future CPA?
- AAA meeting poll: How can we best support faculty?
 - 60% said model curriculum



What is the CPA Evolution Model Curriculum?

- A sample curriculum designed to support accounting programs as they navigate disruption
- A reference point for faculty to leverage as they deem appropriate based on their program's objectives
- An aid composed of:
 - Modules, topics and learning objectives; and
 - Illustrative accounting program structures



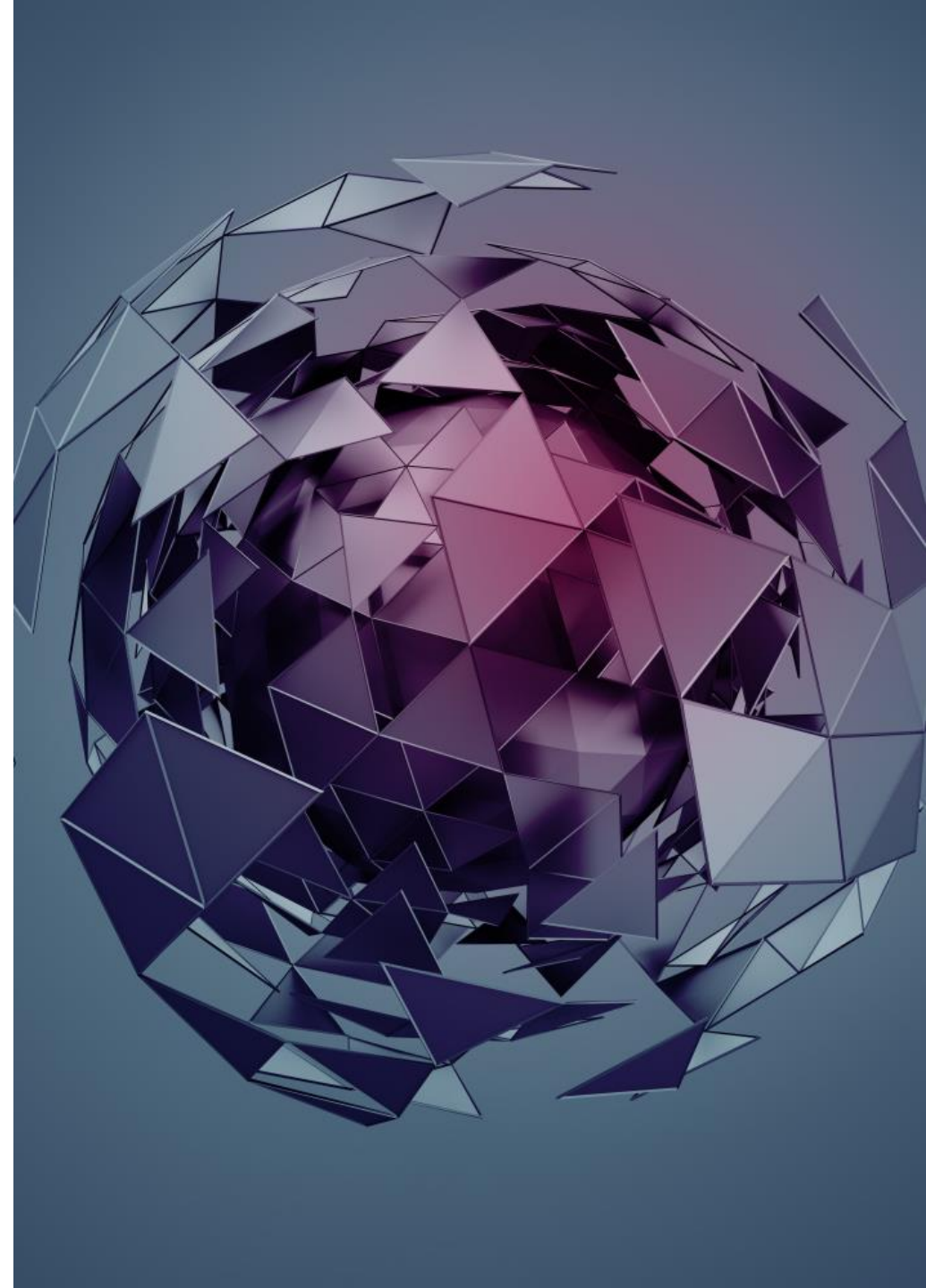
The CPA Evolution Model Curriculum is **not**...

- Required for CPA licensure
- Designed for students who do not intend to pursue CPA
- Inclusive of content that is traditionally addressed in business pre-requisites (e.g. principles of accounting)



How was the CPA Evolution Model Curriculum developed?

- Four task forces (core, three disciplines)
 - SMEs from academia and practice
- Representation from:
 - Large and small schools
 - CPAs in large firms, small firms, B&I
 - State boards of accountancy
 - CPA Exam team (observers)
- Leveraged insights from current practice analysis
- Developed learning objectives over 50+ meetings



What is in the CPA Evolution Model Curriculum?

- A core with familiar content
 - Intermediate accounting
 - Accounting information systems
 - Auditing principles
 - Intermediate managerial accounting
 - Intro to taxation
- Discipline tracks focused on advanced content and emerging areas
 - Advanced financial accounting
 - Advanced managerial accounting
 - Advanced accounting data analytics
 - Info systems assurance and advisory
 - Advanced individual & entity tax



How should programs use the CPA Evolution Model Curriculum?



Review the curriculum, identifying any content that your program does not teach today



Consider your program's objectives and strategy in determining whether that content should be added



Build new learning objectives into existing courses, where possible



Where necessary, begin development of new courses

Survey of top 100 firms: What if accounting programs were aligned with CPA Evolution?

Core

+

ISC

- IT governance and ERM
- IT general controls and cybersecurity
- Info process controls
- System & Organization Controls
- Assurance research

BAR

- Advanced accounting (including governmental)
- Cost accounting
- Advanced data analytics
- Accounting research

TCP

- Individual compliance and planning
- Corporate compliance and planning
- Personal financial planning
- Tax research

Survey results: Responses from top 100 firms

93%

said their **hiring** of new graduates from accounting programs **would likely increase**, accounting program graduates would be considered **more valuable** than they are today or both

We want to hear from you

Please send us your comments at
Feedback@EvolutionofCPA.org



AAA response to the CPA Evolution Model Curriculum

- AAA Education Committee currently reviewing
- Sections will also review
- Will provide feedback



“The pace of change has never been this fast, yet it will never be this slow again.”

- *Justin Trudeau*

**Imagine the
opportunities**



**Change will
present
challenges**



How AAA can help

- Accounting as a part of STEM
- AAA/AACSB white paper
- CTLA Conference July 8-9
- Annual Meeting August 2-5
- Intensive Data Analytics Conference May 2022



**Risk of doing
nothing**



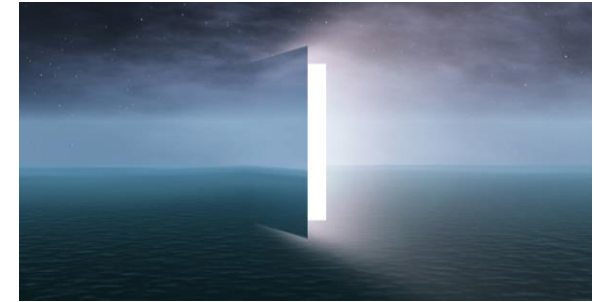
AICPA Academic Resource Hub



**300+ resources
available**



**Topics include data
analytics,
cybersecurity and
digital acumen**



Free faculty access

Educator login on [This Way to CPA](#)



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expert practitioners as
they cover the latest in
accounting education

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- Certificates offered in topics such as cybersecurity, data analytics, and personal financial planning
- For more information, go to:
www.ThisWayToCPA.com/CertificatePrograms



What to expect in your breakout sessions

- Co-chairs from each task force will walk through their section of the curriculum
 - What is different?
 - Insights into task force thinking
- Opportunities to ask questions
- All sessions are being recorded
 - Archived versions will be available



Thank you