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Members in Education

February/March 2003

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Communication Is Key—Skills Needed By Entry-Level Accountants

Numerous surveys have established the importance of communication skills for entry-level accountants, but few—if any—have identified the specific skills needed. To gather information about the communication skills needed by newly hired accounting graduates, members of the AICPA and Institute of Management Accountants (IMA) were asked to (1) rate the importance of selected communication skills and (2) indicate their level of satisfaction with how well entry-level accountants are being prepared by universities in these skills. Knowing which communication skills are important for new hires is useful for determining the skills to emphasize in an accounting curriculum. Knowing the level of satisfaction with the college preparation in the important skills should help focus on problem areas.

The survey was administered to over 90,000 members of the AICPA and IMA. Respondents were asked to rate 32 communication skills. Seven communication skills were identified as “very important,” and of these, respondents were dissatisfied with the college

skills

preparation of new accounting graduates in three of the skills. A fourth skill was rated as marginally satisfactory in terms of students being prepared. (Importance/Satisfaction were rated on five-point scales: 1 = unimportant/very dissatisfied, 3 = important/neither satisfied nor dissatisfied, 5 = extremely important/very satisfied.)

As shown in Table 1, the seven communication skills identified as very important were:

- Listens effectively;
- Uses correct grammar in both spoken and written communication;
- Writes well—clearly, concisely, correctly, completely;
- Produces correctly spelled documents;
- Asks appropriate questions when talking with customers;
- Organizes information into effective sentences and paragraphs; and
- Uses effective business vocabulary.

The skills rated as unsatisfactory in terms

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Table 1

Communication Skill	IMPORTANCE Mean	SATISFACTION Mean
1. Listens effectively	4.51	3.04
2. Uses correct grammar in both spoken and written communication *	4.48	2.96
3. Writes well—clearly, concisely, correctly, completely *	4.42	2.68
4. Produces correctly spelled documents	4.35	3.47
5. Asks appropriate questions when talking with customers	4.22	3.16
6. Organizes information into effective sentences and paragraphs *	4.20	2.86
7. Uses an effective business vocabulary	4.16	3.12

* Rated unsatisfactory

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of students being prepared were: uses correct grammar in both spoken and written communication; writes well; organizes information into effective sentences and paragraphs. The skill rated as marginally satisfactory was “listens effectively.”

As targets for emphasis, these skills may be used as criteria for tailoring and evaluating communication assignments. It appears, for example, that more attention to English and writing skills is needed. Evaluations of written and oral assignments should include a critique of the proper use of English, with special emphasis on the seven skills identified from the survey.

The results also showed significant differences in the mean ratings across business activities. (Three business activities were used: assurance/tax, finance (management accounting) and other (i.e., government)). For example, the average importance of the 32 communication skills was highest for “Other,” with Assurance/Tax and Finance second and third, respectively. These results may be useful in determining the relative emphasis of communication skills in an accounting curriculum with specific career tracks. For example, it appears that

accounting students wanting an entry-level position in government should emphasize communication skills more than accounting students wanting finance, tax, or assurance positions. (See Table 2.)

In addition to answering the questions, over 500 respondents added personal comments. In general, the comments were consistent with the ratings:

- Business communication skills are essential, regardless of accounting specialty.
- Promising careers in accounting are impaired by poor communication skills.
- Some newly hired accounting graduates have an attitude that worrying about grammar and spelling errors is beneath them.
- Accounting students should learn how to write a concise memo. Lengthy term papers that are often assigned in college courses do not teach students this routine writing task.

Table 2

Business Activity	IMPORTANCE	SATISFACTION
	Mean	Mean
Other (e.g., government)	3.61	3.38
Assurance/Tax	3.53	3.20
Finance (management accounting)	3.43	3.16

- Accounting students should learn to proofread. Work papers and analyses prepared by newly hired accounting graduates are often full of spelling, grammar and punctuation errors.

The entire article, “Communication Skills Needed by Entry-Level Accountants,” written by David Christensen and David Rees of Southern Utah University, is available at:

 www.aicpa.org/members/div/career/edu/index.htm

David Christensen can be contacted at ChristensenD@suu.edu; David Rees can be contacted at ReesD@suu.edu.

Combating Fraud

The AICPA and the Association of Certified Fraud Examiners (ACFE) have released a new, free corporate governance training program titled “How Fraud Hurts You and Your Organization.” Designed to support businesses in their antifraud efforts, the new program uses video clips with real-life examples to illustrate how trusted employees at all levels can become tempted to commit fraud. It explains what all employees can do to protect their jobs and their organizations from fraud. In addition, the program provides definitions of various types of fraud, examples of fraudulent activities, a presentation of the three elements of the “Fraud Triangle,” the warning signs of fraud and how to prevent it.

The training program can be viewed free of charge at:

 www.aicpa.org/antifraud

A CD-ROM of the program is available for just \$8 shipping and handling by calling the AICPA Member Satisfaction Team and requesting Product No. 056513HSCPA02.

 888/777-7077  memsat@aicpa.org

“How Fraud Hurts You and Your Organization” is part of the

AICPA’s new resource, the recently launched Antifraud and Corporate Responsibility Resource Center. The Center is devoted to the prevention, detection and investigation of fraud and features technical literature, educational materials, training and news on recent developments, as well as links to supporting products and services that can be ordered through www.cpa2biz.com. The Center is located at:

 www.aicpa.org/antifraud

Another resource is the Institute of Fraud Studies, which the AICPA is creating with the ACFE and the University of Texas at Austin. Devoted solely to the study of fraud, the Institute will research ways that investors can protect themselves against fraud.

As part of its Professor/Practitioner Case Development Program, the AICPA has also made available a CD-ROM for educators, “Cases on Fraud, Corporate Governance and Ethics.” The CD-ROM consists of 20 cases dealing with fraud, ethics and related topics that were developed and distributed as part of the AICPA Case Development Program. To obtain the CD-ROM:

 educat@aicpa.org  212/596-6221

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Joe Bittner, supplement editor
212/596-6282; jbittner@aicpa.org

Ellen J. Goldstein, *CPA Letter* editor
212/596-6112; egoldstein@aicpa.org

cpa exam
update**Academics Surveyed About Computerized CPA Exam**

Most educators think their schools are adequately preparing for the computer-based CPA Examination, according to research conducted by the OSR Group

on behalf of the AICPA/AAA Education Task Force.

The purpose of the study, conducted from May–June 2002 among more than 700 educators, was two-fold: to assess the degree to which accounting faculty are aware of the planned changes to the Uniform CPA Examination and to gather perceptions on their schools' readiness for a computerized test.

The survey covered educators' awareness of changes to the CPA Examination, computer availability in schools, access to online resources, and schools' likelihood to participate in exam pre-testing. At the time of the survey, the target date for CBT launch was Nov. 2003. The implementation date was later announced as early 2004.

The survey was the first formal evaluation of educators' opinions on the computer-based CPA Examination. Jan Williams, chair of the Education Task Force said, "This type of data gathering activity is essential to understanding educators' perceptions and concerns about the computer-based CPA Examination."

Another study was also undertaken around the same time. Faculty and administrators at Historically Black Colleges and Universities (HBCU), other predominantly minority institutions, and smaller schools were interviewed by communications firm DCG Inc. The Task Force wanted to gain an understanding about how these educators perceive the proposed revisions to the CPA Examination and how the changes would impact their curriculums, students and technology.

That study was completed in June 2002. While most of the faculty interviewed reported that they knew about the examination changes, they reported limited knowledge of the specific changes in the examination. These educators also indicated that more time was needed to widely communicate the specific changes so that faculty and students will have a better understanding of what is needed to prepare for the changes. Many of the smaller institutions with limited resources indicated that additional financial resources would be needed to enable them to adequately prepare students for the computer-based CPA Examination.

The Education Task Force is charged with make recommendations to the Board of Examiners (BOE) on ways to facilitate understanding of the revised CPA Examination by the academic community, and minimize any adverse impact the computer-based CPA examination may have on academe.

Both research reports are posted on the CPA Examination Web site at www.cpa-exam.org/lrc/reports.html.

Simulations in New Exam Section Deferred

At its Sept. 2002 meeting, the Board of Examiners decided to defer the introduction of case-based simulations in the Business Environment and Concepts (BEC) section of the revised CPA Examination. Simulations are case studies that will test candidates' accounting knowledge and skills using realistic work-related situations. Said Craig Mills, AICPA Executive Director-Examinations, "While it's been our goal to include simulations of accounting practice in each of the four sections of the Uniform CPA Exam, the con-

tent experts involved with developing the simulations questioned whether we could successfully create a sufficient number in the BEC content area to include them at the launch of the new exam." The BOE agreed that it was prudent to defer inclusion of simulations in the BEC section until after the computer-based test is launched.

Skills Defined for the Revised CPA Exam

The Board of Examiners also has approved the skills definitions and weighting targets to be used with the content specification outlines (CSOs) of the computer-based CPA Examination. The skills identified as necessary for the protection of the public interest are: Analysis, Judgment, Communication, Research and Understanding.

- *Analysis* is the ability to organize, process, and interpret data to develop options for decision-making.
- *Judgment* is the ability to evaluate options for decision-making and provide an appropriate conclusion.
- *Communication* is the ability to effectively elicit and/or express information through written or oral means.
- *Research* is the ability to locate and extract relevant information from available resource materials.
- *Understanding* is the ability to recognize and comprehend the meaning and application of a particular matter.

The computer-based CPA Examination will require candidates to demonstrate their research ability to search professional literature, identify relevant information and draw conclusions. To demonstrate understanding, analysis and judgment, candidates will answer questions that require them to:

- Interpret, and apply the relevant professional literature.
- Search the professional literature, identify relevant information and draw conclusions.
- Comprehend professional standards and apply these standards during the course of an engagement.
- Recognize business-related issues and their relevance to evaluating an entity's financial condition.
- Evaluate, analyze and process entity information for reporting in financial statements.
- Identify financial accounting and reporting methods and select those that are suitable.
- Address, analyze and resolve issues in the conduct of an engagement.

The BOE also approved a policy to test written communications. Candidates will demonstrate their written communication skills through the use of short constructed response questions. Written communication skills will be tested in conjunction with testing content. The accounting content will be at a level allowing candidates to adequately demonstrate enough knowledge and provide a sufficient writing sample so that writing skills can be properly assessed. The following criteria will be given to candidates and will be used for grading written communication:

- *Coherent organization.* The response should include elements that guide the reader, such as an overview statement; separate, unified paragraphs; and transition words.
- *Conciseness.* Use as few words as necessary, without scrimping on substance.
- *Clarity.* Use proper terminology, give sufficient detail, and write short sentences, in addition to organizing material for easy reading.

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- *Standard English.* Show control of grammar, punctuation, capitalization and spelling.
- *Responsiveness.* Focus on the requirements of the prompt, not extraneous matters.
- *Appropriateness to the reader.* Choose language and information that the reader identified in the prompt can understand. Define terms the reader is not likely to know.

For more information and complete details, visit the CPA Exam Web site at www.cpa-exam.org, or contact the AICPA Exams Team at cpaexam@aicpa.org.

Help Set Standards for Computerized CPA Exam

The AICPA needs qualified CPAs to participate in two-day sessions to set passing scores on the computer-based Uniform CPA

Examination. Panelists should be CPAs with three to eight years of experience and who have supervised entry-level CPAs within the past 12 months. To ensure good representation, the AICPA is looking for a cross-section of CPA professionals in terms of firm size, industries, region of country, sex, ethnicity, and other important demographics. Panelists may not be affiliated with CPA Exam preparation and review programs. A two-day time commitment in either June or July 2003 is required. Normal travel and per diem expenses will be reimbursed and CPE credit is expected to be offered to participants who attend the entire two-day meeting.

To volunteer, go to the CPA Exam Web site (www.cpa-exam.org/lrc/panels.html) and print out, complete, and fax the Standard Setting Application Form to the Examinations Team. For more information contact Gelya Kotylar at 201/938-3427.

AICPA Offers Authoritative Literature

The Academic Site License Program offers colleges and universities the opportunity to obtain the complete set of Professional Standards, Technical Practice Aids, and Audit and Accounting Guides, on CD-ROM for an unlimited number of users, for \$1,185. Annual renewals with quarterly updates are available for only \$885 per year.

In addition, individual subscriptions to *AICPA reSOURCE: Accounting & Auditing Literature* (AICPA's online reference library) are available to AICPA student affiliate members for \$40 per year, and the subscription is free of charge to AICPA educator members (members can obtain access directly from AICPA's vendor, at www.cpa2biz.com, provided they register

on the site as an AICPA member). Non-member educators can also acquire a free subscription by sending written confirmation to AICPA's Member Satisfaction department on college or university letterhead. Fax letters to 800/362-5066 or mail to AICPA, Subscription Dept., P.O. Box 2208, Jersey City, N.J. 07303-2208.

Non-member students will be charged the prevailing non-member rate. AICPA student affiliate membership is \$30 per year. Currently, the AICPA does not offer site licenses or multi-user subscriptions for AICPA reSOURCE (online) to colleges or universities.

The AICPA and the AICPA/AAA Education Task Force continue to explore ways to make non-AICPA professional literature available to schools, students and CPA candidates at a reasonable cost. We

will keep you informed about these efforts as they progress.

If you have any questions, contact Gregory Johnson, Director—CPA Examination at:

 gjohnson@aicpa.org

 201/938-3376

Information about the AICPA site license agreement is available at:

 www.aicpa.org/edu/resourceinfo.htm

You may also contact the AICPA Academic and Career Development team at:

 educat@aicpa.org

 212/596-6221

Recruiting: Showcase the Profession, Showcase the Opportunities

The AICPA is creating a "Best Practices" selection of college recruiting efforts as a means to develop an online resource for faculty and administrators to access and learn about programs taking place on college campuses that are aimed at promoting the accounting department, the accounting major and the accounting profession. As part of this program, following is a summary of an event sponsored by the South Dakota Society of CPAs and held at Black Hill State University. The selection of all recruiting efforts collected to date is at www.aicpa.org/educators.

Over 40 students attended the first South Dakota Showcase held at Black Hills State University in Oct. The Showcase was sponsored by the South Dakota Society of CPAs and presented an opportunity for college students to explore the companies and business careers available in western South Dakota.

After viewing the AICPA's *Takin' Care of Business* video that showcases exciting careers available to CPAs, the students were able to visit with local businesses to discuss potential career paths. Ten local businesses participated in the event, including: McGladrey &



Pullen, CPAs, Ketel Thorstenson, CPAs, Casey Peterson, CPAs, James Postma, CPA, DeSmet & Biggs, CPAs, Black Hills Corporation, Rushmore Bank, Sodak Gaming, Moyel Petroleum, and South Dakota Board of Regents.

Each business, with many represented by BHSU alumni, displayed banners from their exhibit and provided door prizes for the students.

The University ordered pizza and soda for the students and many business professors awarded extra credit points for students attending.

Feedback from the students was very positive. Some students even set up interviews for tax season internships at the meeting. Sheri Wiechmann, a junior accounting major commented, "The opportunity to informally visit with these local companies was a real eye-opener. I found the whole event to be very informative about the private and public aspect of accounting careers."

For more information about The Showcase, contact Donald J. Altmyer, CPA, Associate Professor, Black Hills State University at:

 605/642-6266

 donalmtmyer@bhsu.edu