

CANDIDATE CHRONICLE

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Did you ever wonder . . . **How the Uniform CPA Exam is graded?**

EACH UNIFORM CPA EXAMINATION paper is prepared and graded by the American Institute of Certified Public Accountants (AICPA)

Objective format.

The point value of the Business Law & Professional Responsibilities, Auditing, and Financial Accounting & Report sections consists primarily of objective questions. The Accounting & Reporting section is entirely objective. These questions are in several formats, including four-option and multiple-choice questions. Other objective answer formats include Yes/No, True/False, matching, and questions requiring a numerical response.

The objective questions grade is determined entirely by the number of correct answers, with no point reduction for incorrect responses. Because the correct answer is listed as one of the choices, candidates should attempt to answer every question.

Objective questions are machine-graded, with only the blackened response considered by the optical scanner. Randomly chosen objective answer sheets are manually verified to guarantee accuracy.

Essay format.

Essay questions encompass between 20 and 30 percent of the point value of each section, except for Accounting & Reporting, which does not use this format. The graders, who are practicing CPAs and attorneys, use the "total concept" method, which includes an extensive list of appropriate concepts and key words a candidate could use in a specific answer. Graders also look for logical organization, succinctness, clarity, use of standard English, responsiveness to the requirements of the questions, and suitability for the reader.

To guarantee that essay grading is fair and complete, graders are allocated individual questions. For instance, each question of the Financial Accounting & Reporting section is read by a grader assigned to that particular question. Someone assigned to that question becomes proficient in its subject matter and in assessing candidates' responses in an objective and uniform manner.

Papers usually go through two reviews to ensure fairness and give candidates every reasonable consideration. The first review is cursory consisting of obvious passes and obvious failures. Marginal papers undergo a more rigorous review, at which time scores may be adjusted for any grading errors.

The graders performing the extensive reviews have years of experience at this task and have also been involved in developing the grading bases. They have access to item analysis for objective questions identifying concepts as discriminating (included by most passing candidates) or as rudimentary (included by candidates both passing and failing the examination). A significant gauge of the of the candidate's competence is whether grade points were earned predominantly from discriminating or from rudimentary concepts.

The final score.

The AICPA, at the conclusion of the grading process, reports advisory grades to the individual state boards of accountancy, which are responsible for issuing the official grades. State boards also receive a candidate diagnostic report for each examination section.

For a fee, Texas candidates are allowed to examine their incorrect answers in the Board office by appointment. There is also a fee for the AICPA to review their papers.



State and Local Governments:

An Attractive Career Option

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www.NewAccountantUSA.com

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Introduction

Often on-campus recruiting and career presentations by professionals emphasize the big five CPA firms and large corporations. Many accounting professors believe that placing graduates in these high profile positions enhances the perceived quality of an accounting program. Consequently, students are often unaware of the variety of job opportunities available to them. The skills, abilities, and more importantly interest of many accounting students may not match the job profile of these larger organizations.

Numerous other opportunities exist in

today's market that can provide both monetary and personal rewards. State and local entities are often overlooked sources of attractive careers in accounting. The needs for accounting services in the governmental sector are very similar to these of the for profit sector. Examples of the common occupations are financial accountants, budget analysts, accounting information systems analysts, treasurers, controllers, internal auditors, and financial managers. There are also some

unique positions in state and local governments; these include tax auditors, taxpayer service rep-

resentatives, and forensic accountants. The following discussion looks at several areas relating to accounting careers, with the goal of presenting the differences between the government and for profit sectors. The last section list resources available on the Internet where you can go to find information on government jobs and the types of careers available in the government sector.

Government Sector Job Outlook

Job growth and competitive starting salaries are just two of the many advantages to accepting a position in the state and local government area. The Bureau of Labor Statistics predicts that demand in the governmental sector will grow 10-20% over the next decade. The Fall 2000 Salary Survey, published by the National Association of College and Employers, indicates that 1999-2000 accounting graduates accepting positions in the state and local government sector had an average starting salary of \$30,682. Although behind the salaries of graduates going to work in public accounting (\$37,264) and private industry (\$34,151), new hire salaries in state and local governments compare favorably with those in banking (\$30,518) and the federal government (\$30,628).

Characteristics of Government Entity

Several characteristics of a government entity differentiate it from a for profit (FP) entity. These characteristics include the government entities

"Often members of the accounting staff are part of the team making presentations to the public, explaining the project, and answering questions. An individual gains invaluable communication experience in the situations."

primary operating objective, the nature of the revenue stream, the use of the budget, and the legal and political dimensions associated with its operations.

The primary operating objective of a government entity is to provide services to their constituents. Services range from basic functions such as trash collection and road construction and maintenance, to complex services such as police protection, water treatment and disaster recovery. The FP entity's objective is to increase shareholder's wealth, and a key component of that objective is maintaining profitable operations.

The revenue stream in the government entity is typically more predictable and fixed than in the FP entity. The government entity generates revenue from a relatively stable tax base, and operating funds from appropriations and programs. The FP entity generates revenue from the goods manufactured or services provided to customers and clients. In general, the FP entity faces more uncertainty in predicting revenue compared to the government entity.

A government entity uses the budget as a way to manage the process of providing services. In a FP entity the budget is the plan for making a profit in the current operating period, and a means of measuring the entity's progress toward the current profit goal. It is usually easier to change the budget in a FP entity than in a government entity. One reason is that the government entity has a higher degree of confidence in estimating anticipated revenue than the FP entity. The government entity can budget revenues fairly close to the actual amount received. The high correlation between actual and budgeted revenues provide for a more accurate expenditure budget that matches revenue. This close relationship between actual and budgeted revenue and expenditures requires fewer adjustments unless there are substantial changes to budgeted revenues. Another reason is the budget process itself. Often the budget process includes the use of a budget committee, budget hearings, and comment periods of the proposed budget prior to its final approval by the oversight body. The consensus building process used in creating the budget

makes material changes to it difficult unless there are significant changes to the underlying budget assumptions.

Other unique characteristics of government operations are its political and legal aspects of government operations. The government entity works in a political environment on a daily basis. Government is the creation of the law. Laws and regulations govern its daily operations. While the FP entity deals with laws and the political environment as well, the circumstances surrounding these interactions usually relate to specific business areas rather to every aspect of the entity's operations.

How the Characteristics Affect Job Performance

The above characteristics influence the environment in which government entities make decisions. The government entity conducts much of its business in public. Working under public scrutiny affects the decision making process. Having the public present during discussions over issues adds a political element to the process, as well as acting as an incentive to make sure, at least in most circumstances, that when an employee of the government entity makes a presentation the content is correct and well thought out.

Often decisions take longer to make in a government entity. The number of ultimate decision makers in the government entity is greater than in the FP entity. Often the decisions affect long-term projects that are very difficult to reverse once begun, (for example building roads, bridges, schools). Building consensus is a key element in the decision process, which takes time.

The accountant in a government entity can be involved in all phases of the decision process, or only in certain phases. The level of involvement usually depends how the government entity is structured. The accountant is normally responsible for developing financial information and projections necessary for the decision process.

TABLE 1

Advantages and Disadvantages of Employment in State or Local Governments

Advantages

- ✓ Attractive starting compensation packages
- ✓ Predictable work-flows
- ✓ Regular working hours
- ✓ Opportunity to develop presentation skills
- ✓ Satisfaction of contributing to society

Disadvantages

- ✓ Lower starting salary
- ✓ Limit on top levels of compensation
- ✓ No profit sharing, stock options, bonuses
- ✓ Top positions dependent on party in office

cess.

In addition, the accountant may be involved in the process of building consensus among constituents. Often members of the accounting staff are part of the team making presentations to the public, explaining the project, and answering questions. An individual gains invaluable communication experience in these situations. Because there is no way of anticipating every question, one is put into a position to think on the spot, which when successful, can be very fulfilling.

Government exists for the benefit of its constituents. As such, many decisions made have long-term effects on the lives of many people, and create physical objects that will benefit society for a long time. Being part of the process that creates infrastructure, which can benefit, society now and in the future, can be exciting and rewarding.

Similarities and Contrasts in Working for Government and Private Entities

Regardless of the type of organization in which an accountant works, there are common performance characteristics that transcend the specific job the accountant performs. Among these is the requirement that the individual have a strong background in accounting. Normally students graduating with a degree in accounting have the basic framework of accounting knowledge on which they can build. Equally important is the ability to work with others, which includes treating people fairly and with respect. Often your actions, even when not at work, reflect on the organization as a whole, which is particularly true when working for a government entity. Other common characteristics include honest and ethical behavior, willingness to grow professionally, and becoming a life-long learner. Becoming a life-long learner is particularly important, given the changes currently taking place in the accounting profession, as well as the new reporting requirements promulgated by the government Accounting Standards Board's Statement Number 34.

There are also some contrasts between the two types of organizations. In the government entity, you'll find that the workflow may be more predictable. Also, major decisions tend to take a little longer to make in the government entity due to the larger number of people involved in making a decision. Government entity's revenue collections and major expenditures typically occur in a more regular pattern than in a FP entity. Compensation may be a little lower at the starting level, but the gap will close at the higher management levels. You may find that the total hours worked in a year and the amount of overtime expected may be less in the government entity. In addition, there tends to be fewer turnovers in the government entity compared to the FP entity. The ability to move among different positions in different departments and agencies within the State or Local Government may be easier than moving between positions in the FP environment. However, as you progress through the management hierarchy in the State or Local Government, you can become more vulnerable to the political climate and your position may be subject to change as the result of elections. Table I provides a summary of the advantages and disadvantages of employment in the governmental area.

Internet Resources on Government Entities and Job Opportunities

Table II provides a listing of web sites on the Internet that provide additional information about careers in government and the type of jobs available. The web sites provide information about jobs available at the Federal, State, and Local Government level, as well as information about how to interview. The Job Accommodation Network (www.jan.wvu.edu) provides on information to those with disabilities. Obviously there are literally hundreds of sites that deal with job opportunities, far too many to list here, therefore the authors tried to choose sites that were comprehensive in scope and provided links to other sites that the reader would find helpful.

TABLE 2

Internet Sites Providing Information on Employment Opportunities

www.ajb.org

Once on this site select the "State Sites Link" that will provide a list of each state's Department of Employment Services.

www.piperinfo.com

Provides links to each State's Home Page, from which you can link to employment information.

www.govtjob.net

Provides information on jobs at the State and Local Government level.

www.federaljobs.net

Concentrates on jobs with the Federal Government, and has links to various Federal Agencies, gives advice on interviewing, and lists current job openings.

www.infoctr.edu

This is the Library Information Center of the Illinois Institute of Technology. Through this site you can link to the Federal Web Locator, which is a comprehen-

sive site listing all the branches of the Federal Government with links to various agencies, departments, and corporations of the Federal Government. At each of these listings you can get information on the job opportunities. There is also a State Web Locator that links you to each State's Home Page, and various state departments.

www.statejobs.com

This site provides links to each State, and lists job opportunities at the Federal, State, Local levels, and jobs in private industry within that State.

www.jan.wvu.edu

The Job Accommodation Network, maintained by the University of West Virginia, is a consulting service that provides information about job accommodations and the employability of people with disabilities. Once at the site there is a "Points of Interest" link that lists employment resources available to those with disabilities.



MAY 2002

Uniform CPA Examination Schedule

WEDNESDAY
May 8, 2002

**Business Law
& Professional
Responsibilities**
(LPR)

9:00 AM - 12 NOON

Auditing (AUD)
1:30 PM - 6:00 PM

THURSDAY
May 9, 2002

**Accounting
& Reporting**
(ARE)

8:30 AM - 12 NOON

**Financial
Accounting &
Reporting (FAR)**
1:30 PM - 6:00 PM

LOCATIONS

Austin
Palmer Auditorium

El Paso
Hawthorn Inn & Suites

Fort Worth
Will Rogers
Convention Center

Houston
Reliant Arena

Lubbock
Lubbock Civic Center

San Antonio
Live Oak Civic Center

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PHOTO I.D.

in the mail

PHOTO ID CARDS FOR THE May 8-9, 2002 examination will be mailed by April 15. If you have not received your card, contact us at:

(512) 305-7851.

You must have your photo ID and one other form of identification to enter the examination room.

Future Exams

THE FUTURE EXAMS DATES AND THEIR FILING deadlines are shown below. Please use these dates when planning for these exams.

NOVEMBER 6-7, 2002

Filing deadline
September 15, 2002

MAY 7-8, 2003

Filing deadline
March 15, 2003

Concerned CPA Network

Offering *confidential* assistance to CPAs, exam candidates, and accounting students who may have a drug or alcohol dependency problem or mental health issues.

The network is sponsored by the TSCPA and is endorsed by the Board.

For information call
(800) 289-7053

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