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Members in Education

May 2003

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Antifraud Site for Educators and Students

The AICPA's new Antifraud and Corporate Responsibility Resource Center located at www.aicpa.org/antifraud now includes a section for educators and students. To help you integrate the important topics of fraud prevention, detection and other related issues into your curriculum and classroom activities, the AICPA has provided a wealth of teaching materials on the site. Specifically:

- An educational package designed to assist you in integrating Statement on Auditing Standards (SAS) No. 99 on *Consideration of Fraud in a Financial Statement Audit* into your undergraduate or graduate auditing course. The package contains (1) a student educational manual, (2) a copy of SAS No. 99, (3) a PowerPoint lecture outline, and (4) instructor solutions and support materials. The instructor solutions and support materials are not on the Web site, but can be obtained, along with the other components, on a CD-ROM by contacting the AICPA at educat@aicpa.org.
- A PowerPoint presentation that outlines key elements of the Sarbanes-Oxley Act and the Public Company Accounting Oversight Board. Updates on implementation of this legislation can be obtained daily from the *Spotlight Area* on the AICPA homepage. (The *Spotlight Area* also provides transcripts and downloadable videos of speeches by AICPA leaders and links to many other vital services and publications related to the antifraud program.)
- More than 35 case studies that focus on fraud, corporate governance, ethics and related accounting topics. Twenty of these cases were culled from the AICPA Professor/Practitioner Case Development Program and sent on a CD-ROM to all accounting program chairs last Nov. Additionally, shorter case studies on ethics in business and industry are now available on the site. Teaching notes and

solutions for these cases can be obtained on a CD-ROM by contacting the AICPA at educat@aicpa.org.

- PowerPoint presentations outlining the specific issues relevant to Adelphia, Enron, Lucent Technologies, Worldcom and other high-profile companies.

Students will be able to access the AICPA Competency Self-Assessment Tool (CAT) that provides current and future CPAs with a basis for self-assessment and career planning. Educators will soon be able to access the Educational Competency Assessment (ECA) site for tools to evaluate student's core competencies (see item on page G4).

The Educator/Student Section of the Antifraud Site will also enable students to explore career possibilities in the profession, including careers in forensic accounting, by accessing various career information sites. Links have been created to www.StartHereGoPlaces.com, the AICPA's Web site for students, and to the *No Limits* page of www.aicpa.org for student affiliate members.

Additional resources planned for the Educator/Student section include articles and other literature on fraud and related issues, and upcoming conferences on fraud detection and prevention and fraud education. The section will be updated regularly to keep educators informed of new developments and to provide information or access to materials relevant for classroom use with students.

The Antifraud and Corporate Responsibility Resource Center is comprehensive in providing technical literature, training materials, news on recent developments and links to supporting products and services. Nonetheless, the AICPA welcomes suggestions for additional resources by contacting the Institute at:

 educat@aicpa.org



Students Choose Accounting for Job Security

Professors Say New Students Motivated by Job Security and Interesting Work

The AICPA commissioned an Internet survey of accounting faculty during the fourth quarter of 2002 to determine if the accounting scandals and the economic downturn have had an effect on accounting student enrollment. The survey was brief, and asked only a few questions to assess trends and identify schools' successful recruitment activities. (The survey for the *Supply of Accounting Graduates and Demand for Public Accounting Recruits Report* for the 2001–2002 academic year was distributed in Apr.; if you have not completed the survey, please do so at your earliest convenience.)

The Internet survey was distributed to 857 accounting faculty, 309 responded, yielding a satisfactory 36% survey response rate. Based on the data provided by the 261 faculty who reported statistics on new students, enrollment rose in 2002 to 13,819, up from 12,984 in 2001—a 6.4% increase.

The accounting faculty were asked to pick the top three reasons why new students enrolled. It was stipulated that they could answer the questions only if they possessed first-hand knowledge from their students.

Almost 80%, up from 75% a year ago, reported that the inherent job security of the accounting profession is its primary allure. The faculty also stated that the profession is perceived by students to be more interesting, compared to data from 2001. The change in perception is most likely due to the media attention on the role of CPAs in cases of corporate fraud and in accounting scandals.

According to the faculty, one of the more important reasons students enter accounting programs is the profession's prestige. However, the prestige factor was far less of an incentive in 2002 compared to 2001. The drop in prestige ratings parallels opinions of other groups recently surveyed, and is most likely a result of the negative press the profession has received. In addition to prestige, another important reason for studying accounting is the potential to earn a top salary. However, similar to the profession's prestige ratings, the salary factor rated significantly lower when compared to 2001.

On a positive note, in addition to students communicating that the accounting profession offers the opportunity to engage in interesting work, the survey also shows increases in the "learning the fundamentals of business," "making a difference in solving ethical problems," and "protecting public interests" as reasons to enter the profession.

	2002	2001
Profession that offers good job security	79.9%	75.6%
Interesting work	41.2	39.1
Challenging work	34.3	35.5
Enter prestigious profession	33.5	46.9
Earn a lot of money	32.4	41.2
Learn fundamentals of managing business	24.9	22.5
Run one's own business	13.9	13.2
Have home/family flexibility	6.7	4.4
Make a difference in solving ethical problems	4.1	0.7
Protect public interest/shareholder rights	2.8	0.4

Programs to Attract Students

The survey of accounting faculty also asked questions regarding the type of programs and activities used to attract students to accounting programs. Over 70% of the respondents stated that internships, interaction with accounting professionals, and having an accounting club or society are key factors in recruiting students. Of the three, interaction with professionals was deemed to be most effective.

Career fairs and scholarships are other programs used by over 60% of the departments. Outreach to high students is a program used by less than half of the respondents; however the faculty reported these programs to be the fifth most effective program of the 11 identified.

Program:	Type of Program Offered	Most Effective Programs
Student internships	77.4%	30.2%
Interaction with accounting professionals	77.3	36.6
Accounting club or group	71.8	26.6
Career fairs	68.8	19.1
Student scholarships	63.8	26.2
Outreach to high school students	46.9	23.0
Orientation for accounting majors	44.1	19.5
Beta Alpha Psi chapter	40.8	14.5
Outreach to high school teachers	29.4	10.9
Orientation to the profession courses	10.2	2.2
Other	14.2	7.4

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What Every Academic CPA Should Know About XBRL

A capsule of "What Every Academic CPA Should Know About XBRL," by Neal Hannon, Barney School of Business, University of Hartford, is presented below. The entire article, with references, is at www.aicpa.org/educators.

Business reporting is quickly moving into the digital age, with XML (eXtensible Markup Language) leading the charge. Our government institutions are demanding immediate access to company data (Regulation FD) and Web-reporting of significant data (Sarbanes-Oxley Act of 2002). Some companies are achieving a fast close with the emphasis on speeding up the entire reporting cycle. Data warehousing and data mining are becoming a part of normal business operations. Fortunately, businesses have discovered that data marked up in XML is well suited to help them accommodate the movement into the new information age.

Companies on six continents are developing applications for the presentation of financial data in a relatively new XML language called XBRL. An international consortium with well over 200 members, founded by the AICPA, actively supports the continued development and adoption of XBRL. Demand for solid information about XBRL in college curriculums is strong and growing. The following information presents a brief introduction to XBRL and the need to fit XBRL in accounting and finance courses.

What is XBRL?

Business reporting for both external and internal audiences has recently entered the digital age with the advent of the eXtensible Business Reporting Language (XBRL).

The purpose of XBRL is to enhance the flow of financial and business information through the creation of a globally useful data standards language in which to describe financial facts and concepts. The XBRL standard is a member of the family of XML derivative languages that create an exchange standard for business report-

ing data via increasing interoperability among systems and enhancing integration among Internet-based applications. In other words, XBRL marked-up data can be sent electronically from one system to another and be immediately consumed by the receiving application. This attribute facilitates several financial functions, such as consolidations, financial planning, and "drill-down" analysis.

XBRL adds additional information to electronic financial and business reporting documents by including both content (\$20,000) and structural (\$20,000 = net income for Q2/2003, amounts in USD) information in data items. The structural information further explains the numbers, adding meta-data, or data about data. Additional meta-data added to XBRL-tagged numbers include decimal precision, numeric context, language, and links to concept definitions.

This standard addresses a major goal for entities such as financial institutions, regulatory agencies and others in the business reporting value chain: to maintain a process where numbers and their textual explanations are entered, tracked, analyzed, and distributed through any report. This data does not have to be converted from one format to another nor re-keyed from institution to institution. XBRL enhances the usability and transparency of financial information reported under existing accounting standards, simplifies disclosure, and allows companies to communicate financial information more readily via the Internet.

XBRL is very much an international affair. Major applications of XBRL are blossoming in Australia, Japan, Germany and the United Kingdom. The European Union has endorsed International Accounting Standards (IAS) and has mandated reporting in IAS by 2005. Any business course dealing with international accounting should include a major discussion about the effects of marking up financial information in XBRL-International Accounting Standards.

The Four Building Blocks of XBRL

XBRL is a member of the XML family of derivative languages. XML by itself does practically nothing. XML simply provides a vehicle for packaging, transporting and explaining many types of data in a way that

all computer systems and operating system platforms can understand. XBRL is simply a method to describe business information that is compliant with the rules of XML. The four building blocks of XBRL are as follows:

- XML 1.0 Specification
- XBRL 2.0 Specification
- XBRL Taxonomy
- XBRL Instance Document

The XML 1.0 specification has guided the development of XML since its birth in Feb. 1998. Similarly, the latest XBRL specification, version 2.0, guides the structure of how financial data will be reported in XML. The XBRL taxonomy details how financial data will be tagged, keeping compliance with both the XBRL specification and with standard financial reporting guidelines such as US GAAP.

XML, XBRL and entity specific data all come together in the instance document. The XBRL instance document is the marriage of raw company data with the proper XBRL tag, formatted in compliance with the XBRL specification. The resulting document is then ready to be transformed into any number of output formats including Web pages, printed reports, e-mail alerts, input to databases, and input to analytical programs for further processing.

To illustrate, consider our interstate railway system. Train tracks run from East coast to West coast, carrying many different types of cargo from general merchandise to cattle. The rails maintain a standard width between them on all sections of track, accommodating many different types of rail cars and an unending variety of cargo. If a new type of commodity needs transport, rail car designers know exactly how to design the new car to fit into the system.

Now consider the interstate railway system as if it was the XML 1.0 specification. The XML 1.0 specification standardizes the rules for marking up data. Given the rules established in the XML 1.0 specification, the writers of the XBRL specification wrote a specification that works within the XML rules.

A taxonomy, or listing of unique tags that describe data for a particular group of interested parties, may be similar to a railroad car built to carry special cargo, such as cattle, for travel on the XML railroad. The XBRL railcar, made to fit on the tracks of

continued from page G3—XBRL

the XML specification, contains special modifications to accurately report financial data according to generally accepted accounting procedures.

Once a group constructs their own railcar for travel on the XML railway, the railcar can then be loaded with tagged data. Traveling on the XML railway in the XBRL railcar, the cargo, or tagged financial data, can be transported from computer to computer at the many rail stations maintained on the system. The cargo, safely stored inside the standard XBRL railcar, is the instance document.

XBRL in Your Curriculum?

Years ago, accounting educators had to adjust their teaching methods to account for the switch from 13 column worksheets to

electronic spreadsheets. Today, students who graduate from accounting programs without strong spreadsheet skills are at a serious disadvantage in the marketplace. Soon, students leaving accounting and finance programs without a good understanding of managing digital data will have a similar disadvantage. Rita Knox, a Gartner Inc. (www.gartner.com) analyst covering XML issues, predicted during a Gartner conference in San Diego that XBRL will enjoy widespread adoption by 2005. The time to begin the education process about XBRL is now. A list of classes that provide an opportunity to introduce XBRL to students is part of the entire article located at:



www.aicpa.org/educators

XBRL is a new and growing method for representing business reporting data digitally. As the business world converts more and more of its data to the XML format, financial data will soon follow. XBRL is the world leader in converting financial reporting data into digitally formatted XML. Large government institutions and major banks are pushing the development and adoption of XBRL, with major projects due to begin within the next year. Financial professionals will soon need to add XML expertise to their tool set and will look first to the colleges and universities for this information. Will you be ready?

For more information, visit the XBRL International Web site:



www.xbrl.org

An Update from the Pre-Certification Education Executive Committee

- **Internships:** Guidelines to assist colleges and universities design, implement, and administer internship and other experiential learning programs have been developed and are on the AICPA Web site under "Programs for Educators." Guided links are being created to the National Association of Colleges and Employers (NACE) and other organizations that have extensive information on experiential learning. The internship guidelines will also link to the Educational Competency Assessment (ECA) Web site when it is launched.
- **MTC:** The task force created to review and promote wider adoption of the Model Tax Curriculum (MTC) wrote an article emphasizing alignment of the MTC with the new CPA Exam and the needs of the profession. The article appeared in the Feb. 2003 *Tax Adviser*. To continue work on the MTC, a joint task force has been created with the ATA.
- **Case Development Program:** The program through which professors and practitioners collaboratively develop case studies based on real-world situations continues to generate excellent materials for the classroom. Three venues for presentations of

the cases are the FSA, the Solomon Colloquium, and AAA annual or regional meetings. A CD-ROM containing 20 fraud-related cases, culled from the case program inventory, has been distributed to accounting program chairs, AICPA campus champions and Beta Alpha Psi faculty advisors. If you have not received the CD-ROM—*Cases on Fraud, Corporate Governance and Ethics*—e-mail the AICPA:



educat@aicpa.org

- **ECA Site:** The Educational Competency Assessment (ECA) site will provide faculty and administrators with tools to evaluate the skills-based core competencies needed by all students entering the profession. Modifications are being made to the ECA site to reflect the feedback received from faculty during a two-week beta test of the site during the last quarter of 2002. The AICPA will unveil the site at the annual AAA meeting in Aug. and provide a demonstration in a CPE session slated for Sunday, Aug. 3.
- **Fraud Education:** The focus will be to (1) make resources available on the Educator/Student section of the AICPA Antifraud Center, and (2) address specific aspects of fraud and how to teach it. To address content and teaching of a fraud course and course materials, a joint task force has been created with the AAA Auditing Section.

New Brochure Available from AICPA

The AICPA has updated and makes available at no cost the brochure, *Why Graduate Study for a Career as a CPA?* The three-panel brochure details the rising requirements of the profession, such as technical competence, communication and analytical

skills, and the ability to work with others effectively. In addition, the pamphlet explains the education requirements for certification and the benefits of a graduate degree—including CPA examination pass rates of students with and without a graduate degree. A list of other relevant sources of information is also provided.

The *Why Graduate Study for a Career as a CPA?* brochure is ideal for college stu-

dents and is provided at no charge. To order, call AICPA Member Satisfaction and request product no. 872365CPA05.



888/777-7077



memsat@aicpa.org



800/362-5066