

Accounting Programs Leadership Group



A Group of the American Accounting Association

Volume 27, No. 2, Fall 2003

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Spring/Summer Newsletter Deadline

The deadline for material to be included in the Spring/Summer 2004 issue is Friday, April 11, 2004. Please send all information to me at the address below for delivery no later than that date to ensure the timeliness of the Spring/Summer issue.

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Accounting Programs Leadership Group
A Group of the American Accounting Association
Published Biannually
American Accounting Association
5717 Bessie Drive
Sarasota, FL 34233-2399

President's Message



Thomas F. Schaefer

Welcome to the Accounting Programs Leadership Group (APLG) newsletter. The APLG Board of Governors, officers, committee members, and coordinators all volunteer their efforts of behalf of the membership. As a section of the American Accounting Association, the APLG hopes to serve its members in many ways—including resources available on our website relating to accreditation, best practices, meeting information, etc. Our newsletter is designed to

keep our members informed about the Section's activities. Special thanks go to Greg Carnes (Northern Illinois University) for his tireless efforts as our Vice President for Communications. Greg both manages the APLG website and organizes the APLG newsletter. In the remainder of this letter, I address two main topics—our annual meeting and APLG interaction with the Federation of Schools of Accountancy (FSA).

APLG 2004 Annual Meeting

Our primary activity is to host an annual meeting where our members come together to participate in an informative program on topics of interest to accounting program leaders, to share their experiences with other program leaders, to renew old friendships, and to make new friends. The next APLG Annual Meeting is scheduled for February 8–10, 2004 at the Aladdin Hotel in Las Vegas, Nevada. Professor Silvia Madeo (University of Georgia) leads our program committee and has organized a superb set of sessions. As in the past, the meeting will include a new chairperson's seminar, and many concurrent sessions on topics of interest to those interested in the future of accounting education. In addition to chairpersons of accounting programs, we hope our meeting will appeal to and attract a wide variety of accounting educators—

including those involved with accounting graduate programs (Master's and Ph.D.), as well as accounting education opinion leaders.

The theme that has emerged for our annual meeting in Las Vegas is "Fostering Effective Relationships in Accounting Education." Sessions will address key relationships with the profession, students, faculty, AACSB, and alumni. The program will also include sessions on critical challenges to the

profession, and the latest updates on the new accounting accreditation standards process. Special sessions by Katherine Schipper (FASB) and Dennis Beresford will highlight professional issues. Barbara Toffler, author of *Final Accounting: Ambition, Greed, and the Fall of Arthur Andersen*, will provide a talk on relating business ethics and the accounting profession. Michael Hitt from Texas A&M University, well-known management expert on strategic planning, will offer us his insights—useful information to all accounting leaders preparing to meet the new AACSB standards that focus laser-like on department strategic plans.

Interaction with the Federation of Schools of Accountancy (FSA)

As discussed at meetings of the APLG and FSA boards of directors, our two organizations are considering opportunities for cooperation and possible joint activities. Prior to any substantive conversations, our respective boards solicited member feedback on possible avenues for cooperation. Subsequent discussions recognized several areas of overlap including missions, membership, and annual meeting program content as well as the volunteer time and

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Accounting Programs Leadership Group Minutes of Board of Governors' Meeting

August 3, 2003 — Honolulu, Hawaii

Attending: Fran Ayres, Tom Howard, Linda Marquis, Ken Merchant, Kate Mooney, Blane Ruschak, Jack Ruhl, Tom Schaefer, Kent St. Pierre.

The Board meeting began at 10:00 a.m. on Sunday, August 3, 2003 at the Renaissance Ilikai Waikiki Hotel with President Linda Marquis presiding.

Minutes

The minutes of the Board of Governors' meeting held on February 2, 2003 in New Orleans, Louisiana with President Linda Marquis presiding were discussed and approved.

Treasurer's Report

Kate Mooney presented the Treasurer's report dated May 31, 2003. We did not meet the minimum hotel room limit in New Orleans for the Annual Seminar so the price charged for food by the hotel was increased. The number of registrants for the Annual Meeting increased over previous years. It was noted that the revenue from dues is down, but the explanation for this decrease was not clear. Kate will follow up on this issue.

Communications

Greg Carnes reported on communications issues. Work has continued with the AAA on the revised website for APLG. The AAA developed several prototypes and Greg Carnes, Linda Marquis, and Tom

Schaefer reviewed these. The AAA is now working with the preferred prototype and it should be operational very soon.

The 2003 Summer/Fall newsletter has been completed and should have been mailed just before the AAA Annual Meeting. A summary of the history of the APLG that was written by James Hood, Dale Flesher, and Tonya Flesher was also discussed. Greg Carnes will review this material and include it on the APLG website.

Accreditation

The revised draft of the AACSB Accounting Accreditation Standards was discussed. Tom Howard mentioned that two important issues in this draft are: (1) the application of the diversity standard, and (2) the faculty sufficiency requirements. Eileen Peacock is chairing the accreditation committee this year and her committee will bring a report to the Board at our meeting in November concerning a response to these new standards.

Installation of New President

Tom Schaefer was installed as the new APLG President for 2003-04. Tom provided a summary of the APLG sessions that were planned for the AAA Annual Meeting in Hawaii.

Submissions to AAA Annual Meeting

For the 2003 AAA Annual Meeting the APLG encouraged paper submissions to its

sessions by setting aside funds that would be presented to the award winner to help cover the cost of attending the meeting. Tom Schaefer and Tom Howard both commented that this had been a valuable process. For the 2003 AAA Annual Meeting awards were presented for two papers. The APLG Board agreed to extend this award competition for the 2004 AAA Annual Meeting in Orlando.

2004 APLG Annual Seminar

Tom Schaefer reported that there would be a change in the New Chairperson's Seminar for this year due to certain logistical issues. The New Chairperson's Seminar will be held concurrently with other sessions on Sunday afternoon rather than on Sunday morning. The Board also provided several recommendations for topics for the Annual Seminar.

APLG/FSA Discussion

The APLG Board discussed the implications of joining efforts with the FSA on certain programs and events. The APLG Board then met with the FSA Board to discuss the benefits and problems that would be associated with these efforts. Input from FSA and APLG members was also discussed. The Boards decided to continue discussion of this matter at future meetings. The August 2003 Board of Governors' meeting was adjourned at 1:00 PM.

Invitation to Las Vegas in February



The 2004 APLG Midyear Seminar will be held February 8-10 in Las Vegas, Nevada. This city's many attractions, including casinos, entertainment, fine dining, and shopping opportunities, make it a favorite with APLG members.

The meeting site will be the Aladdin, centrally located on the famed Las Vegas Strip. A limited number of rooms have been reserved at \$149 per night, single or double occupancy. Because the meeting is starting noon Sunday this year, a very small number of rooms have been blocked for Saturday night. It is strongly recommended that attendees make hotel reservations as early as possible as rooms may not be available if the block is filled. For reservations under the APLG room block, call the hotel at (877) 333-9474 (toll-free) and identify yourself as being with the Accounting Programs Leadership Group. Reservations must be secured by one night's deposit. Upon check-in the deposit shall be applied to the first night of reserved stay. This deposit is refundable if notice is received at least 72 hours prior to scheduled arrival and a cancellation number is obtained. Information on special airfares, transportation to and from the airport, and how to register for the seminar is available on the AAA website at <http://aaahq.org/index.cfm>. We look forward to seeing you in Las Vegas in February.

President's Message (continued from page 1)

administrative costs associated with each organization. Suggestions for cooperation have included common committees and initiatives, shared administrative support, joint meetings, or even a formal combination of the organizations. While the APLG and FSA Boards of Directors recognize the institutional constraints and other impediments to change, they also believe that it is an appropriate time to carefully evaluate opportunities for cost and time efficiencies. The APLG continues to solicit and encourages input from members on these issues.

As an initial step, the APLG and the FSA currently are working together to offer our memberships a combined annual meeting for 2005. Although a final decision has yet to be made, I am optimistic that we will move forward on this effort. Several reasons motivate a combined APLG/FSA Annual Meeting. First, examination of our past separate meeting programs reveals a substantial amount of com-

monality. Program committee members of both the APLG and FSA frequently cite that many of the same individuals are contacted for participation in both annual meetings. If the annual meetings of the APLG and FSA are designed to inform our respective memberships about similar issues, it makes sense to combine our efforts saving both time and money for our members—especially given that many individuals participate in both organizations. We look forward to continuing to work with our great colleagues in the FSA on a variety of efforts to enhance our service to higher education in accounting.

Other Items

Also, in the spirit of cooperation, the APLG presents an FSA-sponsored response to “Educating for the Public Trust: The PricewaterhouseCoopers Position on Accounting Education.” The APLG also has prepared input for the AACSB standards

writing group on the new accounting accreditation standards. Professor Eileen Peacock (Oakland University)—Vice President for Accreditation chairs a group that solicited and gathered comments from our membership for the AACSB’s standards writing group. A working draft of the new accounting standards can be found at <http://www.aacsb.edu/accreditation/standards.asp>. Please consider providing comments to help the committee in preparing its response.

The APLG has a great set of officers, committee chairs, coordinators, resources, and a talented membership. This is an exciting time in our profession. Accounting education is faced with a multitude of challenges and opportunities in both knowledge dissemination and creation. Please let us know how the APLG can help in meeting these challenges.

Thomas F. Schaefer
President, APLG

2003–2004 OFFICERS, BOARD MEMBERS, and COMMITTEE CHAIRS

Officers

President	Thomas F. Schaefer	University of Notre Dame
President-Elect	Jack Ruhl	Western Michigan University
Secretary	Helen Gernon	University of Oregon
Past President	Linda Marquis	Northern Kentucky University
Vice Pres.—Accreditation	Eileen Peacock	Oakland University
Vice Pres.—Communications	Gregory Carnes	Northern Illinois University
Treasurer	Fran Ayres	University of Oklahoma

At-Large and Other Board Members

Dave Donnelly	University of Nevada, Las Vegas
Julia Karcher	University of Louisville
Silvia A. Madeo	University of Georgia
Blane Ruschak	KPMG LLP
E. Kent St. Pierre	University of Delaware
Amy Thompson	PricewaterhouseCoopers

Committee Chairpersons

Annual Seminar	Silvia Madeo	University of Georgia
New Chairperson’s Seminar	Bud Fennema	Florida State University
Nominations	Linda Marquis	Northern Kentucky University

Regional Coordinators (2003–2004)

Mid-Atlantic	Frank Lordi	Widener University
Midwest	Lanny Solomon	University of Missouri–Kansas City
Northeast	Ron Huefner	SUNY at Buffalo
Ohio	Ray Stephens	Ohio University
Southeast	Dan Hollingsworth	Mississippi State University
Southwest	Phil Harmelink	University of New Orleans
Western	Cheryl Cruz	California State University, Los Angeles

Contact information for these individuals is available at:

<http://accounting.rutgers.edu/raw/aaa/about/sectionregion2003/aplg.htm#officers>

Editor's note: This response was written by the Federation of Schools of Accountancy in response to PricewaterhouseCoopers' position statement entitled *Educating for the Public Trust: The PricewaterhouseCoopers Position on Accounting Education*. The APLG Board felt that this response would also be of interest to the APLG membership.

Response by the Federation of Schools of Accountancy to the PricewaterhouseCoopers Position on Accounting Education (2003)

Purpose of Our Response

In March of 2003 PricewaterhouseCoopers (PwC) issued a position statement, *Educating for the Public Trust: The PricewaterhouseCoopers Position on Accounting Education* (New York, NY: PricewaterhouseCoopers LLP 2003). We certainly respect the opinions and recommendations of a major employer of our students and clearly share with PwC a vital interest in the future of accounting education. A stated goal of the PwC publication is to "stimulate productive dialogue," but while considerable private dialogue has occurred, to date little public commentary, published or otherwise, has emerged. The issues at hand, however, are of great importance not only to academe and the profession, but to the entire financial community. Accordingly, extensive public dialogue is essential. It is from this sense of responsibility to our profession, the community, and our students, past, present and future, that we offer the following observations and comments. We hope others will join the conversation and a productive dialogue will result.

The PwC Study

The PwC study actually comprises two documents. The first is a position statement, while the second is an executive summary of a study conducted for PwC to support the conclusions reached and positions taken. Since it is a summary, it does not provide a rich discussion of its methods or findings. For this reason, it is difficult to evaluate the reliability of the study or the generalizability of its findings. The conclusions of the study are based on a sample of nine universities and the comments of a very limited number of graduates of these programs, all of whom are currently employed by PwC. The researchers focused on a subset of these schools (four of the nine) that offer integrated bachelor's/master's programs. In these programs, work in the third, fourth, and fifth year was considered.

We believe it would be useful for PwC to release the full report that outlines the methodology and the rationale of the researchers in arriving at their conclusions. There is, for example, concern as to the definition of value metrics. In addition, certain of the conclusions seem to be at odds with the first part of the report, which emphasizes the need for increased nontechnical skills development. The graduate tax programs that they recommend retaining, for example, often emphasize technical skills. Thus, for us, the report raises more questions than it answers and fails to provide convincing support for the opinions and conclusions expressed.

General Observations

PwC emphasizes the critical need of the public accounting profession for "an adequate and predictable flow of new talent." Long-term solutions, however, are not advanced other than identifying university administrators, deans, program leaders, and faculty as those charged with the basic responsibility of recruiting highly talented students to *public accounting* in general, and increasing the supply of highly talented minority students majoring in accounting in particular. Since we all are part of the accounting professional supply chain, this conclusion may be, at the very least,

somewhat incomplete. It would be beneficial for accounting practitioners to assume some of the credit or blame for the situation PwC describes and work with academicians to craft new solutions for the issues raised. For certain of these issues, moreover, such as enhanced interpersonal and communication skills, complex reasoning skills, and lifelong learning skills, universities are currently already devoting significant resources.

The statement also addresses other skills in the general areas of ethics and professional practice. Again, it is recommended that university administrators, deans, and program leaders commit additional resources to these programs. We agree, and many universities are now attempting to address these concerns.

While the position statement addresses a variety of issues, a key element is a call for alternatives to the 150-hour precertification commitments made by the profession, regulators, and legislators over the last two decades. As stated in the accompanying Study of Accounting Education (Conrad and Rapp), "We remain skeptical ... as regards whether master's degrees in accounting add significant 'value' to students' accounting education." Given this perception of a lack of significant value, PwC proposes other options including certification of extant in-house CPE training and an additional year of experience as alternative means of achieving the objectives of the original 150-hour mandate.

It can be argued that a reduction in formal university education and "flexibility" in meeting the 150-hour requirement might be both shortsighted and poorly timed given the recent highly publicized failures of our profession. We do not agree that firm-specific technical education is an effective substitute for a skill-based curriculum that emphasizes the societal benefits of professional integrity, nor that it will build (or restore) public trust. Universities are uniquely positioned to embrace diverse views and open discussion in an atmosphere devoid of commercial interests. There have been numerous calls, particularly over the past fifteen years, to significantly modify the nature of accounting education. Generally, the calls have been for a curriculum focused on skills and abilities (critical thinking, research and problem solving, communication, and technology) rather than on technical detail. We believe that considerable progress has been made in accomplishing this change, although not surprisingly these changes have been inconsistent, both across programs and among faculty within programs. Indeed, PwC's own review of a limited, diverse set of programs reflects this ongoing process of change. We do not believe that it is in the interest of either the accounting profession or the business community to thwart this ongoing improvement or to substitute technical, firm-based training for university education. Our challenge as educators is to ensure a vibrant curriculum that strongly and clearly addresses basic issues of integrity and professionalism in accounting. Only through independent and rigorous academic discourse on issues such as professional integrity will we achieve the goal of educating for the public trust.

Specific Points

The statement emphasizes that accounting programs must be successful in attracting the right students, providing a vigorous

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Response by the Federation of Schools of Accountancy

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and challenging curriculum, and maintaining adequate resources to ensure the viability of the educational process. The report includes ten sections that discuss specific recommendations in each of these areas. We comment below on specific points raised in the study.

In Point #1, the primary measurement criterion used in evaluating the quality of talent is “performance after employment.” It is indicated that this process requires considerable effort, a key part of which is evaluating the quality of entrants. Neither the data nor summary trends on which conclusions are drawn are available. It might be argued that lack of challenge in early work assignments is a key reason for turnover and that firms do not differentiate in making early work assignments based on the educational level of staff. If true, it is not surprising that insignificant differences in performance in early work are found.

It is argued that a duty of faculty is to promote the accounting profession and “ensure that students make critical choices with *sufficient*, reliable information.” The academic community may question the role of faculty in this regard. Many believe that this is a “harder sell” today in the aftermath of scandals in the profession and lagging entry-level salaries over the last decade. Still, efforts have been made, and continue to be made, by schools and faculty, to modify introductory accounting courses, including the provision of reliable information to assist in the choice of a major. What additional modifications would be useful in addressing this issue?

In Point #2, the need for a diverse workforce is noted. It is asserted that “the supply of minority talent must increase.” Academics have long recognized and advocated the advantages of a diverse student body. Much effort has been made and continues to be made to achieve this goal. The profession, its member firms, state societies, and the AICPA must also examine their efforts. This complex issue is not exclusively the problem of universities, which must work within the law and directives of courts, and which historically have aggressively championed this cause. What new actions may be taken to address this issue?

In Point #3, the need for academic accounting programs and faculty to recommit to the highest standards of integrity, the hallmark of a *profession*, is emphasized. It is noted that “the power of education by visibly living these values should not be underestimated.” A re-energized commitment of the profession to this cause is welcomed, and synergistic national initiatives to sustain this momentum are encouraged. It might be argued, however, that such attributions to the power of education are inconsistent with subsequent recommendations to diminish our commitment to the 150-hour professional mandate.

In Point #4, a list of deficiencies of current accounting programs is provided. Examples include “higher level interpersonal and communication skills” and abilities to “identify and solve complex, real world problems,” but calls to address these deficiencies are not new. Indeed, considerable progress has been made in these areas over the last decade and aggressive efforts continue. Most college students are young and expectations must be reasonable. Indeed, professionals with ten or twenty years’ experience struggle with the challenges of complex, real-world problems. It is also stated that “when completing their formal education in accounting, many students do not *fully* understand what it means to be a practicing accountant in a practical, everyday sense.”

Dialogue on these important issues obviously will require an abundance of goodwill and trust.

Points #6 and #7 return to the theme of #4, adding a time explicit proposal to revise the 150-hour pre-certification requirement. This proposal would allow the substitution of extant in-house employee training for the fifth year of collegiate accounting education. Today, when accounting scandals have rocked the nation, recommendations to do less, rather than more, may certainly be questioned. Certainly the recommended course of action would reduce the educational costs to students; but it is not clear that the proposed education will entice either additional or higher-quality students. To the contrary, some believe that interesting and efficient options for graduate education increase the quality, and possibly the quantity, of potential well-qualified entrants into the profession. These statements also appear to be incongruent with other themes expressed in the document advocating more, not less, effort.

The need to educate students to serve the public trust is incontrovertible. If our graduate programs provided students with only additional technical expertise, continuing professional education would certainly be a viable alternative to university coursework. But if our programs continue to respond to calls for more broadly educated entrants to the profession, firm CPE does not appear to be a viable substitute. Given pressures to remain abreast of current technical developments and master “the firm’s way” of documenting, processing, etc., the opportunity to consider such broader issues as the nature of accounting and the public trust, theoretical alternatives to current practices, broader business value strategies, or broader moral issues facing the profession is limited. Graduate education produces the more broadly educated, multifaceted, and adaptable professional that the profession and the nation’s policy makers sought when the 150-hour requirement was first envisioned and subsequently adopted.

In Point #8, the shortfall of accounting faculty as a result of a wave of anticipated retirements and limited new faculty entering the ranks is considered. PwC asserts that the “dean and program leader must ensure the availability of competent, well-educated, enthusiastic new accounting faculty.” The causes of new faculty not entering the ranks, however, are neither identified nor addressed. Deans and program chairs face very tight budget conditions nationwide. Academic careers, as currently configured, are not as attractive as in the past. To the extent faculty salary deficiencies limit the attractiveness of the professoriate, focusing on deans and program leaders who lack the means to address the problem is not a viable solution. This issue deserves a serious examination if collegiate accounting programs are indeed valued members of the supply chain of the public accounting profession.

In Point #9, deans and program leader groups are urged to support increased faculty interaction with professionals. It is our opinion, however, that deans and program leaders do support these interactions. AACSB accreditation standards, moreover, require them. To address this issue requires time, effort, and resources from a number of parties. This is sometimes difficult because faculty internships and co-ops with firms are not uniformly encouraged or supported by firms. Recruiters normally function as liaisons and often are the only professionals to whom faculty access. Busy schedules rarely provide professionals the opportunity to interact meaningfully with accounting professors. Deans and program leaders must continue to acknowledge the importance of this essential faculty activity and support these efforts in

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Update on AACSB Accreditation Issues for Accounting Programs

Eileen Peacock, Oakland University

Standards

Currently AACSB is revising the Accounting standards. This is a response to the revision of the standards for business accreditation. The standards for business were passed April 2003. It is anticipated that a new set of accounting standards will be voted on before April 2004. If you wish to see the current version go to: <http://www.aacsb.edu/accreditation/accounting/DraftAcctgStds6-23-03.pdf>.

To understand a little of what the new standards will look like, you need to see the new business standards: <http://www.aacsb.edu/accreditation/standards.asp>. The previous standards focused on six areas: mission, faculty, students, curriculum, instructional resources and responsibilities, and intellectual contributions. The new standards focus on three areas: **strategic management, participants, and assurance of learning**. Broadly speaking, these show an increased focus on strategic planning and assessment, now called assurance of learning, which includes many curriculum issues. The proposed accounting standards will follow the same structure as those for business, but will, as before, have some requirements unique to accounting. In the current draft of accounting standards there are 15 standards addressed beyond the 21 business standards, and of these, six standards are unique to accounting. The other nine additional standards are extensions of current business standards. Generally speaking, these additional standards cover professional interaction and relevant practical experience, certifications, responsiveness to the accounting profession, placement of students, curriculum content, and learning goals associated with those objectives.

Process

In addition to the impending change in standards, there has already been a change in process. (Can be viewed at <http://www.aacsb.edu/accreditation/process/process-toc.asp>)

A *maintenance* process has been adopted. The maintenance process starts once a school has achieved initial accreditation. Each year a school is required to write an annual maintenance report “specifying action items identified in the strategic management plan ...” Every five years the school is reviewed by a peer review team (PRT). If successful, accreditation is reaffirmed for another six years. The submission format for this PRT visit is described in the *Maintenance Handbook*, which can be seen at the site listed above. If the visit by the PRT suggests areas where improvement should be made before accreditation can be extended, a school may be asked to submit materials, makes changes, and an additional visit might be required. In any of these cases the PRT must cite (a) particular standard(s) for the school to address.

The following briefly describes the process for a program seeking initial accreditation. Accounting programs seeking accreditation must first go through PreAccreditation that requires an Eligibility Application Form to be completed. Once those are completed and approved, the program is assigned a mentor who works with them to create an Accreditation Plan, within the framework of a Strategic Plan. The Accounting Accreditation Committee must approve that plan. When two years remain on the plan a PRT chair is appointed. This person works with the school while they prepare a self-evaluation report. Finally, the remainder of the team is appointed, the visit occurs, and a decision is made. Once accredited, that accreditation lasts six years. The program then enters the maintenance process, with a maintenance visit occurring in year five.

One can see that these processes are quite different from those we have used in the past and can be quite confusing. If you have any questions, please contact me at peacock@oakland.edu or do some searching on <http://www.aacsb.edu>.

performance review and reward processes. Increased opportunities must also allow for greater interaction to occur. If accounting programs are considered valued members of the supply chain, increased attention and support must come from all parties.

In Point #10, it is noted with concern that university administrators and deans often “sub-optimize their accounting program in favor of providing increased support to their M.B.A. program.” It is argued that business schools and those organizations that rank business schools must recognize that leaders come from both accounting programs and M.B.A. programs. Additionally, they suggest that “no business school should be considered to be top quality if it is not equally supporting” accounting and other programs. This issue is both complex and difficult. The AACSB recognizes a school’s right to establish its own mission and specialize accordingly. Similar to other organizations, schools address their comparative advantages *vis-à-vis* the shifting needs of the community and the marketplace. The market for accounting graduates has diminished over the last decade for clearly economic reasons. Relative starting salaries for accounting majors have decreased compared to those of other business majors. Applicants to accounting programs have declined. Schools contend that they have acted rationally and reasonably in redeploying their increasingly scarce resources.

Conclusion

We strongly concur that our profession is currently faced with particularly challenging times. We also agree with PricewaterhouseCoopers’ assertion that “we as practitioners and professors must add a sense of urgency to our continuing efforts to improve accounting education.” However, we do not agree with several of the conclusions in the PricewaterhouseCoopers position on accounting education—particularly given the limited and narrow data on which these conclusions are based. We value the past and current efforts of PwC to improve accounting education and hope that our response will encourage further dialogue and research on these critical issues as we all strive to improve our profession and enhance its image.

Federation of Schools of Accountancy
November 2003

Internal Audit Programs—Providing Career Options in Accountancy

David Sinason, Northern Illinois University

Currently, a majority of freshmen at colleges and universities are faced with 150-hour requirements to sit for the CPA exam, which may discourage some students from choosing accounting as a major. Several universities have found that offering students career programs at the four-year level, such as internal auditing programs, has helped attract high-quality students who view a five-year program as excessive.

Endorsed Internal Audit Programs

Working with the Institute of Internal Auditors (IIA), 43 schools in 10 countries have internal audit programs that have been designated as IIA Endorsed Internal Audit Program (EIAP). While each school is free to build an internal audit program based on its specific strengths, several common elements must be included. Each EIAP must offer at least two courses in internal audit-related disciplines, each offered at least once a year. One of these courses must focus on the principles and practices of internal auditing. Other criteria required to receive the designation as an EIAP program include:

1. The development of a program of study including the required courses, available internships, and admission criteria;
2. A tenured faculty member who holds a doctorate and is willing to establish, maintain, and direct the EIAP;
3. A “critical mass of students” to ensure that appropriate resources will be dedicated to the EIAP;
4. Support from the department, college, and/or university to provide the necessary resources to the program;
5. EIAP program that resides at accredited colleges and universities;
6. Willingness to utilize experiences from the IIA and other EIAPs in developing and revising the internal audit program; and
7. Support from the business community and government.

Students completing the program receive a certificate recognizing the students’ completion of the EIAP.

The NIU Experience

Northern Illinois University (NIU) began developing an internal audit program in early 1999. Internal audit students pursuing the IIA certificate must take Accounting Information Systems, Assurance Services, and the Internal Audit course, complete an internship in internal audit, and take an additional elective related to work normally performed by internal audit professionals. Professor David Sinason directs the internal audit program at NIU. While the course enrollments were initially small in the Internal Auditing course, the course is now offered twice each year and always has full enrollment. Beginning a program will require the commitment of resources. At NIU the department funded the costs of literature and course release time to develop the program and the internal audit course, and faculty must be kept current in this field through continuing education.

Many companies located near NIU have shown great interest in the program. The number of internal audit internships have increased each year. In addition, graduates of the internal audit program have been in high demand. Firms such as Deloitte & Touche, KPMG, Protiviti, the Chicago Mercantile Exchange, Household International, Sears, and Allstate have also made internal audit presentations on campus. Matt Garling, a manager at Protiviti, commented that having an internal audit program provides students with a career option and provides a message that good positions and good careers exist outside of public accounting. Also, Matt has more confidence in the students that come through internal audit to perform well quickly in an internal audit position, noting that “[students] understand audit techniques and objectives better and are a step ahead of students that don’t have the internal audit focus.”

Note that many students who plan a public auditing career also take the internal audit course. Because many of the large CPA firms point to internal audit outsourcing as the fastest-growing segment

of the business, some students are pursuing both the CPA and CIA designations. To that end, NIU has also begun a CIA review program to complement the EIAP.

Experiences from Other Schools

While NIU has chosen to use the internal audit program as an alternative for students to the five-year program, this is not the case with all programs. Urton Anderson, Associate Dean at The University of Texas at Austin (UT), directs an IEAP that is taught within the five-year Management Control track. According to Dr. Anderson, the program is designed to prepare students for successful corporate careers. These careers may include a stint in internal audit, which is often used as a training area in large corporations; however, the material taught in the internal audit course is applicable to a wide array of corporate management positions. The internal audit course is the second audit course taken by UT students and focuses on enterprise risk management and operational auditing. Generally, fraud examination or information systems audit is available for as a third audit course for students trying to earn their IIA certificate.

Another successful program at the graduate level is at Old Dominion University and is directed by Doug Zeigenfuss. The IIA program is part of the graduate Assurance Services track that includes a seminar in advanced financial auditing, an IT audit course, a fraud examination course, an operational audit course, three additional accounting courses, and three business electives. Approximate 10 students a year complete this track and earn their IIA certificate. Dr. Zeigenfuss points to the tremendous support received from the local IIA chapter as instrumental in maintaining a successful program. Over a ten-year period, Dr. Zeigenfuss estimates that the program has received over \$50,000 in support. The local chapter has also fostered the formation of a student chapter of the IIA.

More information about the EIAP can be found at: http://www.theiia.org/iaa/index.cfm?doc_id=209.

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ADVANCES IN ACCOUNTING

Elsevier Science

Volume 21

ADVANCES IN ACCOUNTING is a research journal providing academics and practitioners a forum through which to address current and emerging issues in accounting. Manuscripts may embrace any research methodology and examine any accounting-related subject. All manuscripts are blind-reviewed by two members of the editorial board. The results of initial reviews normally will be reported to the authors within 10–12 weeks from the date of manuscript submission. Editorial correspondence pertaining to manuscripts should be sent to the editor. A \$50 submission fee is required.

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CHAIR/DIRECTOR POSITIONS

The following positions were listed on the American Accounting Association web page as of November 15, 2003. For more information, consult the following site:

<http://aaahq.org/placements/default.cfm>

Cleveland State University, Department of Accounting, Department Chair
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The University of Texas–Pan American, Department of Accounting and Business Law, Chair

ACCOUNTING PROGRAMS LEADERSHIP GROUP 2004 ANNUAL SEMINAR

Fostering Effective Relationships in Accounting Education

Aladdin Resort & Casino — Las Vegas, Nevada — February 8–10, 2004

NEW CHAIRPERSON'S SEMINAR

Sunday, February 8

NOON – 1:00 PM

LUNCH

1:00 PM – 1:15 PM

Welcome

Bud Fennema, Florida State University

1:15 PM – 2:30 PM

Dealing with Faculty and Staff/Running the Department

Jim Benjamin, Texas A&M University

Bud Fennema, Florida State University

Ray Stephens, Ohio University

2:30 PM – 3:30 PM

Dealing with Students

Mary Beth Mohrman, University of Missouri–St. Louis

David Plumlee, University of Utah

Kent St. Pierre, University of Delaware

3:30 PM – 3:45 PM

BREAK

3:45 PM – 5:00 PM

Dealing with External Constituents

Jim Heintz, University of Kansas

Bob Keith, University of South Florida

Ken Sinclair, Lehigh University

Sunday, February 8, 2004

10:00 AM – 5:00 PM

Registration

2:00 PM – 5:00 PM

AFTERNOON WORKSHOPS

2:00 PM – 3:00 PM

Relationship between the AICPA and Accounting Education

Members of the AICPA Pre-Certification Education Executive Committee

Steve Albrecht, Brigham Young University

Hubert Glover, Georgia State University in Program Brochure

Ken Bouyer, Ernst & Young

George Krull, Grant Thornton (retired)

3:00 PM – 4:00 PM

BREAK

4:00 PM – 5:00 PM

Fund-Raising – Relationships with Donors

Moderator: Finley Graves, University of North Texas

David Donnelly, University of Nevada, Las Vegas

Casper Wiggins, University of North Carolina at Charlotte

5:00 PM – 6:00 PM

Accreditation Software

Frank Messina, The University of Alabama at Birmingham

6:00 PM – 8:00 PM

Reception sponsored by Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers

VENDORS' AREA

5:00 PM – 6:00 PM

Accreditation Software

Frank Messina, The University of Alabama at Birmingham

6:00 PM – 8:00 PM

Reception sponsored by Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers

Monday, February 9

8:15 AM – 8:30 AM

Welcome

Tom Schaefer, University of Notre Dame,

APLG President

8:30 AM – 9:30 AM

Final Accounting

Barbara Ley Toffler, Columbia University

9:30 AM – 10:30 AM

What in the World(Com) Is Happening in Accounting?

Dennis Beresford, University of Georgia

10:30 AM – 11:00 AM

BREAK

11:00 AM – NOON

A Standard Setting Perspective on Current

Issues Facing the Accounting Profession

Katherine Schipper, Financial Accounting Standards Board

NOON – 1:30 PM

LUNCH

1:30 PM – 2:30 PM

Concurrent Sessions

A. Ph.D. Programs

Moderator: Dan Collins, The University of Iowa

Steve Kachelmeier, The University of Texas at Austin

David Plumlee, University of Utah

B. MAcc Programs: *The Cinderella of Business Schools*

Moderator: Betty Jackson, University of Colorado at Boulder

Cathleen Burns, University of Colorado at Boulder

Kevin Stocks, Brigham Young University

Bill Hillison, Florida State University

Richard Joseph, The University of Texas at Austin

C. Undergraduate Accounting Programs

Moderator: Dan Deines, Kansas State University

Lee Knight, Wake Forest University

Tom Stober, University of Notre Dame

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Tom Stober, University of Notre Dame

A. Accounting Programs at Four-Year Schools

Moderator: Suzanne Summers, Furman University

Lydia Rosencrants, LaGrange College

Raymond Slaughter, University of Richmond

B. MAcc Programs (repeat)

C. Undergraduate Programs (repeat)

BREAK

Concurrent Sessions

A. The New CPA Exam – Simulations

Richard DeVore, AICPA

B. Creating Strategic Responses to Risks Facing Accounting Education

Moderator: Bette Kozlowski, KPMG

Noah Barsky, Villanova University

Anthony Catanach, Villanova University

2:30 PM – 2:45 PM

BREAK

2:45 PM – 3:45 PM

Concurrent Sessions

A. Accounting Programs at Four-Year Schools

Moderator: Suzanne Summers, Furman University

Lydia Rosencrants, LaGrange College

Raymond Slaughter, University of Richmond

B. MAcc Programs (repeat)

C. Undergraduate Programs (repeat)

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Noah Barsky, Villanova University

Anthony Catanach, Villanova University

3:45 PM – 4:00 PM

4:00 PM – 5:00 PM

Tuesday, February 10

8:00 AM – 9:30 AM

Strategic Planning for Academic Programs

Michael Hitt, Texas A&M University

9:30 AM – 9:45 AM

BREAK

9:45 AM – 10:45 AM

Proposed New AACSB Accounting Accreditation Standards

Moderator: Jan Williams, University of Tennessee

Phil Reckers, Arizona State University

Jane Mutchler, Georgia State University

AACSB's New Accreditation Process

Moderator: Shawna Gazaway, AACSB

Jim Benjamin, Texas A&M University

Susan Haka, Michigan State University

11:00 AM – NOON

BECOME AN APLG MEMBER!

The mission of the Accounting Programs Leadership Group is to stimulate excellence in accounting education through outstanding leadership of accounting programs. APLG members include directors and chairpersons of accounting programs, as well as individuals who anticipate they may assume such positions.

If you are not a member of the Accounting Programs Leadership Group, it is easy to become one.

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NEW ADMINISTRATORS OF ACCOUNTING PROGRAMS

The following new administrators have been reported to the Editor since the Spring/Summer issue:

College/University

Auburn University

Eastern Michigan University

Miami University

University of Maryland University College

University of Missouri

University of Nebraska at Omaha

University of Saskatchewan

West Virginia University

Department Chairperson/School Director

Norman Godwin

Susan Kattelus

Mark A. Rubin

Bruce Lubich

Don Deis

Richard File

Margaret Forbes

Ann B. Pushkin

Please report changes in administrators (Chairperson or Director) and send any news items, essays or other contributions that you believe might be of interest to APLG members to Gregory Carnes, Department of Accountancy, College of Business, Northern Illinois University, DeKalb, Illinois 60115. Email: gcarnes@niu.edu

Name of New Administrator: _____

Title: _____

School: _____

Address: _____

Email Address: _____

American Accounting Association

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