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American Institute of Certified Public Accountants. Academic and Career Development Division

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In this issue . . .

The AICPA's Members in Industry Executive Committee would like to draw the attention of academics who might not know about it to a new COSO document, *Internal Control — Integrated Framework*. The committee feels that this document, or elements of the document, would be of interest to students.

See story on page 2.

The **1993 AICPA Accounting Educators Mini-Conference** is scheduled for November 5 & 6 in Annapolis, Maryland. Space is limited at this exciting meeting, so you are urged to register early. This issue contains an outline of the program and an early registration form for members in education.

See page 3.

News & Notes 2

Erratum: Jack Wilkerson wrote to let us know that his case, *The Case of Combining Incentives* (#92-14), developed under the 1992 Professor/Practitioner Case Development Program, is more appropriate for Advanced Accounting than Intermediate Accounting Courses, as listed in the index to the cases on page 3 of the last issue.

See you in San Francisco! If you're going to the Annual Meeting of the American Accounting Association in August, be sure to drop by to say hello to various members of the AICPA's technical and education staffs who will be on duty at the Institute's booth in the Exhibit Hall.

Publication Note: This is the last issue of ACCOUNTING EDUCATORS: FYI for this academic year. We'll be back in September. Have a great summer!

TASK FORCE EXAMINES APPLICABILITY OF AICPA CODE OF PROFESSIONAL CONDUCT TO MEMBERS IN EDUCATION

by Harold Q. Langenderfer, DBA, CPA

INTRODUCTION

The overwhelming adoption of a new Code for Professional Conduct in January 1988 by the membership of the AICPA has had significant ramifications for its educator members. For the first time, the Code of Professional Conduct applies to all members of the AICPA, including members in industry, government, and education. This means that members who are performing educational services are considered to be performing professional services, which requires adherence to the Code of Professional Conduct.

To determine to what extent the revised Code applies to members not in public practice, the AICPA Professional Ethics Executive Committee appointed a task force of members in industry, government and education to address this question for their specific member groups. The task force concluded that certain rules were applicable to non-practicing members and, further, that the Code did not provide sufficient guidance to these members in dealing with situations specific to their professional services. As a result of these findings, and with the assistance of the Professional Ethics Division, the Academic and Career Development (ACD) Executive Committee established the Task Force on Ethical Behavior Guidelines for Accounting Educators. The task force was charged with the mission to determine which rules were applicable to members in providing educational services, and to develop guidelines that would assist members with the interpretation of these rules as they apply in an educational setting.

Comments on ethics issues for accounting educators should be addressed to the Ethics Task Force, AICPA Academic and Career Development Division, 1211 Avenue of the Americas, New York, NY 10036.

PROGRESS REPORT OF THE TASK FORCE ON ETHICAL BEHAVIOR GUIDELINES FOR ACCOUNTING EDUCATORS

The Educators Task Force is composed of the following members: Mary Beth Armstrong (California Polytechnic State University, San Luis Obispo); Stephen Loeb (University of Maryland); Joseph Mori (San Jose State University); Michael Pearson (Kent State University); Linda Savage (University of Central Florida); and Harold Langenderfer, Chairman (University of North Carolina, Chapel Hill). AICPA staff aides include Bea Sanders, Director, Academic and Career Development

(continued at ETHICS on page 4)

News & Notes

In mid-April, the AICPA's Academic and Career Development Division welcomed new staff member **Gregory Johnson, Manager of Minority Initiatives**. Mr. Johnson moved to the Division from the AICPA's Quality Review Program, where he had been a technical manager for three years. Prior to joining the AICPA, he was with Coopers & Lybrand for five years as an audit supervisor. He is a graduate of Adelphi University and holds a New York State CPA certificate. In his new position, Mr. Johnson will focus on initiatives to promote the education and upward mobility and retention of minorities. Mr. Johnson will serve as staff aide to the Minority Educational Initiatives Committee; his telephone number is (212) 596-6227.



The 15th Annual **Summer Institute on College Teaching** is scheduled for June 6-11 at the College of William and Mary

in Williamsburg, Virginia; contact Dr. Lawrence Dotolo at (804) 683-3183. Other noteworthy conferences in the months ahead include the **International Faculty Development Conference**, June 30-July 1 at Vail Valley, Colorado [contact CCA Conference Coordinators, (303) 337-2077]; the University of Colorado's "**Boot Camp for Profs.**" August 1-6 at Denver [Edward Nuhfer, (303) 556-4915]; the **Conference on Accounting Education**, August 4-6 at Monterey, California [Belverd E. Needles, Jr., (312) 362-5130]; **Trends in the Educator of Accountants**, November 4-5 at Blacksburg, Virginia [James Hicks, (703) 231-5881]; and the **Trends in Computerized Accounting Education Conference** scheduled for June 1994 at Baltimore [John Guercia, (410) 617-2474].



The AICPA Women and Family Issues Executive Committee has established a

resource clearinghouse on women and family issues in the accounting workplace. The clearinghouse contains materials relevant to the implementation of programs to address women's and family issues. For a brochure describing the program, call Cecelia Manley at the AICPA: (212) 596-6226.



The process of updating the AICPA's Curriculum Database preparatory to production of the **1993-94 Directory of Accounting Education** is nearing completion. If your department has not yet sent back the turnaround document detailing your programs, you may not be fully represented in this important work. *Don't let this happen!* The deadline for our receipt of your materials is May 14. If you need additional information or if you want to obtain a new turnaround document because yours has been lost, contact Leticia Romeo at (212) 596-6221.

A Curriculum Enhancement

Industry Group Suggests Use of COSO Document

At a recent meeting of the Members in Industry Executive Committee (MIEC), an important agenda item was a discussion on *Internal Control—Integrated Framework*, the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The COSO Report was prepared in response to recommendations of the National Commission on Fraudulent Financial Reporting, commonly referred to as the Treadway Commission. The Treadway Commission, which was sponsored by the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), the Financial Executives Institute (FEI), the Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA), issued its report in 1987 recommending that the sponsoring organizations cooperate in developing additional integrated guidance on internal control to provide a common reference point which entities can use to assess the quality of their internal control systems.

Working under the guidance of a COSO Advisory Council, Coopers & Lybrand undertook a project to respond to that recommendation. Their report provides a framework which

organizations can use to develop or improve their internal control systems, as well as a set of evaluation tools to help identify and correct weaknesses in controls over financial reporting, legal/regulatory compliance, and operations.

In the opinion of the MIEC, the COSO report is the best statement of what managerial and operational control is all about. They believe that the report can serve business managers as a blueprint for running an efficient and ethical business.

They are concerned, however, that the report is not getting the broad exposure necessary to communicate its guidelines. In an effort to educate the business community as a whole, the AICPA has developed a self study course based on the COSO report, which is marketed to financial and accounting professionals in public practice and industry. They also sell copies of the report as a stand-alone product. However, the larger market lies at the college level, where a proactive stance can be taken.

The academic community can be of valuable assistance in the communication process by developing a text that could be offered at the college level, as part of an accounting or management curriculum. This will enable young people entering the business community to take the tools of the report with them.

For further information on the contents of the report, an Executive Summary is available from the AICPA for \$3.00. The complete report is also available for \$50.00. To order, please contact the AICPA at 1-800-862-4272. ❖

The 1993
**ACCOUNTING EDUCATORS
MINI-CONFERENCE**

November 5 - 6, 1993
Loews Annapolis Hotel, Annapolis, Maryland

in cooperation with the
School of Business and Management, Morgan State University

INNOVATIONS IN ACCOUNTING PEDAGOGY

PROGRAM

Thursday, November 4

5:00p - 9:00p Registration

Friday, November 5

7:00a - 5:00p Registration

7:00a - 8:00a Continental Breakfast

8:00a - 10:00a **PLENARY: Teaching Cases in Undergraduate Courses** (Ken Middaugh, Wake Forest)

10:00a - 10:20a Break

10:20a - 11:20a **CONCURRENT SESSIONS: Teaching Cases in Undergraduate Courses** Financial A (Michael van Breda, Southern Methodist); Financial B (William Geary, William & Mary); Managerial (David Croll, Virginia/McIntire)

11:30a - 12:30p **PLENARY: Internationalizing Undergraduate Curricula** (Judith Ramaglia, Pacific Lutheran)

12:30p - 1:30p Box Lunch

1:30p - 3:10p **PLENARY: Effective Writing** (Claire May, South Alabama)

3:10p - 3:30p Break

3:30p - 5:00p **PLENARY: Cooperative Learning in Accounting** (Phil Cottel, Miami of Ohio)

6:30p - 8:00p Reception

7:30p - 10:00p **Exhibits & Computer Workshops** (Rick Birney, Arizona State; Joel Levy, Goldstein, Golub, Kessler, PC)

Saturday, November 6

7:00a - 12:00n Registration

7:00a - 8:00a Continental Breakfast

8:00a - 10:00a **CONCURRENT CASE SESSIONS: 1993 Professor/Practitioner Cases**

10:00a - 10:30a Break

10:30a - 12:30p **CONCURRENT CASE SESSIONS** repeated

12:30p - 1:45p Luncheon Banquet and Adjournment

2:00p - 4:30p **Exhibits & Computer Workshops** repeated

1992 Program Committee: Robert Keith (South Florida), Chair; Richard Fern (Eastern Kentucky University); Paula Thomas (Middle Tennessee State).

The 1993 AICPA Accounting Educators Mini-Conference
November 5 - 6, 1993 at Annapolis, Maryland

REGISTRATION FORM

Mail to: AICPA Meetings Registration, PO Box 1008, New York, NY 10108.

Registration: \$195 (AICPA MEMBERS)/\$225 (NON-MEMBERS) **CPE:** 15 hours.

Please register me for the 1993 AICPA Accounting Educators Mini-Conference. My check for \$_____ is enclosed. (Full payment must accompany registration.)

BATES# _____
(AICPA USE ONLY)

Registrant's Last Name First Name MI Nickname

College or University Name or Affiliation

Street Address Room Number or Suite

Post Office Box

City State Zip Code

AICPA Membership Number (for discounted registration) Telephone

Name and telephone number of individual to contact in case of emergency

HOTEL INFORMATION: Reserve your hotel accommodations directly. Call the LOEWS ANNAPOLIS HOTEL at (410) 263-7777, or write to them at 126 West Street, Annapolis, Maryland 21401, by October 4, 1993. After October 4 rooms will be on a space-available basis only. Identify yourself as an attendee of the AICPA Accounting Educators Mini-Conference in order to obtain our group rate of \$99 for a single or double room. To guarantee your room for late arrival, a credit card number or first night's deposit is required.

CANCELLATION POLICY: Full refunds will be issued on written cancellations received by October 16, 1992. Written cancellations received after October 16 but before October 30, 1993, will be issued a refund less a \$25 administrative charge. No refunds will be issued on cancellation requests received after October 30, 1993.

AIRLINE DISCOUNT: USAIR is offering an exclusive discount for this conference. Call them at (800) 334-8644 and refer to Gold File #19370004 to receive 5% off the lowest available fare or 10% off the regular coach fare. (The AICPA is not liable for penalties incurred if you cancel or change your airline reservations.)

Division and Herb Finkston, Director, Professional Ethics Division.

At the first meeting of the Educators Task Force, the members learned about the structure of the AICPA Code of Conduct, which includes the following components:

Principles — which are aspirational statements that provide a framework for Rules

Rules—which govern members' performance of professional services

Interpretations — which provide general guidance on the scope and application of the Rules

Rulings — which describe specific factual situations wherein the Rules apply and compliance is enforced.

The Educators Task Force then identified the rules which were considered to apply to educators in order to provide the basis for developing ethical guidance to educators in the form of interpretations and rulings which would be incorporated into the Code of Conduct. The applicable Interpretations then served as the background for identifying the factual situations which are unique to educators for which specific rulings could be developed. The following rules were selected as being specifically applicable to educator members, with the rationale for the selection described in the form of situations uniquely applicable to educators.

Rule 102. Integrity and Objectivity. This rule relates to conflicts of interest, misrepresentation of facts, and subordination of one's judgment. Under this rule the performance of educational services by a member is considered to be the performance of professional services. Situations applicable to educators under this rule would include the omission of attribution of published research, accepting gifts from publishers related to book adoptions, serving as an expert wit-

ness for the accounting firm who endowed the expert's chair, and providing outside or internal services for personal gain.

Rule 201. General Standards. This rule encompasses the standards related to performing professional services with competence, due care, adequate planning, and supervision, and having obtained sufficient relevant data as a reasonable basis for a conclusion or recommendation. For educators, competence relates to knowledge of the subject matter, means of conveying the subject matter, and the ability to collect, analyze, and report information related to research activities. Due professional care requires educator members to conduct courses in a manner consistent with course objectives, with due recognition of respect for student rights. Professional services performed outside of the academic setting should be performed with due care with assurance that these outside services do not interfere with the performance of required educational services. Specific situations related to educators under this rule would include neglect of academic responsibilities because of outside consulting or other nonacademic activities, competency in teaching, research supervision and evaluation, balancing teaching and research responsibilities, and obtaining sufficient relevant data as a basis for student evaluations.

Rule 202. Compliance with Standards. This rule relates to the application of the Code to members who perform educational services and other professional services. When an education member performs other professional services, that member is required to comply with all of the rules with respect to such professional services that are covered under Rule 202. For educators, other professional services would include serving as tax preparers, expert witnesses, auditors, consultants, etc.

Rule 501. Acts Discreditable. Discreditable acts include discrimination based on race, color, religion, sex, age, national origin, or disabilities. This rule also covers disclosure of confidential colleague or student information without permission. Specific situations related to educators under this rule would include posting student grades without safeguarding the identity of names or receiving permission from students, and selling complimentary textbooks not designed for resale.

FURTHER TASK FORCE ACTIVITIES

Based on identifying the above rules and situations unique to educators with respect to these rules, the Educators Task Force is in the process of drafting interpretations of the rules as well as rulings related to specific factual situations that are unique to educators. The present plan is to expose these interpretations and rulings to the educator members of the AICPA and the American Accounting Association for their input before formally proposing to the Professional Ethics Executive Committee that these interpretations and rulings be included as a permanent part of the AICPA Code of Ethics. Current plans call for presenting these interpretations and rulings at a concurrent session during the American Accounting Association annual meeting in San Francisco in August of this year. Readers are invited to send to members of the Educators Task Force other situations unique to educators that should be considered for incorporation into the AICPA Code of Ethics. ❖

HAROLD Q. LANGENDERFER is KPMG Peat Marwick Professor of Accounting at the University of North Carolina at Chapel Hill. A former Chair of the Education Executive Committee (now Academic and Career Development), Dr. Langenderfer is presently serving as chair of that body's Ethics Task Force.