

Maryland Board of Public Accountancy

CPA Examination Application Process

(August 1, 2012)

This report has been prepared to review the CPA examination process administered by the Board of Public Accountancy for the period FY 2005 through FY 2012. This review shows the trends in the volume of examination applications filed with the Board, the yearly number of candidate section registrations, candidate performance on the four sections of the CPA Examination, and the yearly passing rates for the examination. This review also includes an assessment of the impact on Board operations of the October 1, 2011 change in the education criteria to qualify for candidacy for the CPA Exam.

Highlights of this report include:

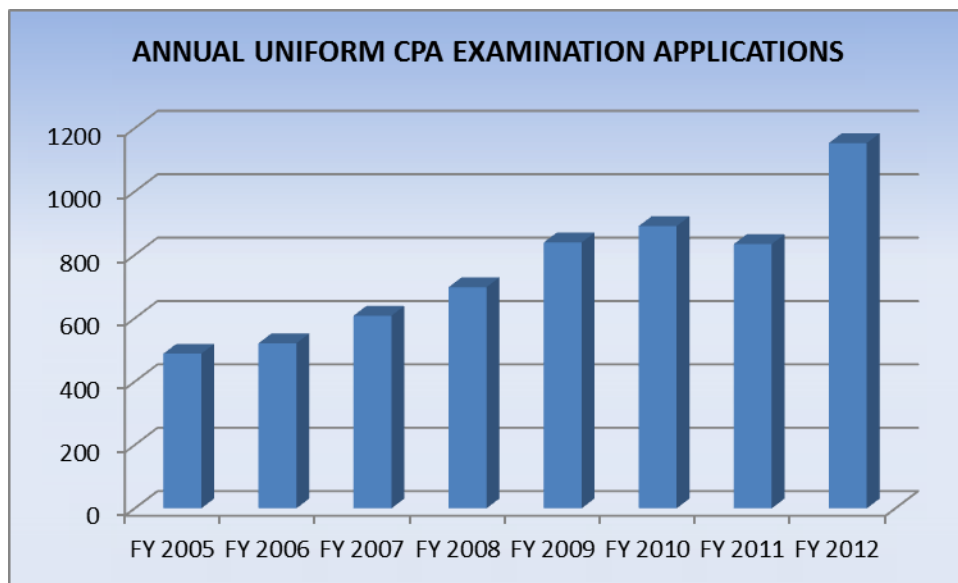
- **Since FY 2005, the yearly volume of applications received by the Board has increased 132%.**
- **The yearly volume of exam section registrations increased 143%.**
- **The annual number of successful exam candidates increased 229%.**
- **At the end of FY 2011, the exam section pass rate (all sections) was 43.3%.**
- **Half of all exam applications are processed within 5 days from the date an application is complete.**
- **Ninety percent (90%) of all exam applications are processed within 30 days from the date an application is complete.**
- **During the first nine months since the implementation of the 120/150 concept, 58% of exam applicants met the both the examination and licensing educational requirements at the time of approval.**

Applicants for the Uniform CPA Examination FY 2005 through FY 2012

In the spring of 2004, the administration of the Uniform CPA Examination transitioned from a paper and pencil administrative format to a computer based testing format. Under the paper and pencil format, the examination was administered twice a year, in May and November, at two locations in Maryland. Under the computer-based administration of the exam, examination sections are now administered on a daily basis during eight months of the year at seven Maryland locations.

After a slow start in FY 2005, applications for the Uniform CPA Examination have increased 57.6% by the end of FY 2012. The 27.6% increase in applications from FY 2011 to FY 2012 can be partially attributable to the change to the 120 exam/150 license concept.

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
488	521	608	698	839	891	834	1153

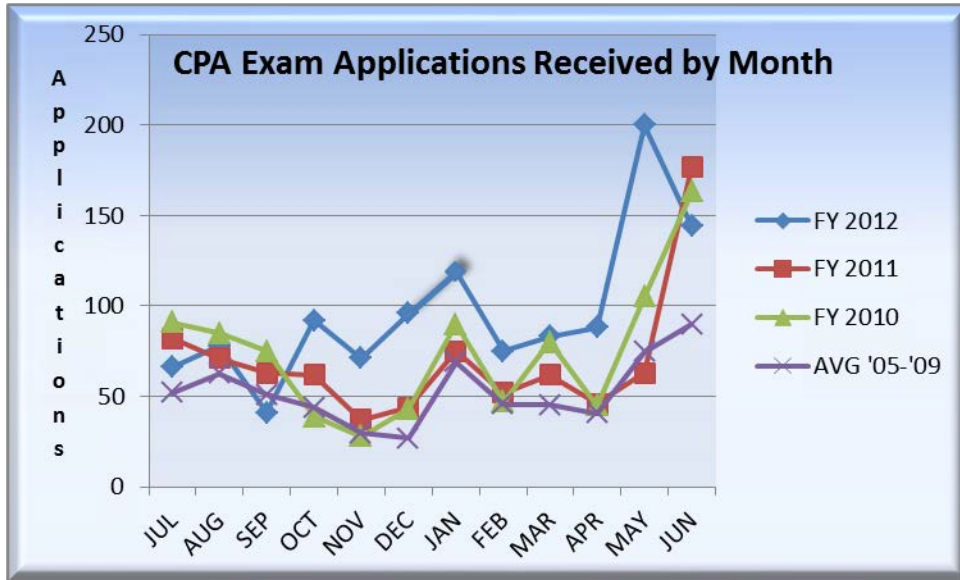


Monthly Volume of Applications Received by the Board FY 2005 through FY 2012

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
FY 2012	66	78	41	92	71	96	119	75	83	88	200	144	1153
FY 2011	82	71	63	62	37	44	75	52	62	46	63	177	834
FY 2010	91	85	75	39	28	43	90	47	80	45	105	163	891
FY 2009	43	97	69	64	29	36	105	50	56	69	79	142	839
FY 2008	55	67	51	55	30	24	82	74	65	36	81	78	698
FY 2007	49	63	43	57	32	26	79	34	39	43	52	91	608
FY 2006	57	53	54	24	12	16	55	39	52	32	58	69	521
FY 2005	56	33	38	20	45	32	23	31	14	23	104	69	488

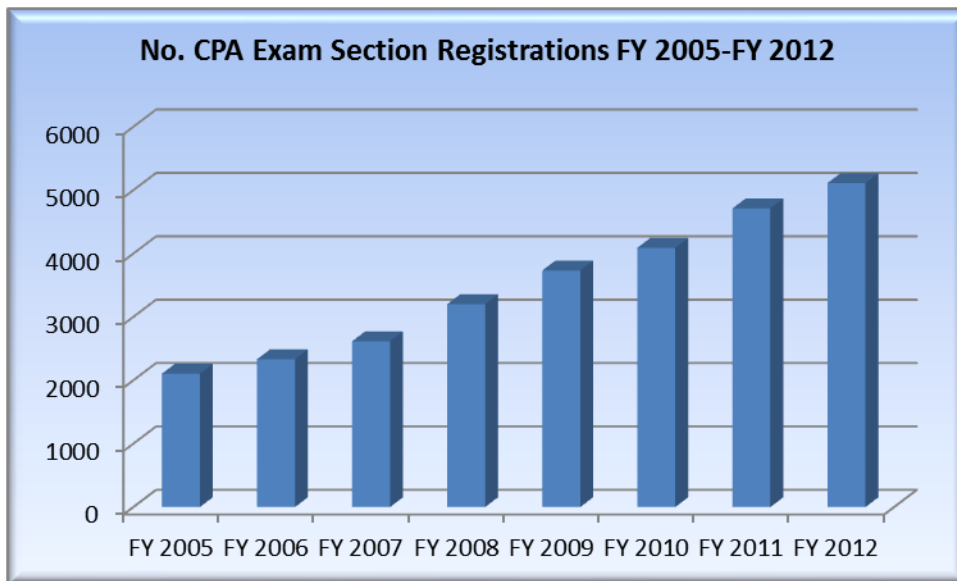
Volume of Applications Received Follows a Pattern

The volume of applications for the CPA Exam follows a predictable pattern that coincides with spring and fall commencements at colleges and universities. This is illustrated by the graph below:



Registrations for CPA Exam Sections

FISCAL YEAR	NO./SECTIONS	AUD	BEC	FARE	REG
FY 2005	2104	516	527	493	568
FY 2006	2332	478	642	613	599
FY 2007	2615	651	735	603	626
FY 2008	3201	774	886	788	753
FY 2009	3732	872	1054	875	931
FY 2010	4090	966	1140	1069	915
FY 2011	4711	1136	1303	1200	1072
FY 2012	5111	1300	1139	1375	1297

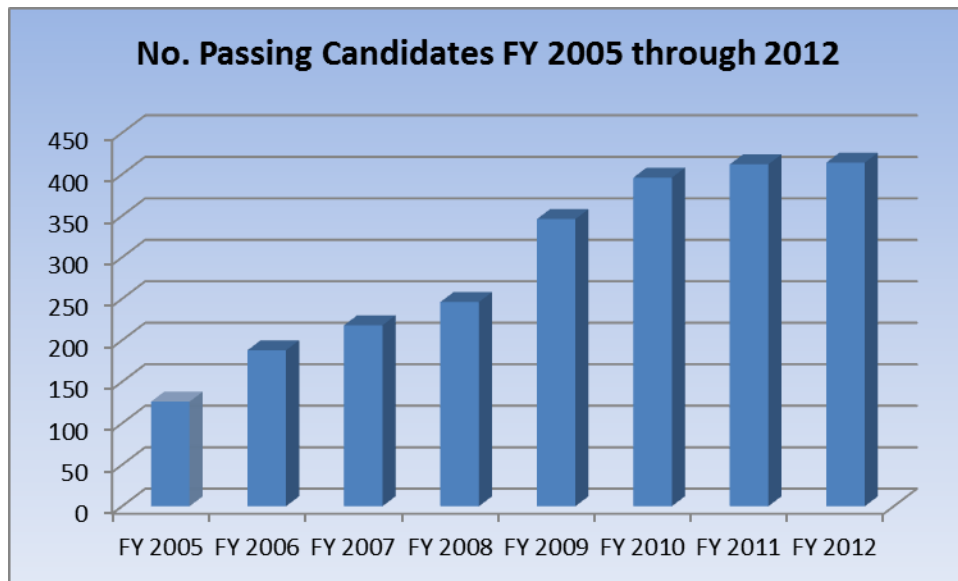


Maryland CPA Candidate Performance on the Uniform CPA Examination

The number of candidates who complete the Uniform CPA Examination by passing the fourth section in a fiscal year steadily increased from FY 2005 until leveling off in FY 2012.

Candidates Completing the Examination by Passing the Fourth Section

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
126	188	218	246	346	396	412	414



Passing Rates by Examination Section

The following chart shows candidate passing rates by section from calendar year 2007 through the first two months of 2012:

SECTION	CLDR 2007	CLDR 2008	CLDR 2009	CLDR 2010	CLDR 2011	CLDR 2012
AUD	0.511	0.478	0.543	0.508	0.448	0.428
BEC	0.457	0.433	0.476	0.464	0.429	0.461
FAR	0.5	0.5	0.484	0.499	0.417	0.403
REG	0.492	0.527	0.541	0.513	0.417	0.455
ALL PARTS	0.489	0.481	0.509	0.495	0.433	0.437

Comparison with the National Average

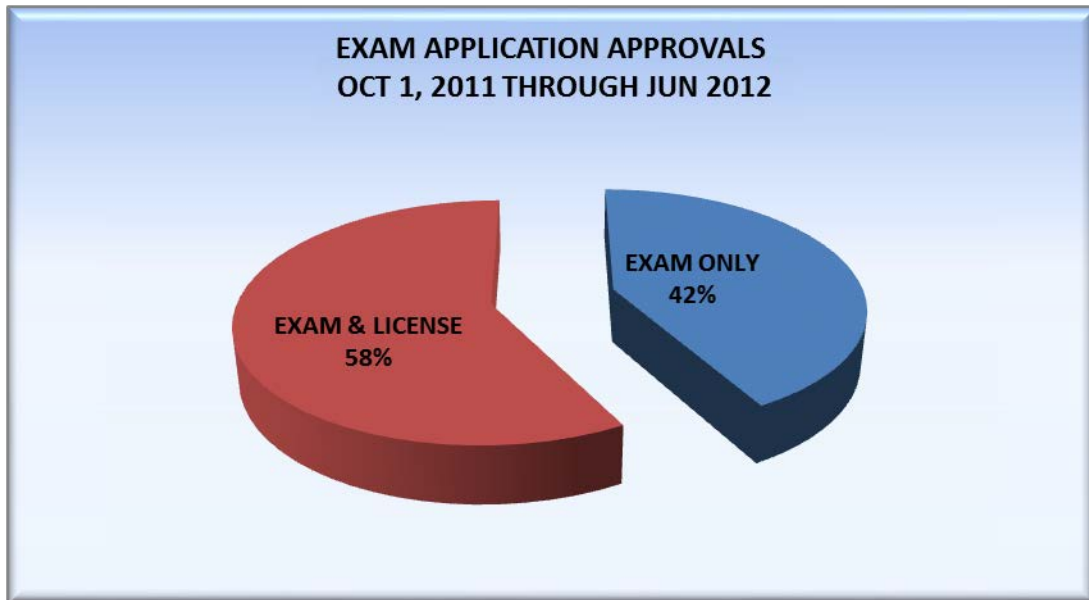
The following chart shows candidate passing rates by section from calendar year 2007 through the first two months of 2012. Also included are candidate passing rates compared with the national pass rate of all jurisdictions administering the CPA Exam for calendar years 2009 through the first half of calendar year 2012.

SECTION	CLDR 2007	CLDR 2008	CLDR 2009	NAT 2009	CLDR 2010	NAT 2010	CLDR 2011	NAT 2011	CLDR 2012	NAT 2012
AUD	0.511	0.478	0.543	0.498	0.508	0.478	0.448	0.456	0.428	0.464
BEC	0.457	0.433	0.476	0.483	0.464	0.473	0.429	0.469	0.461	0.51
FAR	0.5	0.5	0.484	0.485	0.499	0.478	0.417	0.456	0.403	0.452
REG	0.492	0.527	0.541	0.498	0.513	0.507	0.417	0.441	0.455	0.474
ALL PARTS	0.489	0.481	0.509	0.491	0.495	0.483	0.433	0.455	0.437	0.474

Source: NASBA Uniform CPA Examination: Candidate Performance Reports 2009, 2010 2011 and 2012.

Impact of the Transition to 120/150

In October 2011, the Maryland Public Accountancy Act was amended to permit individuals to qualify to take the Uniform CPA Examination after earning a baccalaureate degree (120 semester hours) in accounting. Applications for candidacy for the CPA exam increased by 38% from the number of applications received in FY 2011. The increase is attributable to candidates seeking approval to take the exam only. Forty-two percent (42%) of the approved applicants qualified for the examination only. Fifty-eight (58%) of the approved applicants met education requirements for the examination and for licensure. Of the 294 applicants who have qualified as “exam only” candidates, two have passed the Uniform CPA Examination to date.



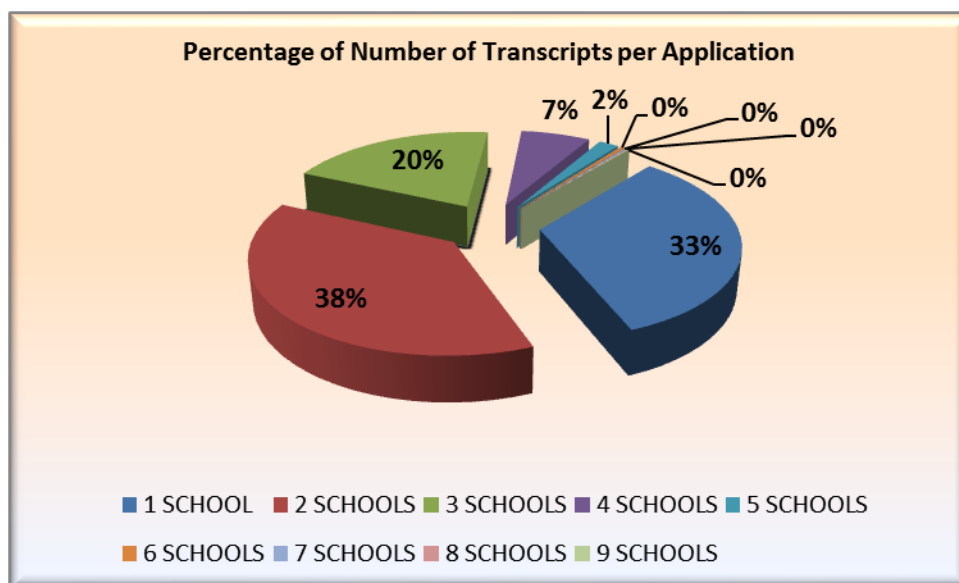
Processing of Applications

Staff Review and Processing of Examination Applications

The length of time it takes the Board's staff to process an application is dependent upon many factors. First and foremost is the completeness and accuracy of the information filed by the applicant. Second, is the complexity of the applications (the number of transcripts, AP/CLEP credits claimed and whether a foreign credential evaluation is required). Third, is the length of time it takes the Board to receive transcripts from the colleges, universities and foreign evaluation services. An application is not "Ready For Review" until all of the documents indicated on the application have been received for the schools, foreign credentials evaluation services, or alternative credit issuing agencies such as the College Board for AP or CLEP credits, and other credit issuing agencies. Even after the application is "Ready for Review," questions may arise that require the staff to contact the applicant to resolve questions concerning qualifying courses.

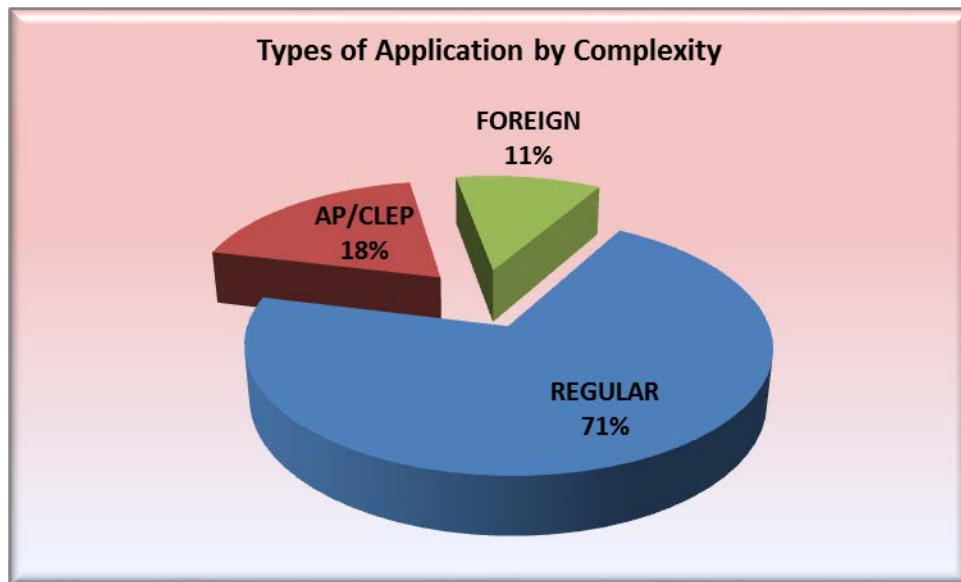
The Majority of Applicants Attend more than One School

Two-thirds of exam applicants claim education earned at more than one college or university. The more institutions an applicant attends means the more transcripts that are needed to complete an application. Nearly 30% of the applications involve an applicant's attendance at three or more colleges/universities. The official transcripts must be received from each and every college or university before the Board's staff can review an application. The registrar's offices of the schools are extremely busy following Spring graduations, updating grades and indicating degrees earned. Receipt of official transcripts slows down during the summer months.



Documents from other sources of qualifying education.

Eighteen percent of the applications claim education that was earned through Advanced Placement, CLEP and other credit for experience agencies. Eleven percent of the applications require an evaluation of credit earned at a foreign college or university. Receipt of these documents is required to complete an application.

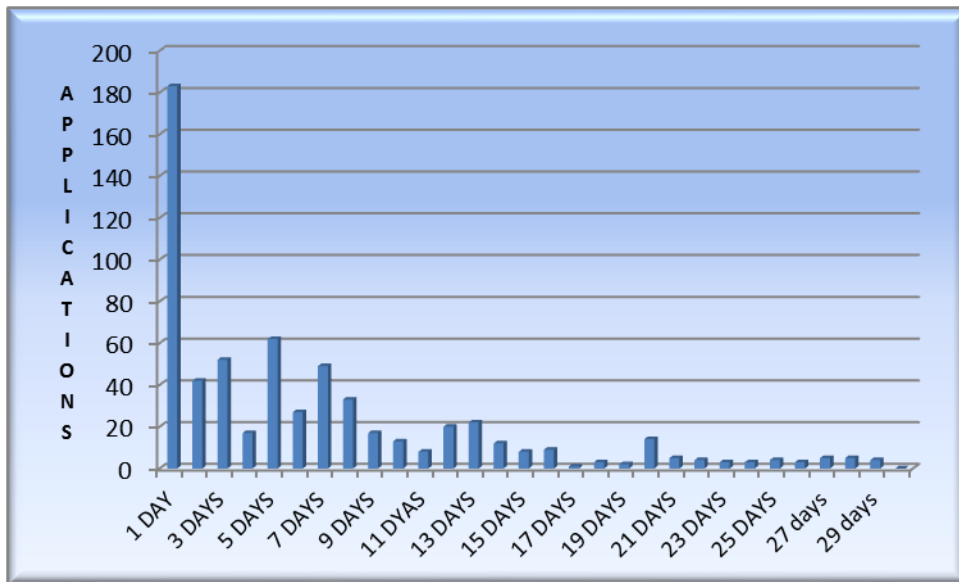


Staff Efficiency in Processing Applications

Applicants are understandably anxious to be notified that they have qualified to take the examination. An applicant’s expectation for a quick approval of their application begins immediately upon the submission of the application. For the applicant, the clock starts ticking the second the applicant hits the “Submit” button on the on-line application. On the other hand, the clock starts ticking for the Board’s staff once the final supporting document is received. The Board’s ability to begin the evaluation process depends upon the application being complete and “Ready for Review.”

An analysis of the turn-around between the time an examination application is “Ready for Review” and the time an applicant is notified of the approval or denial of the application is illustrated by the graph below:

LENGTH (DAYS) PROCESSING COMPLETE APPLICATIONS
 (Applications Received January 1, 2012 thru June 30, 2012)



More than half of the applications are evaluated and completed within five calendar days of the Board’s receipt of the final document to make the application “Ready For Review.” The final evaluations of 90% of the applications are completed within 30 days.

1 TO 5 DAYS	6 TO 10 DAYS	11 TO 15 DAYS	16 TO-20 DAYS	21 TO 25 DAYS	26 TO 30 DAYS	31 TO 35 DAYS	36 TO 40 DAYS
51%	71%	81%	85%	88%	90%	92%	93%

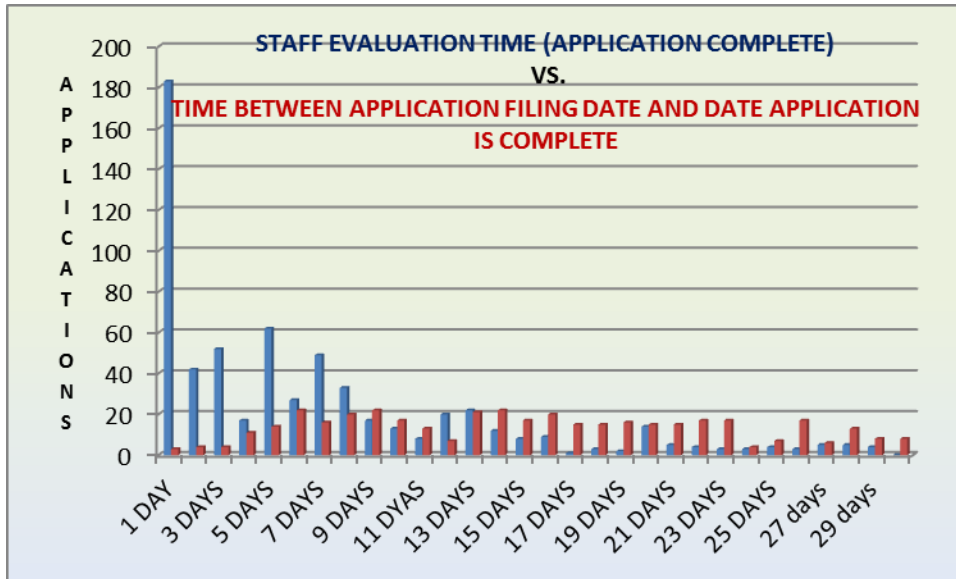
Application processing time is dependent upon receipt of all documentation.

An examination application cannot be evaluated until all documentation to support the education and courses taken by an applicant are received by the Board. The Board and its applicants are dependent upon multiple institutions’ ability to send relevant transcripts in a timely fashion. Only 22% of the supporting documents are received by the Board within 5 days of a person filing an application online. After 15 days from the date of application the Board has received supporting documentation for 54% of the applications necessary to begin an evaluation . Even after 40 days from the date of application, 20% of the applications are still pending receipt of support documents.

Length of Time Between Application Filing Date and Completion of Application

1 TO 5 DAYS	6 TO 10 DAYS	11-15 DAYS	16-20 DAYS	21 TO 25 DAYS	26 TO 30 DAYS	31 TO 35 DAYS	36 TO 40 DAYS
22%	41%	54%	62%	69%	73%	76%	80%

The following graph further illustrates the difference in the Board’s ability to turn around complete applications when compared to the time it takes for the applications to become complete and “Ready For Review”. The blue bars indicate the number of applications processed by the number of days it takes to approve or deny the application. The red bars indicate the number of days between the date an application is submitted online and the date the final document is received by the Board to make the application complete.



In the final analysis, the Board’s staff has personally and professionally assisted applicants in completing their application while at the same time maintaining an exemplary standard of efficiency.