How to Become CPA-USA

The CPA is the highest degree in USA in the field of Accountancy and has great international recognition. One of the world's leading licensing examinations, the CPA Examination serves to protect the public interest by helping to ensure that only qualified individuals become licensed as Certified Public Accountants (CPAs). In the present scenario of fast-paced globalisation, the qualification of CPA will be a valuable asset for Indian chartered accountants across the globe.

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The requirements for and responsibilities of CPAs were first legislated in New York in 1896. Now all states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands have defined these requirements and responsibilities, which include passing the Uniform Certified Public Accountant Examination to become a CPA. All states and jurisdictions contract with the American Institute of Certified Public Accountants (AICPA) to prepare and grade the Uniform CPA Exam. The Uniform CPA Exam has been prepared and graded by the AICPA since 1917.

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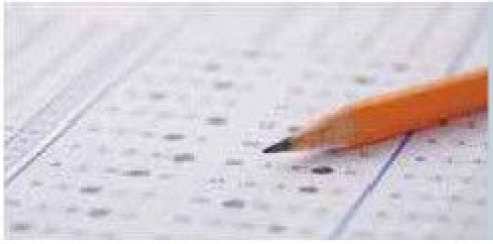
How to Go Ahead

All foreign candidates have to get their academic qualifications evaluated. This is a mandatory provision to confirm that the candidate is eligible for the CPA examination. The evaluation is State Board specific. Hence, preliminary assessment, as to from which state board he/she intends to



All foreign candidates have to get their academic qualifications evaluated. This is a mandatory provision to confirm that the candidate is eligible for the CPA examination. However, members of the Institute of Chartered Accountants of India need not go through the process of evaluation, if they opt to take the examination from the Colorado State Board of Accountancy.

take the CPA exam, is required for a candidate before applying to the evaluating agency. However, members of the Institute of Chartered Accountants of India need not go through the process of evaluation, if they opt to take the examination from the Colorado State Board of Accountancy.

The CPA examination is designed to measure professional competence in auditing, business law, taxation, accounting, and related business topics, including the command of adequate technical knowledge, the ability to apply such knowledge skillfully and with good judgment. An understanding of professional responsibilities after passing this exam validates and confirms your professional accounting education and requires your complete dedication and determination. The benefits include much wider professional horizon, increased professional opportunities, higher salary, increased confidence, competence and capability, and global recognition as a member of an elite group of professionals.

The Exam Content

The Uniform CPA Examination consists of four sections:

(i) Auditing and Attestation (AUD)
(ii) Business Environment and Concepts (BEC)
(iii) Financial Accounting and Reporting (FAR)
(iv) Regulation (REG)

The main content areas covered in each section are:

(i) Auditing and Attestation (AUD)
- Planning the engagement
- Internal controls
- Obtain and document information
- Review engagement and evaluate information
- Prepare communications

(ii) Business Environment and Concepts (BEC)
- Business structure
- Economic concepts
- Financial management
- Information technology
- Planning and measurement

(iii) Financial Accounting and Reporting (FAR)
- Concepts and standards for financial statements
- Typical items in financial statements
- Specific types of transactions and events
- Accounting and reporting for governmental entities
- Accounting and reporting for non-governmental and not-for-profit organisations

(iv) Regulation (REG)
- Ethics and professional responsibility
- Business law
- Federal tax procedures and accounting issues
- Federal taxation of property transactions
- Federal taxation—individuals
- Federal taxation—entities

The examination time allocated for each section is as follows:

Auditing and Attestation (AUD)	4.5 hours
Financial Accounting and Reporting (FAR)	4 hours
Regulation (REG)	3 hours
Business Environment and Concepts (BEC)	2.5 hours
	Total 14 hours

Pattern of Test

The examination is composed of testlets (groups of 24 or 30 multiple-choice questions) and simulations (condensed case studies).

Three testlets and two simulations comprise each of these sections: Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Regulation (REG). Business Environment and Concepts (BEC) consists of three multiple-choice testlets. Simulations are condensed case studies designed to test the knowledge and skills that are required of entry-level CPAs.

Accounting knowledge is tested in simulations through a variety of tasks, some of which require searching databases, completing written communication exercises, and working with spreadsheets and forms. The skills that simulations are intended to measure are: analysis, judgement, communication, and research.

For the research portions of simulations, candidates have access to some sections of the

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AICPA Professional Standards (in the Auditing and Attestation section), FASB Current Text and Original Pronouncements (in the Financial Accounting and Reporting section), and Tax Code (in the Regulation section). In all simulations, candidates are presented with a situation and instructed to write a letter or memorandum on a specific topic. Written communication responses are scored on the basis of three criteria: (1) organisation (structure, ordering of ideas, linking of ideas one to another); (2) development (presentation of supporting evidence); and (3) expression (use of standard business English).

In Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Regulation (REG), multiple-choice testlets account for 70% and simulations 30% of the score. The 30% simulation portion is further divided into 10% for written communication and 20% for all other parts of the simulation. In Business Environment and Concepts (BEC), multiple-choice questions account for 100% of the score.

A multi-stage adaptive test delivery model is used for Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Regulation (REG) multiple-choice testlets. This means that the first testlet presented to the candidate is at a level of moderate difficulty. Subsequent testlets-at the same or slightly more difficult level-are then chosen automatically based on the examinee's performance on the previous testlet.

At present, Business Environment and Concepts (BEC) paper does not follow the adaptive model and is composed of testlets at the moderate level of difficulty only. The simulations presented in FAR, AUD, and REG do not follow the adaptive model. They are not selected on the basis of prior performance. Three multiple-choice question testlets are always presented first followed by two simulations (in all sections except Business Environment and Concepts [BEC] which consists of multiple-choice testlets only). Which section should you take first? The section that appeals to you for any reason makes the most sense.

After passing an exam section, you will have a maximum of 18 months to pass all remaining sections. Within this time period, there are six 2-month exam windows (one window every 3 months -- 2 months for taking the exam and one month for AICPA research and grade reporting). The exam windows every year are January-February, April-May, July-August, and October-November. Candidates may take as many sections in one window as they like, but may only take each section one time within each exam window. One approach is to take one section per exam window, and retake any section you did not pass plus a new section in the next window. CPA candidates can take each section of the CPA exam independently and in any order with no conditions on passing any other sections.

The NASBA-issued Notices to Schedule (NTS) are good for 6 months (two exam windows) in most states. Therefore, you can aim to pass all four sections in just 6 months by taking one section at both the beginning and end of two consecutive exam windows. For example, if you plan to test in the April/May and July/August windows, you can schedule one section each at the beginning of April, mid-May, beginning of July, and end of August. This example provides 6 or more weeks between each exam section. You may wish to configure your individual preferences. For example, taking your second section at the end of May gives you 2 additional weeks to prepare but reduces the time available to study for the July window.

The CPA exam is conducted online through Prometric Centres, within USA only. The pass rate is 75%. Generally all the states require a minimum certain hours to be complied and completion of the Ethics Test with minimum passing rate of 90% before a CPA is awarded. The “Active” status of CPA allows you to practice in that state. If you want to shift in another state you will have to fulfill the ethical requirement of that state. To maintain the “Active” status of CPA certificate, one should maintain the certain credit hours annually. The further relevant details of interest can be had from the various websites, namely www.nasba.org, www.aicpa.org, www.cpa2biz.com

Fees

The cost of Exam varies on a state by state basis. The total fees comprise two fees. An Application fee and an Examination fee. The Colorado state Board has prescribed the fee as under:-

Application fee	US $ 150/-
Examination fee:-	
Auditing and attestation	US$ 230.55
Business Environment and concept	US$ 180.95
Financial Accounting and reporting	US$ 218.15
Regulation	US$ 193.35

All the fees must be paid in US dollars.

Apart from above, in India if anybody wants class room help, the fees ranges from Rs. 40,000/- to Rs. 85,000/- approx.

Opportunities

- CPA degree is a highest degree in the USA in the field of Accountancy. It has international recognition.
- A CPA designation is a prestigious and is a source of pride.
- In the USA, a CPA can do public accounting practice in business and industry, government, non-profit organisation and education.
- With a growing presence of the US in India, the local demand for CPA is on steady rise. A CPA could find excellent job entries into foreign multi-national corporations, Indian multi-national corporations listed on American Stock Exchanges and BPO.
- Moreover, with fast-paced globalisation, there is a continuous increase in the number of companies planning to source funds from the American markets by way of investments and borrowings. All these companies need to re-state their financial statements to comply with US GAAP the area which a CPA specializes in.