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Accounting Educators:

Volume VI, Number 1 — September 1994

Interpretation of Ethics Code Issued for Educators

by Harold Q. Langenderfer

AICPA Invites Comments from Members

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In January 1988, the AICPA membership overwhelmingly adopted a new Code of Professional Conduct. A significant aspect of the new Code is that it applies to all members of the AICPA, including members in industry, government and education. The Academic and Career Development Executive Committee formed a Task Force on Ethical Behavior for Accounting Educators to determine which rules of the Code were applicable to members providing educational services.

Based on the deliberations of the Educators Task Force, the Academic and Career Development Executive Committee and the Professional Ethics Executive Committee, a decision was made to issue an Interpretation stating, in effect, that *Rule 102: Integrity and Objectivity* is applicable to AICPA members performing educational services. The Interpretation approved for exposure to AICPA members reads as follows:

Title: Proposed Interpretation Under Rule 102: Applicability of Rule 102 to Members Performing Educational Services.

“Educational services (for example, teaching full- or part-time at a university, teaching a CPE course, or engaging in research and scholarship) are professional services as defined in ET Section 92.10, and are, therefore, subject to rule 102. Rule 102 provides that the member maintain objectivity and integrity, be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.”

An exposure draft of this Interpretation is available to AICPA members on request with a *comment deadline of October 31, 1994*. If approved by the members, it will be incorporated into the AICPA Code of Professional Conduct. To obtain a copy (No. 800072CL), write: AICPA Order Department, CL894, P.O. Box 2209, Jersey City, NJ 07303-2209; order via fax, 800/362-5066; or call 800/862-4272 (dept. #1). Ask for Operator CL894. The first copy is free.

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From the Editor's Desk...

Welcome back and best wishes as you begin the 1994-95 academic year! I enjoyed meeting many of you at the AICPA Exhibit Booth at the AAA Annual Meeting in New York last month. It was a great opportunity for us to discuss AICPA programs and activities with you directly. For those of you who attended, we hope you found it informative as well.

Our next chance to get together will be at the AICPA Accounting Educators Mini-Conference in November. If you haven't registered as yet, I urge you to do so immediately since space is limited. A registration form is provided on page 3 of this issue. You can expect to receive your next issue of *FYI* in November 1994, so stay tuned for more information on future programs of interest. In 1995, issues will be published in January, March and May.

Elizabeth Scifo Koch
Editor

News and Notes



The AICPA Special Committee on Financial Reporting is

scheduled to issue a Report in September 1994 based on their comprehensive assessment of business information useful to decision-makers. The Committee was formed by the AICPA Board of Directors to address concerns regarding the relevancy and usefulness of business reporting. The focus of the Committee's work has been to better align business reporting with the information needs of investors and creditors. The Report will recommend what types of information should be made available to others by management and the extent to which auditors should report on this information.

Since the Report has significant potential implications for accounting curricula, the AICPA Academic and Career Development Division will be providing **materials for educators** to facilitate coverage of the Report in the classroom. These materials will highlight issues contained in the Report that are pertinent to courses in accounting, auditing and information systems. The materials are scheduled to be developed by November 1994. One copy of the materials will be distributed to each Accounting Program Administrator or Chairperson shortly after

development. Faculty should contact the Accounting Program Administrator at their school to obtain access to these AICPA developed materials.



Jan R. Williams, University of Tennessee, Knoxville, has been selected as the **1994 AICPA**

Outstanding Accounting Educator. Dr. Williams has contributed 25 years of teaching, including the past 17 at Tennessee. He is distinguished for his creative teaching abilities, leadership in the enactment of 150-hour legislation and his involvement in the accounting profession. An award will be presented to Dr. Williams in recognition of his contribution to accounting education at the AICPA Annual Members meeting on October 24–25, 1994.



The AICPA State Legislation Department now has several documents available through the **AICPA Fax Hotline**, including the state status of the 150-Hour Education Requirement. This document can be retrieved by calling the Fax Hotline at (201) 938-3787 from a fax machine, following the voice cues, and requesting document #605.



The AICPA granted \$200,000 to CPAs pursuing a career change to accounting education as part

of the **1994–95 AICPA Doctoral Fellowship Program.** New awards of \$5,000 each went to: Terry A. Baker (University of Kentucky), Delwyn DeVries (Arizona State University), Rebecca Lynn Hannan (University of Pittsburgh), Retha Hurtt (University of Utah), Anne Leah Jones (Boston University), Kent Klein (University of North Carolina at Chapel Hill), Mark Kohlbeck (University of Texas at Austin), John Joseph Masselli (Georgia State University), Rebekah Stuck (University of Nebraska), Susan Swanger (University of South Carolina—Columbia) and Barbara Vinciguerra (Drexel University). Twenty-nine fellowships were renewed.

Hee-Jae Lee (Yale University) was awarded \$4,000 as the winner of the **1994 John L. Carey Scholarship.** This award, in honor of the former AICPA Chief Operating Officer, is for Masters-level study of accounting and is eligible to liberal arts undergraduates of the University of Georgia, the University of Illinois at Urbana-Champaign and Yale University. One Carey Scholarship of \$4,000 was also renewed.

Rick Elam

Viewpoint:

The 150-Hour Requirement and Curriculum Development

“Use standard degree titles and focus on preparation for licensed activities.”

When the AICPA passed a bylaw amendment requiring new members to possess at least 150 semester hours of college education, it was never intended that the requirement become the title of a college degree. It simply described a necessary level of educational attainment without limiting the types of degrees that universities might create to meet the requirement. Similar language is now being written into state laws, and most accounting faculty are reviewing their curricula to make sure they have a program which meets the requirement. Even in states that have not yet passed the requirement, accounting faculty are preparing because their graduates will need to be qualified to work in any state.

Some schools are considering a new degree titled “150-Hour Program,” which could be a very bad strategy. The approval hierarchy at most universities is accustomed to considering fairly stand-

ard types of degree programs, namely baccalaureate and masters degrees. Going to the university council or the state board of higher education for approval of something called a “150-hour program” seems to be asking for trouble. That degree title would also look rather strange on a résumé. Accounting faculty should use standard university degree titles when proposing curriculum to meet the 150-semester-hour requirement.

Selecting a degree type and title is easy. Defining a curriculum that best prepares future CPAs and makes effective use of a particular college's resources is difficult. Faculty often debate whether the future CPA should be defined as one who possesses certain accounting related knowledge, skills and abilities or as a person likely to succeed as an employee of a CPA firm. Then comes a discussion of the fact that the majority of

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AICPA Academic and Career Development Division
announces

THE 1994 ACCOUNTING EDUCATORS
MINI-CONFERENCE
"INNOVATIONS IN ACCOUNTING PEDAGOGY"

November 4-5, 1994 in Portland, Oregon

in cooperation with the
School of Business Administration, Portland State University

PROGRAM

Thursday, November 3

5:00p - 9:00p Registration

Friday, November 4

7:00a - 5:00p Registration

7:00a - 8:00a Continental Breakfast

8:00a - 10:00a Plenary: **Cooperative Learning**
(Philip Cottell, Miami University of Ohio)

10:00a - 10:20a Break

10:20a - 11:20a CONCURRENT SESSIONS:

Restructuring Accounting Principles Courses
(Thomas Edmonds, University of Alabama at Birmingham; Alison Drews-Bryan, Clemson University; Jack Zeller, Kirkwood Community College)

11:30a - 12:30p CONCURRENT SESSIONS *repeated*

12:30p - 1:30p Luncheon

1:30p - 3:00p CONCURRENT SESSIONS:

Incorporating Oral Communication Skills in the Accounting Classroom (Barbara Scofield, Southeastern Louisiana University)

Developing Instructional Cases for Principles Courses (Michael Van Breda, Southern Methodist University)

3:00p - 3:30p Break

3:30p - 5:00p CONCURRENT SESSIONS:

Incorporating International Topics in Principles Courses (Judy Ramaglia, Pacific Lutheran University)

Recruiting Students into Accounting Programs (Nita Clyde, University of Texas-Arlington)

6:30p - 8:00p Reception

8:00p - 10:00p **Computer Workshops**
(Eric Denna, Brigham Young University)

Saturday, November 5

7:00a - 12:00p Registration

7:00a - 8:00a Continental Breakfast

8:00a - 10:00a CONCURRENT CASE SESSIONS
1994 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 - 4:00p **Computer Workshops** *repeated*

CPE: 15 hours maximum

1993-94 Program Committee: Richard Fern, Chair (Eastern Kentucky University); Gary Lawrence (US Dept. of Education); Leonard E. Berry (Georgia State University); Jean Wyrer (Coopers & Lybrand).

THE 1994 AICPA

Accounting Educators Mini-Conference
November 4-5, 1994 at Portland, Oregon

REGISTRATION FORM

Registration Fee: \$195 (AICPA MEMBERS) / \$225 (NON-MEMBERS)

Please register me for the 1994 AICPA Accounting Educators Mini-Conference. (Check one):

Please bill my credit card: MasterCard Visa \$_____ Amount

Fax **only** credit card registrations to 201-938-3169

Complete the following information:

Card # _____ Exp. Date _____

Signature _____

My check for \$_____ payable to AICPA is enclosed.

(Full payment must accompany registration.)

Mail to: AICPA Meetings Registration, PO Box 2210, Jersey City, NJ 07303-2210.

BATES # _____

(AICPA use only)

Registrant's Last Name First MI Nickname

College or University Name or Affiliation

Street Address Room Number or Mail Drop

Post Office Box

City State Zip Code

AICPA Membership Number— Area Code &
Required for Discounted Registration Daytime Telephone

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

HOTEL INFORMATION: Reserve your hotel accommodations directly. Call the Portland Hilton at (503) 226-1611 by October 3, 1994. After October 3, 1994, 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 \$95 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 14, 1994. Written cancellations received after October 14 but before October 28, 1994, will be issued a refund less a \$25 administrative charge. No refunds will be issued on cancellation requests received after October 28, 1994.

AIRLINE DISCOUNT: United Airlines is offering an exclusive discount for this conference. Call them at (800) 521-4041 and refer to File #5411R to receive 5% off the lowest available fare or 10% off regular coach fare. (The AICPA is not liable for penalties incurred if you cancel or change your airline reservations.)

FOR FURTHER INFORMATION: Call the AICPA at (201) 938-3232.

Register early as space is limited!

1994 AICPA Supply/Demand Report Reveals Decline in New Accounting Graduates

by John Daidone

The number of new accounting graduates in 1992-93 decreased by 8 percent from the previous academic year—the first decline in three years, according to *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits—1994*. Over 50,000 bachelor's degrees and 5,330 master's degrees in accounting were awarded in the 1992-93 academic year.

The recently issued report is based on a survey of all U.S. colleges and universities that offer accounting programs,

and public accounting firms and sole practitioners affiliated with the Institute. Overall, 864 schools and 21,191 firms and practices were surveyed.

On the "demand" side, there was a slight decrease (2 percent) in the number of new accounting graduates employed by firms/practices in 1993 vs. 1992. Overall, just under 22,000 new accounting graduates were employed by firms/practices, a figure relatively consistent with that of previous years.

Both the "supply" and "demand" surveys were expanded to obtain additional information for the 1994 report.

On the supply side, data on accounting enrollments and Ph.D. graduates are reported for the first time, as well as detailed gender and ethnic/racial data for accounting graduates. On the demand side, detailed gender and ethnic/racial data for professional staff—including CPAs and partners/owners—have been included.

For a copy of *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits — 1994* (Product #G00100), contact: AICPA Order Department, P.O. Box 2209, Jersey City, NJ 07303-2209; (800) 862-4272. □

► The 150-Hour Requirement

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CPAs don't practice public accounting at all, but work in industry, education or somewhere doing something entirely unrelated to accounting. This leads to the suggestion that the curriculum should be guided by the content of the CPA Examination.

An accounting degree can never

meet all the varied needs of large CPA firms because they are conglomerates offering all sorts of services. The fact that CPAs often progress out of public accounting during their careers only suggests that what they know is very useful in other areas. The CPA Examination is far too narrowly focused to be a realistic guide for a university degree.

The best way to design a curriculum to meet the 150-hour requirement is

to focus on preparing students for the specific tasks that CPAs are licensed to perform. The curriculum should enable graduates to prepare financial statements and perform audits. That basic curriculum should be enhanced with broadening experiences as recommended by the Accounting Education Change Commission and it should meet all college, university and accreditation requirements. □

► Interpretation of Ethics Code

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Recognizing that educator members are subject to the entire Code of Ethics, the Educators Task Force identified four Rules as being particularly relevant to educator members with respect to their teaching, research and scholarship responsibilities. These rules are:

Rule 102: Integrity and Objectivity. This rule relates to conflicts of interest, misrepresentation of facts, and subordination of one's judgment.

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 to serve as a reasonable basis for a conclusion or recommendation.

Rule 202: Compliance with Standards. This rule relates to education members who perform both education services and other professional services. Members performing both types of services are required to comply with all of the rules with respect to all non-education professional services that are covered by Rule 202, such as being a tax preparer, an expert witness, an auditor or consultant, etc.

Rule 501: Acts Discreditable. Discreditable acts include discrimination based on race, color, religion, sex, age, and national origin.

Recognition by the AICPA that educator members are covered by the AICPA Code of Professional Conduct is an important first step in what should be a continuing evolution in the development of ethical guidelines for educators in carrying on their professional activities. □

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

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Elizabeth Scifo Koch, editor