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Accounting Educators:

Volume VI, Number 2 — November 1994

Need for Change in Management Accounting

AICPA Management Accounting Executive Committee Releases Findings

In this issue...

Need for Change in Management Accounting Findings Released.....1

Rick Elam — 150-Hour Requirement and Corporate Accountants.....2

Update: AICPA Special Committee on Financial Reporting.....2

Upcoming AICPA Supply/Demand Questionnaire.....2

Minority Fellowships and Scholarship Awards Distributed.....2

Practice Alerts Issued by AICPA SEC Practice Section.....3

Findings are out on Women's Status and Work/Family Initiatives.....3

AICPA Information Technology Membership Section.....4

Recent studies of the AICPA Management Accounting Executive Committee (MAEC) demonstrate that significant changes are taking place within the accounting and finance function in industry. Results of the AICPA Benchmarking Project, sponsored jointly with The Hacket Group, indicate that management accountants are spending too much time on low value-added activities, like transaction processing, and not enough time on high-value-added activities like decision support, control and risk management. According to MAEC, this situation can't continue in today's lean corporate environment, and management accountants must re-invent themselves to remain competitive, and employed. MAEC is advocating a new role for the management accountant as a strategic business partner, capable of interpreting real-time business data as support for business decisions.

Educators can utilize these findings in shaping future management accountants. As the business world moves more and more toward a global orientation, management accountants are faced with problems and opportunities that they would not have dreamed about five to ten years ago. Some of the challenges cited by over 850 management accountants in response to a recent fax survey were: managing cash flow in a global economy, providing accurate information on a timely basis with smaller finance staff, controlling information overload, increasing regulatory requirements and advances in technology, to name just a few.

MAEC will continue to study the changing role of the management accountant, and seeks to understand the future of the finance function. FYI will keep you up to date on MAEC's findings. □



From the Editor's Desk...

Earlier in the year, I promised to bring you a practical perspective from CPAs in the workforce. This November, FYI covers an array of current issues facing the accounting profession.

The role of the accountant is changing, based on the needs of the business community and the resources of the Information Age. Greater demands are being placed on the accounting profession to be more efficient and to add value to the business decision-making process, whether done for a client, creditor, investor or management itself. With knowledge of these trends, educators can help prepare accounting students to face these new challenges effectively. I hope that this issue of FYI connects you with information on current initiatives and resources available at the AICPA today and in the future.

Elizabeth Scifo Koch
Editor

Rick Elam

Viewpoint:

150-Hour Requirement and Corporate Accountants

The Institute of Management Accountants (IMA) and the Financial Executives Institute (FEI) have issued a "Joint IMA/FEI Position Statement on the Results of a Survey: 'What Corporate America Wants in Entry-Level Accountants.'" The position statement and related press releases take a fairly hard swipe at the academic community for paying too much attention to educating future CPAs and not enough to preparing students to start their careers in corporate accounting.

I applaud this important joint effort to identify the knowledge and skills management accountants need before they join corporate America. Many accountants start their careers in industry, and this study should be viewed as a call to action to corporations and industry to participate more vigorously in the academic preparation of accountants. What role organizations such as the

AICPA and the Accounting Education Change Commission will play in taking actions suggested in the report is not evident at this point. The results seem to fit with the AICPA's Best Practices Benchmarking Study and various AICPA efforts to assist educators.

The IMA/FEI study and recommendations do not address appropriate education for future certified public accountants, except to point out that: "Nearly two-thirds of the respondents believe that there is either a major difference or some difference in the knowledge and skills necessary for entry-level accountants in corporations versus those in public accounting firms."

Some opponents of the 150-hour requirement may erroneously suggest that the IMA/FEI study undermines the 150-semester-hour requirement to become a CPA. In fact, the majority of

continued on page 4 ►

News and Notes



The Academic and Career Development Division will be sending a packet of **teaching materials related to the Report just issued from the Special Committee on Financial Reporting** to all accounting program administrators. The Committee has come up with far-reaching recommendations on the types of information that should be made available by management to meet the needs of investors and creditors, and the extent to which auditors should report on this information.

The packet will include a reproducible copy of a brochure which summarizes the committee's work and recommendations, a hard copy of a slide presentation, and suggested approaches for using these materials in the classroom. Follow up with your program administrator by early December to get a copy of these materials. The AICPA is granting permission to schools to reproduce an unlimited number of copies for use in the classroom.



Note to Administrators of Accounting Programs:

Please watch your mail, as you

will soon be receiving a **questionnaire for the AICPA's annual supply/demand survey**. The AICPA needs your assistance again this year as we gather data to be used for the following publications: *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, and *The AICPA Report on Minority Accounting Majors, Graduates, and Public Accounting Professionals*. Data will also be used to update information in our database of schools that offer accounting programs. Your prompt response is requested as it is essential for us to continue to provide current and relevant information about accounting education in the United States.



Annual awards of \$12,000 are made to minority doctoral candidates pursuing a Ph.D. degree in accounting. For the 1994-95 academic year, two new **minority doctoral fellowship awards** were made to Michael Flores (Texas Tech University) and Lookman Folami (Georgia State University). Six fellowships were renewed to Cheryl Allen (University of Georgia), Daisy Banks (Michigan State University), Paquita Davis (University of Michigan), Bettye Rogers-Desselle (University of Houston),

Thomas Lopez (Arizona State University) and Winifred Scott (Florida State University). Two of these awards were funded by the joint Robert Elliot/KPMG Peat Marwick/AICPA Fund for African-American Doctoral Students. Information and applications can be obtained by calling Paulette Myers at (212) 596-6223.

Scholarship awards to minority accounting students in undergraduate and graduate programs totalling \$444,000 were made. Partial support of this program is provided by Arthur Andersen & Company and the Connecticut Society of CPAs. Applications for this scholarship program can be obtained by writing to the AICPA Order Department, P.O. Box 2209, Jersey City, NJ 07303-2209 (please refer to product #870110). Requests can also be faxed to (800) 362-5066.



Please note that FYI is now available to all members of the AICPA (not just accounting educators) through a **"fax-back" system**, described in the November issue of *The CPA Letter*. You, as an educator member of the AICPA, will continue to automatically receive FYI. There is no need for you to use the fax-back system to get FYI.

Practice Alerts Issued by AICPA SEC Practice Section

Information Provided on Current Audit Concerns

Two practice alerts have been recently issued by the newly formed Professional Issues Task Force (PITF) of the AICPA SEC Practice Section. The PITF is responsible for addressing possible practice issues that appear to present audit concerns for practitioners and for disseminating information as appropriate in the form of practice alerts. Although the practice alerts are non-authoritative and have not been approved, disapproved or otherwise acted upon by any AICPA committee, they are a valuable source of practical information to accounting educators.

The practice alerts allow you to keep abreast of the latest audit and accounting issues as they occur in practice, so you can cover them in class. With an understanding of these issues, a prospective accounting student can be better prepared once they enter the accounting profession.

Practice Alerts issued in 1994 include:

Dealing with Audit Differences

(February '94)

Auditing Inventories — Physical

Observations (July '94)

Acceptance and Continuance of Audit

Clients (September '94)*

To obtain copies of the practice alerts, dial (201) 938-3787 from a fax machine, follow the voice cues, and select the document number(s):

☐ 260, for SECPS Practice Alert No. 94-1,

Dealing With Audit Differences,

☐ 261, for SECPS Practice Alert No. 94-2,

Auditing Inventories — Physical

Observations, and

☐ 262, for SECPS Practice Alert, ***Acceptance and Continuance of Audit Clients.***

FYI will continue to let you know about future practice alerts as they are issued.

*This practice alert was issued by the SEC Practice Section Detection and Prevention of Fraud Task Force. ☐

Findings are out on Women's Status and Work/Family Initiatives in Public Accounting

Cecelia Manley

Survey and Report Results Available

In August 1994, the AICPA released findings of its recent study to establish baseline statistics on professional women's status at all levels within public accounting firms and to determine whether and how firms are addressing work/life balance issues. Survey findings revealed that 26 percent of all new partners in public accounting firms are women, but turnover is higher overall among women than it is among men, especially in the senior and supervisory ranks of the larger firms.

Though results vary for different levels and different sized firms, for firms overall promotions correspond proportionately to the percentages of people by gender in the pools from which promotions are made. At the same time, higher turnover among females had a cumulative effect on the lower percentages of female employees at the partner level.

In focus groups and interviews, managing partners identified various real and perceived barriers to women's upward mobility, including long hours, increased travel, the demands of client service and the perception that women leave their firms after having children. In fact, the survey showed that 89% of the women who took a maternity-related leave of absence did return to their firms. Sick and emergency child care top the list of firms' family-friendly programs, with 32% of firms offering them. Fewer firms offer flexible spending accounts (20%), paternity leave (19%) and elder care leave (10%). The larger the firm, the more likely it is to offer these programs.

To order an Executive Summary of the quantitative survey results, *Women's Status and Work/Family Initiatives in*

continued on page 4 ►

Keeping up with Technology

AICPA Special Membership Section Available

You would probably agree that keeping up with technology is important, yet difficult. To make this task easier, you might be interested in joining the AICPA Information Technology (IT) Membership Section. It's open to all AICPA members in good standing and qualifying non-CPAs. Benefits include the following products and services:

- A subscription to the IT Section's quarterly newsletter covering new developments in technology. *InfoTech Update* will provide you with useful information on such subjects as: electronic data interchange (EDI), executive information systems (EIS), bar code technology, memory management, image processing and pen technology.
- IT Division's practice aids and technology bulletins that will help increase your skills and expand your knowledge of information technology. Prior publications sent to IT members

include: CPA Firm Technology Planning Guide, Image Processing and Optical Character Recognition, Memory Management, Executive Information Systems, Computer Disaster Recovery Planning Guide and Microcomputer Security.

- Technology alerts — one-page releases on up-to-the-minute topics. Recent alerts have included *Before Disaster Strikes: 12 Steps to Minimize Computer Losses*, *Fax Modem Capabilities*, and *What's Hot, What's Not in Information Technology*.
- A wide range of vendors discount offerings. Prior offerings have included a discount on ICP's InfoROM — a software directory on CD-ROM subscription service.

For more information, contact Nancy A. Cohen, CPA, of the AICPA Information Technology Membership Section at (212) 596-6010 or fax (212) 596-6024. □

► **The 150-Hour Requirement and Corporate Accountants**

continued from page 2

the respondents to the study said that corporate accountants should have at least 150 semester hours of education, but many felt education beyond the baccalaureate degree could happen while the accountant was employed in a corporation. The President of IMA is quoted as saying: "We strongly support additional hours of education after,

rather than before, the entry-level accountant begins employment."

That approach is fully compatible with the 150-semester-hour requirement for new CPAs. It allows students who want to become CPAs the option to gain business experience while completing the 150-hour requirement. The AICPA's long-standing position on the 150-hour requirement for new CPAs only specifies that education should be completed before sitting for the Uniform CPA Examination.

We fully support the efforts of the IMA/FEI to improve the quality of accounting education and expect to work with them in this effort. □

To obtain a copy of the IMA/FEI Position Statement discussed in Rick Elam's Editorial, related press releases, and an order form for a copy of the full study, **DIAL 201-938-3787 FROM YOUR FAX MACHINE**, follow the voice cues and **SELECT DOCUMENT NO. 200**.

► **Women's Status and Work/Family Issues**

continued from page 3

Public Accounting, call the AICPA Order Department at 1-800-862-4272 and refer to product #876799 (\$3.00 for AICPA members, \$3.50 for nonmembers, plus shipping and handling). The

full report of quantitative survey results, product #876800, is also available at \$25.00 for AICPA members and \$27.50 for nonmembers plus shipping and handling. □

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Elizabeth Scifo Koch, *editor*