

7-1987

Editor's Notes: Changes Proposed by the AICPA

Lillian C. Parrish

Follow this and additional works at: <https://egrove.olemiss.edu/wcpa>



Part of the [Accounting Commons](#), and the [Women's Studies Commons](#)

Recommended Citation

Parrish, Lillian C. (1987) "Editor's Notes: Changes Proposed by the AICPA," *Woman C.P.A.*: Vol. 49 : Iss. 3 , Article 1.

Available at: <https://egrove.olemiss.edu/wcpa/vol49/iss3/1>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Woman C.P.A. by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

EDITOR'S NOTES

Changes Proposed by the AICPA

Plan to Restructure Professional Standards

The AICPA Council has approved a restructuring of professional standards and has authorized a membership referendum on the approved plan during Fall 1987. The plan adopted by the Council is based on the "Report of the Special Committee on Standards of Professional Conduct of CPAs" (the Anderson Report). The plan consists of six different elements:

- A Code of Professional Conduct enforceable by specific rules
- A program to monitor practice
- A CPE requirement of 120 hours during each three-year period for members in public practice
- A CPE requirement of 90 hours during each three-year period for members not in public practice
- A post-baccalaureate education requirement for entering the profession to begin in the year 2000

The plan is the AICPA's answer to public criticism and its suggested means of providing self-regulation. Now it is up to the Council to obtain the two-thirds vote necessary for approval.

Between now and the time the ballots are mailed, the Council has committed itself to "fully" informing AICPA members about the recommendations. In short, this means a marketing job is going to be done. We may receive more information than we want to read — and tapes may even be available if we prefer to listen.

When we receive the ballot, it may be different from previous ballots. There's speculation that it may be similar to a corporate ballot in that only the recommendations to be voted on will be stated; reasons for and against a particular recommendation may not accompany this ballot as has been the practice.

The ballot will be designed to permit an AICPA member to vote for or against all elements of the plan by marking one block or to vote on

each element individually by marking six blocks. All members of the AICPA are affected by some part of the plan but not all members by all parts. All AICPA members, however, will be permitted to vote on all elements on the ballot. For instance, if we are an AICPA member in public practice, we will be permitted to vote on the 90-hour CPE requirement for nonpractice members. Even though we are not directly affected by an element, we should give it the same serious consideration as the elements which affect us. Remember, we are voting on professional standards, standards that the Council says demonstrate a commitment to excellence in the next century.

Auditing and Attestation Standards

The comment period for ten exposure drafts issued by the Auditing Standards Board (ASB) of the AICPA ends on July 15, 1987. According to Dan Guy, AICPA Vice President for Auditing, the first standards based on the exposure drafts probably will be issued around September 15, 1987, with some standards being issued later in the year.

Seven of the exposure drafts propose changes in existing standards: the auditor's standard report, detection of errors and irregularities, detection of client's illegal acts, evaluation of an entity's continued existence, evaluation of internal control, analytical review procedures, and communicating on internal control. The remaining exposure drafts propose standards in three new areas: auditing accounting estimates, communicating with audit committees, and examining management's discussion and analysis.

In the letter accompanying the proposed standards, the ASB recognizes that a communications gap, as well as an expectations gap, exists between the profession and users of accounting information. When we look at the titles of the proposed standards, we recognize many of them as areas that have plagued

accountants for several decades. We know some of these areas have already gone through any number of modifications. Let's hope the changes being proposed this time are sufficient to close both the communications gap and the expectations gap.

The Uniform CPA Examination

The AICPA Board of Examiners has circulated an exposure draft that proposes the following changes in the structure and format of the Uniform CPA Examination:

- Combine the contents of the current Accounting Theory and Accounting Practice sections and reallocate the subject matter into two new Accounting and Reporting sections
- Make the examination consist entirely of objective questions, including objective formats other than multiple choice
- Shorten the exam to two days

The effective date of these changes would be May 1990.

The Examination still will consist of four separately scored sections: Accounting and Reporting — A; Accounting and Reporting — B; Auditing; and Business Law. But combining the Theory and Practice sections and reallocating the content into two new sections will have had a marked effect on the percentages allocated to certain areas. Take federal taxation. Prior exams allocated 20% of the Practice section to federal taxation. If the proposed changes are adopted, the Accounting and Reporting — B section will have 50% of its content allocated to federal taxation. And, remember, this is **not** the second part of a single section on accounting and reporting; each Accounting and Reporting section is scored separately, and a grade of 75 must be made on each section.

We should all carefully review the exposure draft and submit comments before the deadline on August 17, 1987. The address for obtaining copies of the exposure draft and for submitting comments is Board of Examiners, Examinations Division, AICPA, 1211 Avenue of the Americas, New York, NY 10036-8775.

Lillian O. Parrish