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Accounting Educators:

Volume V, Number 3—January 1994

In this issue . . .

Fraud detection may become a part of the accounting curriculum.

See story on page 1.

The 500th Anniversary of Pacioli's *Summa* will be celebrated during 1994.

See story on page 4.

The AICPA is addressing the need to attract more minorities into the accounting profession.

See story on page 3.

A quick look at the new CPA Examination.

See story on page 4.

News & Notes2
Look for the 1994 spring schedule of CPE Workshops for Accounting Educators and information about the 1994 Professor/Practitioner Case Development Program.



Yes, the Education Directory will be available! The 1993-94 AICPA *Directory of Accounting Education* will be published February 15. Our apologies to the many who sent in their checks for the most recent edition, which experienced production delays. Please resubmit your orders with payment for Product No. 872550 to: AICPA Order Department, P. O. Box 2209, Jersey City, NJ 07303-3209.

PROFESSOR, IS FRAUD IN YOUR CURRICULUM?

by Rick Elam

Accounting faculty need to be alert to current discussions about fraud detection because they may drive fairly dramatic changes in auditing and accounting curricula. In the June 1993 report of the AICPA Board of Directors titled *Meeting the Financial Reporting Needs of the Future: A Public Commitment From the Public Accounting Profession*, the statement is made that "The public looks to the independent auditor to detect fraud, and it is the auditor's responsibility to do so."

The Board's statement is aimed at clarifying the auditor's role by emphasizing what auditors do relative to fraud detection in an audit. It states the auditor's responsibility under auditing standards and goes on to suggest ways the profession can do a better job of learning from past cases of fraudulent financial reporting. The Board asks every participant in the reporting process to do more to prevent and detect fraud.

Research shows that 84% of the public already assume it is the auditor's job to find fraud. The SEC said long ago in Accounting Series Release (ASR) No. 19, *In the Matter of McKesson & Robbins, Inc.* (issued in 1940), that the detection of fraud is a major purpose of an audit. In 1974, the SEC reaffirmed that position in ASR No. 153, *In the Matter of Equity Funding*.

The public and the SEC believe and expect auditors to detect and report fraud. Do they expect auditors to look for and find every conceivable act of fraud? No. The cost of such an audit, even if it were possible, outweighs the benefits. They expect auditors to find *material* irregularities during an audit, and current auditing standards impose duties on auditors to design audits to do that.

The unfortunate fact is that far too many auditors deny any responsibility for detecting fraud. That is an unrealistic and incorrect position.

On the other hand a number of educators, attorneys and independent auditors have misinterpreted the Board's statement as recommending that auditors have an *absolute duty* to detect *every* fraud. That is unrealistic and unattainable. In fact, the Board's report goes on to say that "no audit can categorically guarantee the discovery of sophisticated collusive fraud."

One thing is clear: The current discussion of fraud detection has strong implications for accounting curricula. A couple of years ago, the Public Oversight Board reviewed a dozen or so auditing textbooks and found little or nothing on fraud detection. Within five years, there may be whole courses on the subject in some accounting degree programs. ◆

News & Notes

The AICPA's third annual **Accounting Educators Mini-Conference** held November 5-6, 1993, at the Loews Annapolis Hotel in Annapolis, Maryland, was co-sponsored by Morgan State University in Baltimore. Breaking attendance records of the previous conferences, the one-and-a-half-day event attracted 246 participants from 42 states and five countries. The program began with a presentation on teaching cases in undergraduate courses, followed by three concurrent sessions demonstrating the techniques for financial and managerial accounting classes. In addition to sessions on internationalizing the undergraduate curriculum, effective writing and cooperative learning, the winners of the 1993 **Professor/Practitioner Case Development Program** presented their cases in concurrent sessions. Final copies of the eight winning cases and two alternate cases were distributed to all conference participants as well as administrators of accounting programs.

The call for applications for the 1994 **Professor/Practitioner Case Development Program** was mailed last month to all academic members of the AICPA and the AAA. The announcement included a fact sheet about the program and an application form. Applications are due at the AICPA by **February 15, 1994**. Winners selected by the Case Development Task Force of the Curriculum and Instruction Subcommittee will present their cases at the 1994 Mini-Conference in Portland, Oregon, and will receive a specially bound volume of the selected cases.

The Women and Family Issues Executive Committee will be cosponsoring a one-day conference on women and family issues in the accounting workplace with Catalyst, a

respected non-profit research and advisory organization, and with the New York State Society of CPAs.

This first-ever conference will be held this spring in New York City. Watch your mail for further details, or call Cecelia Manley, Manager, Women and Family Issues, AICPA, at (212) 596-6226.

The Accounting Education Change Commission will meet in Salt Lake City, Utah, April 28-29, 1994. For information contact Richard E. Flaherty, Ph.D., Executive Director, Accounting Education Change Commission, 1415 East Guadalupe Road, #106, Tempe, Arizona 85283.

The Academic and Career Development Division's series of **CPE Workshops for Accounting Educators** will be held in conjunction with the seven regional meetings of the American Accounting Association this spring. Two independent but related sessions will comprise a new workshop on *Cooperative Learning and Assessment in the Accounting Classroom* to be introduced at three of the regional meetings. Miami University Professor Phillip Cottell will present a highly interactive half-day session on Cooperative Learning that covers class management techniques and team-building skills to enhance learning in the accounting classroom. Complementing this program will be an afternoon session focusing on the effective design of student-centered performance assessments led by several members of the internationally recognized Alverno College faculty.

At three other regionals will be the very popular one-day workshop on *150-Hour Curriculum Development*. Designed to assist faculty and departmental planners as they restructure their programs for the 150-

hour environment, this hands-on workshop will feature a specially prepared Handbook of materials, including case studies.

The successful *Improving Teaching Effectiveness* program, designed and led by Georgia State University Professor Yezdi Bhada, will be offered this year in the Northeast.

1994 AICPA CPE WORKSHOPS FOR ACCOUNTING EDUCATORS

March 2:

Cooperative Learning and Assessment in the Accounting Classroom
Southwest Regional
Dallas, TX

March 31:

150-Hour Curriculum Development
Mid-Atlantic Regional
Atlantic City, NJ

April 14:

150-Hour Curriculum Development
Midwest Regional
Omaha, NE

April 28:

Improving Teaching Effectiveness
Northeast Regional
Buffalo, NY

April 28:

Cooperative Learning and Assessment in the Accounting Classroom
Southeast Regional
Louisville, KY

May 6:

Cooperative Learning and Assessment in the Accounting Classroom
Western Regional
Portland, OR

May 5:

150-Hour Curriculum Development
Ohio Regional
Columbus, OH

AICPA Minority Initiatives: "Addressing the Need"

by Gregory Johnson

The AICPA Minority Educational Initiatives Committee (MEIC), which has responsibility for AICPA minority initiatives, continues to make progress in its effort to increase minority representation in the accounting profession. Through a series of innovative programs and activities—scholarships, fellowships, faculty summer seminars and promotional materials—the committee has increased awareness of AICPA minority initiatives and has helped to provide the support and assistance needed by minority students to become certified public accountants and accounting faculty. However, it will take a coordinated and concerted effort by the entire accounting profession to achieve a significant increase in minority representation.

The committee's primary objective is to encourage and assist young men and women from minority groups to prepare themselves for careers as CPAs and encourage public accounting firms and other business organizations to recruit and promote members of minority groups. It is also committed to increasing the number of minority accounting faculty and increasing awareness among young minority students of the diverse opportunities offered by a career in accounting. With an increased emphasis on career awareness, the AICPA believes more high-achieving minority students will choose to join the profession.

The AICPA Scholarships for Minority Accounting Students, which has been in existence for over 20 years, has long been the cornerstone of the Institute's minority initiatives. It provides awards to outstanding minority students to encourage their selection of accounting as a major and their ultimate entry into the profession. Graduate students enrolled in

a five-year accounting program, or a master's-level program in accounting, business administration or finance and taxation, are also eligible for this program.

Since its inception, approximately \$5 million in scholarships has been awarded. The program's eligibility requirements have been revised in recent years to address the increasing cost of a college education, the changing demographics of minority student enrollment and to specifically target high-achieving students who have demonstrated a commitment to accounting as a major. To be eligible, students must be enrolled full-time, must have completed at least 30 semester hours of college work, with at least six credits in accounting, and have an overall grade point average (GPA) of at least 3.0. The maximum amount of the award was also increased to \$5,000 each academic year. The benefits of the changes in the program are evident by the composition of the current year's scholarship recipients. The average GPA of the recipients was more than 3.6 and included 35 graduate students. For the 1993-94 academic year, 210 scholarships were awarded, totalling \$396,500.

Another significant change in the scholarships program is the implementation of a mentoring program. This new component of the scholarships program, Partnerships for Success, will be a joint effort between the AICPA and participating state CPA societies. It is a "one on one" program of involvement between a CPA and a minority scholarship recipient. Each scholarship recipient will be matched with a CPA mentor to provide support during his or her academic career and improve his or her opportunities for success. This program not only will provide the students with new insights into the profession, but represents a significant commitment by the AICPA and the state CPA societies to increase minority participation.

The underrepresentation of minorities in the profession cannot be limited to a single cause, but the low number of minority accounting faculty (a small

number of minority role models) must be seen as a contributing factor. Business schools face a shortage of minority faculty. The lack of minority accounting faculty invariably plays a role in the small number of minorities who choose accounting as a profession. The AICPA Fellowships for Minority Doctoral Students program is designed to make it possible for more minorities to enter or move ahead in the accounting professorate. The fellowships are available to minority candidates who have applied to and/or been accepted into a doctorate program. The fellowships are awarded once a year, in the amount of \$12,000. Fellowships were awarded to seven Ph.D. candidates for the 1993-94 academic year. This program has assisted 18 candidates in completing doctorate programs since 1984.

The AICPA Faculty Summer Seminar is an annual program geared toward addressing issues of specific interest to minority faculty and relevant to minority institutions. The seminar was originally developed to aid in providing quality education for minority students in traditionally minority schools by inviting a representative of the accounting faculty to attend the program, at no cost to the participant school. The seminar also is seen as a forum for minority faculty, including doctoral fellowship recipients, to professionally network and discuss current issues in academe and their impact on minority faculty and students. The format of the 1993 seminar was expanded to invite minority faculty from selected majority schools. The seminar addresses pedagogical innovations, accreditation and recruiting matters, as well as technical issues. The 1993 seminar included 101 participants from 76 schools. The 1994 seminar will be held in Richmond, Virginia, on May 29-June 1, and will devote part of the program to retention and diversity issues.

As part of the AICPA's profession-wide campaign to attract high-achieving students into accounting, the MEIC has created a new accounting career guide, *Accounting. The One Degree with 360° of Opportunities*. The guide profiles

seven successful minority CPAs and features information on accounting opportunities. It is targeted specifically to minority students who may not be aware of the diverse opportunities offered by an accounting career. The guide can be used in presentations, career fairs and other programs related to minority recruitment.

One of the most important goals of the AICPA over the next several years is to form more joint relationships with other organizations in the accounting profession to help deal with minority recruitment efforts. The Institute is exploring various opportunities to work with the state CPA societies, the National Association of Black Accountants (NABA), the American Association of Hispanic CPAs and other business organizations, to establish and promote minority career awareness programs, such as NABA's Accounting Career Awareness Program (ACAP).

Clearly, it will take not only the efforts of the AICPA and the state CPA societies, but the assistance of various other business and outreach organizations to make a significant improvement in minority representation in the profession. The AICPA has demonstrated its leadership in this area with its minority initiatives, and will continue its efforts to explore new ways to make its programs more effective and offer assistance to other organizations in their efforts.

More information and application forms for AICPA minority initiatives can be obtained from: AICPA Academic and Career Development Division, 1211 Avenue of the Americas, New York, NY 10036-8775, telephone (212) 596-6270. ♦

The Birthday of *Summa de Arithmetica Proportioni et Proportionalità*

The year 1994 marks the 500th anniversary of the first book to describe double-entry bookkeeping. Several events are planned to celebrate Fra' Luca Pacioli's *Summa de Arithmetica Proportioni et Proportionalità*.

- SPECIAL WORLD CONFERENCE OF ACCOUNTING HISTORIANS TO CELEBRATE FRA' LUCA PACIOLI will be held in Venice, Italy, April 9-12, 1994. Conference registration materials and accommodations are available from: Venezia Congressi s.n.c., Dorsoduro, 1056 - 30123 Venezia, telephone 041/5228400, fax 041/5238995.

- PACIOLI QUINCENTENNIAL CELEBRATION AND SYMPOSIA, June 19-23, and June 26-30, 1994, in Sansepolcro, Italy. For registration or information contact: The Pacioli Society, Albers School of Business and Economics, Seattle University, Seattle, WA 98122 USA, telephone 206-596-5690, fax 206-296-5795.

- AN ORIGINAL 1494 EDITION OF PACIOLI'S *SUMMA* will be displayed weekdays throughout 1994 in the sixth floor reception foyer at the American Institute of Certified Public Accountants offices, 1211 Avenue of the Americas, New York, NY. Other Pacioli materials will be displayed in the AICPA library on the concourse level during the American Accounting Association's annual meeting, August 11-13, 1994. ♦

The New CPA Examination Begins May 1994

1994 CPA Examination Candidate Brochure Available

You can receive a free copy of the brochure which state boards of accountancy send to all individuals who apply to take the Uniform CPA Examination. The brochure presents a brief description of the 1994 CPA Examination, including content specification outlines for each of the four examination sections and a catalog of other CPA Examination-related materials. Send a stamped (29 cents) self-addressed legal size envelope to: AICPA CPA Examination Brochure, P.O. Box 2207, Jersey City, NJ 07303-2207. ♦

1994 Uniform CPA Examination			
		Question Type	
Examination Sections	Hours	Objective	Essay*
Business Law & Professional Responsibilities	3	70-80%	20-30%
Auditing	4.5	70-80%	20-30%
Accounting & Reporting—Taxation, Managerial, and Governmental and Not-for-Profit Organizations†	3.5	100%	None
Financial Accounting & Reporting—Business Enterprises†	4.5	70-80%	20-30%
TOTAL (two days)	15.5		
*Writing skills will be assessed on selected essay responses.			
†Calculators will be provided to candidates as part of the Exam materials.			