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Professional Examination Service. Department of Research and Development

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**Focus Panel Report
CPA General Business Knowledge Study**

**Prepared for
American Institute of Certified Public Accountants
Board of Examiners
Content Oversight Task Force**

**Prepared by
Professional Examination Service
Department of Research and Development
475 Riverside Drive
New York, NY 10115**

May 1999

PURPOSE

This report describes two focus panels that Professional Examination Service (PES) conducted in April 1999 as part of the AICPA *General Business Knowledge (GBK) Study*. The focus panel methodology permitted specific and targeted data collection to supplement the draft delineation of business-related knowledge developed by the GBK Working Group.

PROCEDURES

Each focus panel was assembled to include manager and partner-level CPAs with a mix of experience in audit, other assurance, and tax service; CPAs working in local, regional, and national firms; and CPAs employed in business and industry. Panelists were selected from a pool of nominees recruited by AICPA staff.

Twelve individuals attended the first panel, held on April 9, 1999 in New York, NY. Eleven individuals attended the second panel, held on April 19, 1999 in Denver, CO. Appendix 1 contains rosters of the participants at each panel. Appendix 2 describes the demographic and professional background of all 23 focus panel participants.

Each focus panel lasted 3 hours and was facilitated by a moderator and assistant moderator from PES. A representative of the GBK Working Group attended each meeting, as did AICPA staff.

A protocol was prepared to guide the discussion among participants. The protocol was designed to elicit descriptions of the business-related knowledge base used by CPAs. The protocol was refined and enhanced based on the conduct of a pilot test of the Focus Panel procedures with the members of the COTF on February 23, 1999. Participants responded to general and specific questions, and reviewed and commented on materials distributed during the meeting. (See Appendix 3 for copies of the revised protocol and the stimulus materials used at the focus panel meetings.)

FOLLOW-UP AND RESULTS OF THE FOCUS PANEL MEETING

Following the conclusion of each focus panel, the representative of the GBK Working Group, the AICPA staff, and PES reviewed the conduct and outcomes of the meeting. Subsequently, PES combined the results of the focus panels with those of critical incident interviews that were conducted in April 1999 as part of the study. The results of both procedures are contained in the document, *Revised Delineation of General Business Knowledge: Results of Critical Incidents Interviews and Focus Panels*.

Appendix 1
Focus Panel Participants

April 9, 1999 New York, New York

<u>Name</u>	<u>Firm</u>	<u>State</u>
Jeanette Addington	Jones, Cochenour & Co	OH
James Broker	KMPG	NY
William Cox	Aldridge, Borden & Co	AL
David DuBois	Baird, Kurtz, & Dobson	OK
Michael Farm	Ernst & Young	NY
Rachel Holmes	Fitts, Roberts, & Co, PC	TX
David E. Hunt	Entergy	AR
John Lambers	Plante & Moran	MI
Nancy Lester	Thompson & Kreitzberg	WA
James C. Norfleet	Urbach, Kahn, & Werlin PC	NY
Patricia Valladares-Foo		FL
Charles Rick Yager	DB Aviation	IL

April 19, 1999 Denver, Colorado

<u>Name</u>	<u>Firm</u>	<u>State</u>
Justin Amico	Feeley & Driscoll, PC	MA
Michael Combs	Crowe, Chizek & Co	KY
Michael Feinstein	Grobstein, Horwath & Co, LLP	CA
Heather Grech	Bradshaw, Sodith & Co	NV
Darryl Lewis	Clark, Nuber PS	WA
Ernestine Mann	RJ Pile Company, LLC	IN
Craig Miller		OH
Angela Roby	Larsen, Allen, Weishair & Co, LLP	MN
Robert Sawyer	Ernst & Young, LLP	OH
Tammy Wilson	Arthur Anderson, LLP	CA
Marc Zwick	Zwick & Solomon, PLLC	MI

Appendix 2
Professional and Background Information of Focus Panelists (N=23)

1. In what type of firm do you work?

10	Local
6	Regional
4	National/International
3	Other

2. What is the number of professional accountants that work for your firm, in total?

0	1
3	2 - 10
9	11 - 100
5	101- 1000
6	1000+

3. What is your present position in your firm?

0	Sole practitioner
4	Partner or stockholder
11	Manager or equivalent
3	Supervisor or equivalent
4	Senior or equivalent
0	Staff accountant
1	Other

4. How many years of experience to you have in public accounting?

3	0
5	1 - 5
11	6 - 10
4	10+

5. How many years of experience do you have in non-public accounting?

15	0
5	1 - 5
2	6 - 10
1	10+

6. What is your highest level of education?
- 8 Bachelor's degree <150 credit hours
 - 5 Bachelor's degree 150 credit hours
 - 9 Master's degree
 - 1 Other
7. What is your gender?
- 9 Female
 - 14 Male
8. During the past year, what percentage of your work time was devoted to each of the practice areas listed below?

Practice Area	Mean	S.D.
Auditing (includes reviews and compilations)	40%	29
Taxation	16%	21
Governmental	8%	22
Not-for-profit	5%	9
Managerial (cost) accounting	5%	16
Legal Issues	3%	7
Professional responsibilities	4%	5
Other	19%	27

Appendix 3
Protocol/Stimulus Materials
AICPA General Business Knowledge/Broad Business Perspective Study

We'd like to introduce ourselves and welcome you to a Focus Panel conducted on behalf of the AICPA. We're employed at Professional Examination Service in the Department of Research and Development.

The AICPA is committed to ensuring that the Uniform CPA Examination accurately reflects the knowledge base required of CPAs. A Content Oversight Task Force appointed by the AICPA identified general business knowledge and broad business perspectives as a knowledge base that that is important to the successful practice of public accounting.

The AICPA contracted with us (PES) to gather more-specific information on how general business knowledge, and a broad business perspective, impact accounting practice. You were invited to be here today because you are CPAs who can help us understand the essential business knowledge required of the CPA.

Our discussions will focus on your own experiences and opinions, so there are no right and wrong responses. Before we begin, we have to review the ground rules for the session:

- The session will last 3 hours; we'll take a brief break about ½ way through.
- Light refreshments are available; please help yourself anytime you wish.
- We'll be recording the session and we'll also be taking notes throughout the session. For those reasons, we ask you to make sure that only one person speaks at a time. On the other hand, be assured that your comments are completely confidential—no names will be attached to the summary report of the session.
- Finally, before we begin, we do need you to read and sign a form indicating that you agree to be recorded. Further, we ask that before you leave, you complete a brief survey regarding your background.

Introductory Discussion

To get us started, I'd like each of you to briefly describe your employment situation, including the type of firm you work for and the type of work that you perform.

As you know, we are interested in learning about the type and extent of general business knowledge that CPAs need in public practice. When I use the phrase General Business Knowledge, what are the areas that come quickly to mind?

Transition Questions

What *generic* (not industry specific) business knowledge does a newly licensed CPA need? Take a few moments to jot down the elements of a general business knowledge base you would like to see in newly licensed CPAs.

(Present stimulus - the 18 categories of General Business Knowledge) This green sheet lists 18 categories of general business knowledge. Reading through this list, does it call to mind additional testable topics for the Uniform CPA examination? Take a moment to write them down. *[Debrief.]* What did you add to your list of the business knowledge a newly-licensed CPA needs?

What categories of general business knowledge are weakest in the newly licensed CPAs you see or supervise? Where have you seen problems, for instance, situations where items of significance were missed or overlooked during an audit?

Key Questions

(Present stimulus - the detailed list of General Business Knowledge)

This handout lists specific knowledge bases associated with each of the categories of general business knowledge we discussed previously. Take a few moments to read the entire list, thinking about what generic (non-industry specific) business knowledge a CPA needs to have. Jot down any item that should be added to the list. Draw a line through anything that does not belong.

What were your overall reactions to the list?

Did you add any statements? Eliminate any?

We are interested in evaluating the extent of knowledge a newly licensed CPA needs in connection with each of these topics. Is it basic familiarity? Or skill in applying/using the concepts? Is the level of understanding needed by new CPAs the same or different within each category and across the categories?

(Present stimulus - auditing and FARE CSOs)

Read the list of tasks and activities performed in audit engagements and in financial accounting and reporting. These lists are taken from the current CSOs for the Uniform CPA Examination. On each page, circle the activities wherein a CPA employs General Business Knowledge/Broad Business Perspective. [Debrief.]

Think about the tax area--planning, compliance, and representation. How would you apply general business knowledge in these areas?

(Present stimulus - the Business Law and Professional Responsibilities CSOs)

These are the topics currently tested on the Business Law and Professional Responsibilities portion of the Uniform CPA examination. Take a minute to review the specific topics listed within each of the seven areas of business law. Would you support or delete any content in this section of the Uniform CPA Examination?

Let us return to the green sheet. How would you re-organize it?

What changes would you make to the sequence?

What changes would you make to the category headings/labels?

Which categories would you cluster together?

Ending Questions

If you were to design a required college course related to General Business Knowledge/Broad Business Perspective, what content would you include in the syllabus?

**AICPA Focus Panel Meeting
Denver, CO
April 19, 1999**

Name	_____
Title	_____
Address	_____ _____ _____
Phone	_____ Fax _____
e-mail	_____

I, _____,
(Print name)

hereby consent to the recording of my discussion remarks at the AICPA focus panel meeting in Denver, CO. I understand that my recorded discussion remarks are completely confidential, and that my name will not be used in connection with my comments.

Signature _____ Date _____