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ACCOUNTING CAREERS

Winter 1991

AICPA Is Revising the Uniform CPA Examination

By Stephen J. Anspacher

The AICPA's Examinations Division is revising the Uniform CPA Examination in response to calls from accounting educators that the exam better reflect academic and professional requirements.

In addition to changes in the exam itself, the AICPA recently revised its education policy to require that students complete their education before applying to take the exam. If adopted in each state, this requirement would mean that those students graduating in the spring would have to take the exam in November. Many students currently take the exam in May during their last year. The change is designed to eliminate a distraction on students in their last semester.

The new, shorter examination will be used for the first time in May 1994.

Currently, the exam is 19½ hours in length. It will be 15½ hours long and consist of four separately scored sections, focusing on the following:

1. Auditing (Wednesday, 4½ hours) will test candidates' knowledge of generally

accepted auditing standards and procedures and related topics.

2. Business Law & Professional Responsibility (Wednesday, 3 hours) will test candidates' knowledge of the legal implications of business transactions, related particularly to accounting and auditing, and knowledge of the CPA's responsibilities to the public and the profession.

3. Accounting & Reporting (Thursday, 3½ hours), including taxation, managerial, and governmental and not-for-profit organizations, will test candidates' knowledge of federal taxation, managerial accounting, and accounting for government and not-for-profit organizations.

4. Financial Accounting & Reporting—Business Enterprises (Thursday, 4½ hours) will test candidates' knowledge of generally accepted accounting principles for businesses. For the first time, candidates will be allowed to use hand-held calculators for this section.

In addition, writing skills will be assessed in parts of the exam. ■

1980s' Mistakes Create 'Hot' Jobs for the 1990s

As the merger and LBO frenzy of the last decade subsides, an urgent need has emerged for accountants familiar with turnarounds and litigation consulting.

"The companies that overextended themselves in the good times are asking accountants to sort through what remains," says Max Messmer, chairman and chief operating officer of Robert Half International, which recruits accounting professionals nationwide. "There's a great need for accountants who have financial expertise, sophisticated computer skills and the ability to understand broad managerial issues."

For those companies beyond the possibility of turnaround, law firms are asking accountants to provide litigation support. Increasingly, CPA firms are working closely with attorneys to untangle corporate and institutional bankruptcy and insolvency proceedings and maximize the value of assets being sold. ■

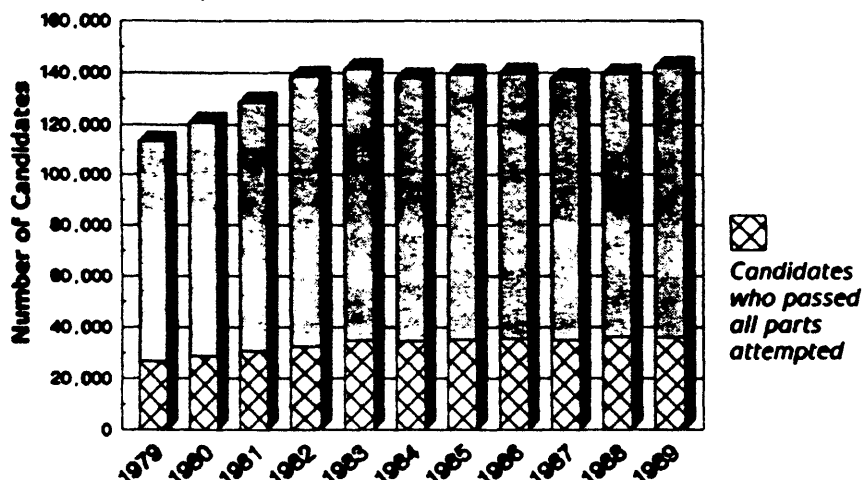
Accounting Students Are Getting a "Broader and Deeper" Education

As technology changes, world trade expands, and regulations and transactions become more complex, CPAs need a wider variety of skills than they did in the past. These skills require an expanded breadth of general knowledge and more specific technical accounting expertise. To keep pace, accounting education also is changing.

The most obvious change in accounting education in colleges and universities will be in the length of study needed for an accounting degree. In the past, the

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The Uniform CPA Examination - In recent years, only about 20% of candidates have passed all parts attempted.



Accounting Students Are Getting a "Broader and Deeper" Education

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course work totaled four years of higher education. However, the increased "breadth and depth" of knowledge now is likely to require five years of study, whether the student wants to be in a business, in a CPA firm, in government, or in education.

Structure and Content

Other changes in accounting education will involve the structure and content of this five-year program. To design a program that truly prepares graduates to become professional accountants, several issues must be addressed. What are the capabilities needed to become a professional accountant? What are the courses and course content that will help provide these capabilities? How should these courses be taught? The Accounting Education Change Commission (AECC), a national group of educators and accountants recently established to answer these questions, is making recommendations that will affect the education of future accounting professionals.

The AECC believes students need to acquire: skills, knowledge, and professional orientation. To be successful, accounting graduates need communication skills, intellectual skills, and interpersonal skills. Communication skills involve reading, listening, writing, and speaking. Intellectual skills involve locating, obtaining, and organizing information, and the ability to solve problems and make decisions. Interpersonal skills include the ability to work in groups and provide leadership.

Knowledge in Three Areas

Accounting graduates need knowledge in three areas: general, business, and accounting knowledge. General knowledge is needed to help accounting professionals

deal with societal issues and includes an appreciation of ideas and events in history, culture, and economics. Business knowledge is needed to understand the work place and how organizations operate and change. Also, accounting graduates should understand the role of computers in business. Accounting knowledge includes the ability to identify goals and the information necessary to achieve those goals, to collect, process, analyze and interpret both financial and other information, and the ability to use data to solve problems and to seize opportunities.

Professional accountants also need to have an understanding of ethics and to be able to work with integrity, objectivity, competence, and a concern for the public interest.

Courses and Content

The AECC has recommended that professional accounting education have four components: general education, general business education, general accounting education, and specified accounting education.

General education courses should help accounting students develop the ability to think logically, to analyze critically, and to understand and use quantitative data. The courses should improve writing, speaking, and listening skills, provide knowledge about history, international and multicultural issues, science, and ethical decision making, and develop an aesthetic awareness in students.

General business education courses should help accounting students understand the activities of business, government, and nonprofit organizations. The courses should cover finance, marketing, operations, organizations, and the integration of these areas.

General accounting education courses should focus on presenting accounting as a system for developing and communicating information. These courses should cover the use of information for decision making in organizations, the design and use of information systems, financial information and public reporting, and the accounting profession.

Specialized accounting education generally should be in the fifth year of study. Advanced courses in information systems, auditing, and financial, managerial, tax, and international accounting should be included.

Instructional Methods

Several recommendations have been made by the AECC concerning the instructional methods that should be used in accounting programs. The primary objective of accounting programs should be to teach students to learn how to learn. With this objective in mind, students should play an active role in the learning process. This means that learning by doing should be emphasized, including working in groups and using computers. Furthermore, teaching methods that emphasize the improvement of communication, intellectual, and interpersonal skills should be used. Finally, inclusion of real world examples is critical.

For some schools, only minor changes are needed to comply with the AECC's recommendations. For others, significant changes may be necessary. In this regard, the AECC has a grant program to provide money to selected colleges and universities to help them make such changes. ■

This article was written by Loren A. Nikolai, Ph.D., CPA, the Ernst & Young professor of accounting at the University of Missouri, Columbia.

FOCUS ON:

John Mulcahy, staff accountant

John Mulcahy has been a staff accountant in the audit department of Ernst & Young in New York since July 1989. Mulcahy earned a bachelor of arts degree in accounting in May 1989 and took two parts of the Uniform CPA Examination in November 1989 and two parts in May 1990. After completing his two-year experience requirement at the end of 1991, he expects to be certified as a public accountant. The following are excerpts from an interview with Mulcahy by Donna Caufield of Ernst & Young's Human Resources Group.

CAUFIELD: How did you select accounting as your major?

MULCAHY: At first, I looked at the possibility of medicine since my father is a doctor, but science didn't interest me. I always had an interest in business, and I had a strong analytical background in school, so I decided to go that way. I thought I might go into engineering or business, and I decided to go with business and later on toward accounting. I had an accounting class in high school that left a good impression on me and gave me a strong interest in accounting.

CAUFIELD: How did you select public accounting as opposed to private industry, government, or education?

MULCAHY: In public accounting, I knew I could probably see a lot of different areas of business. Internal accounting for a company would be good, but I thought I would probably only see how things went within that one company. I wanted to see a lot of different areas, such as financial services or manufacturing, just to get an idea of what's out there. I really had no idea before I started working.

CAUFIELD: Has the transition from school to work been difficult for you?

MULCAHY: No, it hasn't been that difficult. I found that when I first started working, everybody was friendly and easy to get along with. When you get out of school you don't know a lot, but the company will train you in what you need to know at work. You need the accounting background in school, but to go out and audit, you need training by the company you work for to learn the firm's approach. In addition, you learn by experience.

CAUFIELD: What training did the firm provide?

MULCAHY: The firm provides a lot of training. They started me out with about a week or two of just a general overview of the audit approach of the company. Then later they have specialty training courses. For example, last year when I started, I knew I was going to be working with a financial services client. So, I had a good three or four days of banking seminars before I went on to this client. And then I also needed to get up to speed on the company's computer software. So I took a training class on Microsoft Word and Excel. That's about it for specialty training. Then, in the second year, I had training again for a week to two weeks.

CAUFIELD: What was your first year like as far as clients you have worked with?

MULCAHY: I am pretty happy with the diversity I've gotten over my first year. I've mainly been working on audits for two clients. One is a winery, and the other is one of the leading banks in the industry. At the winery, I saw a lot of different areas because it's a small company and there were only a few of us working on the audit. On the other hand, the bank was a large company with a balance sheet in the billions, and there were quite a few of us working on that. My special area was in lending, with about five or six other people.

CAUFIELD: Could you be more specific about what areas you've worked on for each client?

MULCAHY: At the winery, which was the smaller client, I worked on the accounts-payable system, fixed assets, pre-paid accounts, long-term debt, stockholders' equity—just a whole spectrum of accounts which gave me a good idea of how the company was going and how everything tied together. At the bank it was a little bit more difficult to see everything. I was working in the lending area, which is a huge task in itself, and I was working with about five or six others. We did various things from monitoring specific loans to making sure that the interest was being received properly. We looked at the loan accounts, which is the major revenue maker.

CAUFIELD: Did you get any other experience?

MULCAHY: I did work on a couple of small inventories for manufacturing clients and did some administrative work at the office. During my first year, I also took advantage of what we have at the company, our leisure bank, and I was able to take about five to six weeks of paid vacation, which I enjoyed a lot.

CAUFIELD: Did you work a substantial amount of overtime this year?

MULCAHY: I probably worked about 200 to 300 hours of overtime, which I really didn't mind at all. Most of the overtime came in the period from January 1 through March 31. I worked a lot of long days, 10 to 12 hours a day, sometimes on Saturday, even Sunday. But what you can do with the overtime is take it either in money in your paycheck or in extra vacation. I took it in vacation.

CAUFIELD: *Did you do a lot of traveling this year?*

MULCAHY: Yes, I traveled quite a bit. Mainly to my manufacturing client, which was located in upstate New York where they have their East Coast vineyards. In July, when I started, through about mid-September of last year, I was in upstate New York for about eight weeks. When I went on the job again this year, I was out there for about five to six weeks. It was a nice change of pace from New York City.

CAUFIELD: *How were you reviewed on your performance on the job?*

MULCAHY: I was reviewed in several areas, just as everyone is. Standard performance evaluation forms are used to evaluate your analytical abilities, your technical ability, your interpersonal skills, your motivation level, your time management, and a couple of other areas. And these evaluations are filled out by your senior, who is



someone who has two or more years of experience than you have. They work with you. They know what you're doing, if you're doing it right or wrong, and they try to give you constructive criticism. They try to make the evaluation a tool for you to improve on your weaknesses and even strengthen your strong points.

CAUFIELD: *Do these evaluations affect your promotion and your compensation level?*

MULCAHY: They definitely do. If you're doing a good job, that will be reflected in your evaluation, and, if you excel, they take that into account and reward you accordingly.

CAUFIELD: *You had mentioned earlier that several of your training courses were related to the computer. Do you use the computer on your audits?*

MULCAHY: Quite a bit. The computer makes the job go faster and more efficiently. It takes a little more time in the beginning, just to get everything on there. But once you have eight- to ten-page memos in the computer, all you have to do is update them, as opposed to writing them all over again. There are definitely advantages to using the computer. They are used quite a bit in the firm.

CAUFIELD: *For most of the client work that the firm does, managers or partners need a budget as a basis for measuring progress and to set parameters within which the job should be completed. Do you as an accountant find it difficult working within a budgeted time frame?*

MULCAHY: That's probably one of the most difficult things to get used to when you start working. In college you are used to working at your pace and getting things done when you have the time and when you want to. When you start working, you have to realize that if you've allotted a week to something, then you need to try your

best to get it done in a week. If you find that you are not moving along fast enough for whatever reason, whether it's not having a good understanding of the area or the client is reluctant to give you information, then that's the time to tell your senior about these problems and let him try to alleviate the situation. Often, he can give you guidance or contact the client to make sure you get the information you need.

CAUFIELD: *One of the most difficult things about being an accountant is getting information from client personnel. Have you found that to be the case?*

MULCAHY: Yes, sometimes, but overall, most people are easy to deal with. Not easy, but they know that we have a job to do. Of course there are going to be people—as in any field—who don't want to cooperate. But for the most part, I think that if you present yourself in a professional manner and try to use the client's time as efficiently as possible, then you won't have that many problems.

CAUFIELD: *You mentioned that you were involved with two jobs. Did you work with the same people on both jobs?*

MULCAHY: No. On the manufacturing engagement, I worked with three to four people last year, whom I got along with very well. Then I began working with the bank, and I worked with five or six other people. Then, when I went back to the winery this year, only one person was returning. Now this year on the bank audit, I am the only staff person returning in my area.

CAUFIELD: *Traditionally, people have stereotyped accountants as being very conservative, green eyeshade types. Do you think the image has changed over the years?*

MULCAHY: Well I haven't seen any green eyeshades. And as far as being stereotyped as being boring, just last week, a whole bunch of people on the audit staff went for a cruise around Manhattan. We each chipped in \$30 to \$40 and had a really good time.

CAUFIELD: *To conclude, what do you like best about the profession?*

MULCAHY: I like the diversity, meeting a lot of different people, and the tremendous amount that you learn. When you start looking for a job, you go in with a clean slate, and you have no real experience to relate to what you will be doing. Granted, you have the accounting background, but you would not believe how much you learn in your first few months and in your first year. I imagine that this continues to happen all the way through. Everyday there is something else I'm tackling and a new goal to achieve.

CAUFIELD: *What do you like least about the profession?*

MULCAHY: Sometimes there will be deadlines and you may think that you're leaving at 5:00 or 5:30, only to find, at a moment's notice, that you're staying till 7:30 or 8:00. In the winter months, I plan for that and I know that's the way things are. Occasionally it will happen in the spring or fall when you have plans, but it doesn't happen that often outside of the busy season. ■