

NEWSLETTER:

Administrators of Accounting Programs

A Group of the American Accounting Association
5717 Bessie Drive, Sarasota, FL 33583

SPRING-SUMMER 1982-83

VOL. 7, NO. 2

PRESIDENT'S MESSAGE

To AAP Members:

The Board of Governors considered several items at its meeting held prior to the Las Vegas seminar which I thought might be of interest to you. The Board received the report of the Nominations Committee for AAP officers for next year. An election ballot was mailed to all AAP members in July. If you have not already done so, I urge you to return it immediately.

The Board considered at some length the locations for the 1984 seminars. The objective was to select a location which would facilitate easy flight transportation for many of the members, would preferably be subjected to discount airfares, and have a pleasant ambiance. The Board selected Orlando (Sheraton World, as the Disney facilities were deemed too costly) on February 16-17; and Las Vegas (MGM Grand) on February 6-7. The Las Vegas decision was not easily reached, as the west coast meetings have been there for perhaps four consecutive years. But, the location is considered to be hard to beat for all the reasons identified above.

The chairman of the Planning Committee for the 1984 seminars is Professor Russell J. Petersen (The University of Iowa) as appointed by the President-elect of the Group, Professor Gary E. White (Texas Tech University). If you have suggestions, please do drop Russ a note.

The Board determined, also, that it would make changes in the AAP sessions at New Orleans. First, the Group has declined to make use of the two concurrent sessions allotted to it. One reason is that the August meetings appear to be extraordinarily busy for most

department chairmen especially because of the recruiting pressure. Another consideration is that many of the papers which might be selected for presentation during the meetings appear to have little direct association with academic administration. The Board gave some consideration to the Group's sponsoring a panel discussion at the meetings on a subject (e.g., accreditation, as was done at the San Diego meetings), but concluded that it would not do so. The purpose, essentially, is to permit the Group members to direct attention to recruiting concerns, and to the extent time remains, then to their individual interests as academics. The February seminars, then, would appear to be the place for meeting administrative interests and needs.

The annual business session for the Group will be held on Sunday, August 21 at 5:00 p.m. in La Galerie One of the Marriott, with wine and cheese following. The members then may adjourn to the Early Bird Reception of the Association which begins at 6:30 p.m. The purpose of this change has been to move the business meeting out of competition with the business meetings of the other sections which reflect the academic interests of the AAP members, in order to more fully permit AAP member participation in the other sections.

The format and timing of the Data Base materials have changed this year over last year. That is, the questionnaire was distributed to you at the beginning of the academic year with the results then available by January. The Board had hoped that by making the data collection date later, current year salaries would be included in the materials (unfortunately, however, in the current year there were evidently some schools which, because of recession-oriented problems, had yet to determine salaries in September). If you have suggestions on how these data could be improved in their usefulness to you, please write or call either Professor Harold Wyman (University of Connecticut), the coordinating board member, or Professor E. Joe DeMaris (North Texas State University), Data Base Committee Chairman.

As AAP president this year, I served on the AAA Council (comprised of officers of the sections and regions, and the Executive Committee of AAA). During the August Council meetings, I was elected to the AAA Nominations Committee, along with three other individuals elected by Council and three past AAA presidents. The individual members of the committee

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ACCOUNTING ACCREDITATION UPDATE

At its annual meeting last April, the AACSB accredited 16 additional accounting programs at 10 schools and approved a number of changes in the accounting accreditation standards and standard-setting process.

A total of 51 programs have now been accredited at 28 schools. Three types of accounting programs which may be accredited are: (A) bachelor degrees with a concentration in accounting; (B) master of business administration programs with a concentration in accounting; and (C) master of accounting degrees, including 150 semester-hour or five-year programs.

The schools, and types of programs at each, accredited in the first and second years of the AACSB program are tabulated below.

Among other changes approved in the accreditation standards, the curriculum standards now emphasize that: "Students shall receive instruction in the design, use, control, and audit of computerized information systems." The standard further states that: "Students are expected to use the computer in accounting courses."

In a clarification of the faculty research and publication expectations, the personnel standards now state: "A reasonable cross-section of the faculty should be regularly engaged in research and publication. The scholarly productivity of a faculty offering a Type B and/or Type C program should exceed that of a faculty offering only a Type A program."

In another change in the qualifications section of the personnel standards, the term "relevant" has been dropped from the professional experience requirement, and attendance at or instruction of professional development programs will count toward meeting the requirement under specified conditions.

Providing a mechanism for additional input by accounting professionals, academic and practicing, into the standard-setting process, a new Accounting Standards Committee was created, paralleling the Standards Committee for the AACSB's general business accreditation process. The new committee is chaired by Dean Ronald Patten of the University of Connecticut. The Accounting Accreditation Committee is chaired by Dean William Shenkir of the University of Virginia.

PRESIDENT'S MESSAGE *(Continued from page 1)*

began by assembling suggestions from anyone they wished as to possible candidates for AAA officer positions, which lists then were accumulated by the chairman of the committee. When the committee met, it began by discussion of the qualifications of individuals suggested for nomination in terms of their AAA committee service, geographical region, and type of school represented. Then, the committee began voting secretly - first for three individuals, then two, then one. As an individual from a smaller school, I found the process to be as balanced and reasonable as possible; and I found it to be remarkably free from undue bias.

Elsewhere in the *Newsletter* is the paper presented by Russell C. Kick (Tennessee Technological University) at the New Orleans session in February, a paper I thought many might find interesting. *(Con'd.)* →

AACSB ACCREDITED ACCOUNTING PROGRAMS

SCHOOL	PROGRAM(S)
First Year	
University of Alabama	A, C
University of Alabama- Birmingham	A
University of Chicago	B
Cleveland State University	A, C
Creighton University	A
University of Florida	A, B, C
University of Illinois	A, C
Louisiana Tech University	A, B, C
University of Miami	A, C
University of Missouri- Columbia	A, C
Pacific Lutheran University	A
Pennsylvania State University	A, B, C
San Diego State University	A, C
University of Southern Mississippi	A
University of Tennessee- Knoxville	A, B, C
Texas A&M University	A, C
Texas Tech University	A, C
University of Virginia, McIntire School	A, C
Second Year	
Baruch College	A, B
Baylor University	B
Florida International University	A
University of Mississippi	A, C
Northern Illinois University	A, C
University of Oklahoma	A, C
Old Dominion University	A
University of Utah	A, C
Virginia Polytechnic and State University	A, C
University of Washington	A
A - Bachelor degree with concentration in accounting B - Master of Business Administration with concentration in accounting C - Master of Accounting (including 150 semester- hour or five-year programs)	

If you have comments or suggestions on any of the issues above, please do pass them along to any of the members of the Group's Board, listed elsewhere in this *Newsletter*. Also, suggestions for committee action or membership should be directed at your early convenience to President-Elect Gary White (Texas Tech University; Lubbock, Texas 79409).

Sincerely,
Charles G. Carpenter
President

MICROCOMPUTERS AND THE ACCOUNTING CURRICULUM

Russell C. Kick, Jr., Tennessee Technological University

INTRODUCTION

The introduction of the microprocessor in 1971 heralded in a new era of computer technology, one characterized by enormous concentrated computer power at a very low cost. During the 1970's, microprocessors (chips) gained widespread use and computer costs plummeted while computing power dramatically increased. Today computers with disk and printer capabilities can be acquired for under \$10,000, and computers more powerful than the average computer of the 1960's can be acquired for under \$20,000.

The so-called miracle chip, which is the heart of the microcomputer, has computing capability equal to that of the old room-sized computer, and unlike the mass of vacuum tubes and wires from which it evolved, it is cheap, easy to mass-produce, fast, infinitely versatile, and convenient. The miracle chip represents a quantum leap in the technology of mankind, a development that over the past few years has acquired the force and significance associated with the development of hand tools or the discovery of the steam engine. Just as the Industrial Revolution took over an immense range of tasks from men's muscles and enormously expanded productivity, so the microcomputer is rapidly assuming huge burdens of drudgery from the human brain and thereby expanding the mind's capacities in ways that man has only begun to grasp. With the chip, amazing feats of memory and execution become possible in everything from automobile engines to universities and hospitals, from farms to banks and corporate offices, from outer space to a baby's nursery.

Rapid development of microprocessor technology, however, is overwhelming the industry and users who apply it, and keeping pace with technological advancements is a great challenge for the accounting profession. Because technology is increasing exponentially, keeping pace is becoming increasingly difficult, if not impossible. Technology has advanced further since World War II than it did in the previous 1,945 years. In fact, technology is advancing so rapidly that it is difficult for computer and communications specialists to keep up with the changes.

Technology will progress at an even more rapid pace and will touch many more aspects not only of business but everyday life. The impact of such advancements is difficult to imagine; virtually every business will be utilizing a computer. These businesses, and millions of homes as well, will have computers which could serve as input/output terminals to the vast telecommunications networks over which financial, medical, and other data flow. An interconnected system of computers could exist and concentrations of information in data bases will be potentially exposed to the literally millions of computers in existence. Is the accounting educator and practitioner ready for such an environment? Will there be a proliferation of computer abuse and misuse? Will colleges and universities turn out accounting graduates obsolete the day they enter the job market?

These are questions which cannot be ignored as we progress through the 1980's and the avalanche of

microcomputer technology threatens to engulf the accounting profession. Steps must be taken now to educate practitioners and update curricula so that accountants, present and future, can successfully cope with and use the technology.

Accounting educators and practitioners have a serious responsibility to the business world, society, students, and themselves in preparing to meet the challenge which microcomputer technology poses. The purpose of this paper is to define the problem presented by microcomputer technology and the means by which accounting educators can meet the accelerating demands of the "microcomputer revolution." The paper is presented in four sections: (1) microcomputer technology, (2) responsibilities of accounting professionals, (3) accounting education, and (4) summary and conclusion.

MICROCOMPUTER TECHNOLOGY

A computer is a system made up of units which are pieces of hardware (electronic circuits, printed-circuit boards, switches, lights, etc.) that perform operations on given inputs to obtain required outputs. These operations are performed by a particular set of steps arranged (programmed) to occur in a particular order. The basic building block of the computer is a very simple electronic circuit called the gate. A gate is like a switch and clusters of gates can add, subtract, make simple decisions, and even store information. Taken together, the thousands of gates form the nucleus of the electronic computer.

The organization of the computer can be divided into the following classifications:

1. Input – translates data from a variety of sources into a code that the computer understands.
2. Central Processing Unit (CPU) – temporarily stores incoming information and instructions, converts the incoming instructions into a perfectly synchronized sequence of operations that processes the incoming information and adds, subtracts, rearranges, and makes decisions about numbers.
3. Storage – "permanently" saves information which can be recalled when needed.
4. Output – translates processed and/or recalled information into electrical impulses that can control an almost endless variety of devices. Thus output may take the form of words or numbers on printers or cathode ray tubes, an artificial voice, commands to an airplane's steering mechanism, or even directions to another computer.

A microcomputer is a complete computer with all its circuitry on a single (monolithic) chip, which is the microprocessor performing the functions of the CPU. The microcomputer acquired its name because of its small size. It is usually in the smallest range of size and

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slowest range of speed when compared to general-purpose computers. On the other hand, it is a complete computer system which can meet the accounting and operational needs of a small business for under \$10,000.

Because of the underlying technology of the microcomputer – the microprocessor – several clear trends are in evidence: miniaturization, lower cost, improved reliability, system integration, simplification, and greater speeds. Because of these trends, the business world is certain to change even more in the next five years than it has in the previous ten years. Virtually every business and as many as one-half of all upper- and middle-class homes will have computers capable of communicating with one another. Because of low-cost, massive storage devices, there will be enormous concentrations of information, potentially accessible by every computer. Almost all financial transactions will be passing over communications lines, updating data bases and bank accounts on a real-time basis.

Integrated systems will produce a domino effect of automated transactions, where many critical decisions and operations occur without human intervention. The “black box effect” will be magnified as data, audit trails, and operations become less visible to the human eye. And perhaps most frightening to the accountant, the number of people who can take advantage of the technology and use the computer to commit fraud is certain to increase.

RESPONSIBILITIES OF ACCOUNTING PROFESSIONALS

Almost every accounting system in the country will be automated, and probably in excess of ninety percent of all accounting entries will be generated automatically by the computer. Assets as well as information in electronic form will be the life's blood of most businesses who have become totally dependent on the computer for day-to-day operations and for survival. Who will advise the tens of thousands of small businesses and not-for-profit organizations that will acquire microcomputers in the next five years? Who will help to automate existing systems, set up systems of internal control, and perform audits? In most every case, it is the local CPA who will be responsible – a person, for the most part, ill-trained and ill-prepared to meet this responsibility.

The CPA will be responsible for helping his client choose the “best” microcomputer for his business. This will be a particularly difficult task because, unlike the components of a general-purpose computer which come in a “package,” the best set of components for a microcomputer may come from a variety of sources. And arranging for service and support for each component may be a perplexing and critical problem.

Once hardware has been selected, the CPA must help his client select software and systems. Since most systems will be packaged and there will be perhaps hundreds of systems to choose from, the CPA will have to shop around to find the most appropriate systems. Selection of software will involve evaluating relevancy to business, efficiency, cost, controls, and documentation, and a wrong choice could be costly to the business. The CPA will have to advise his client on how

the microcomputer will affect his personnel and business organization and help him to plan accordingly. He will have to help his client train his personnel, implement the systems, and establish a system of internal controls which will protect assets (including computer hardware and software) and guarantee the reliability of information produced by the computer. Improper advice on any of the above could very well ruin the business.

Because the business is likely to become highly dependent on the computer, the small businessman must be advised on how to back-up his files, update his systems to meet changing needs, and how to stay in business if his computer is “down” or even destroyed. Computer dependency has many ramifications, not the least of which is that all records are either in the computer or produced by the computer. The CPA must be capable of auditing through the computer and using the computer in the audit. To ignore the computer in the audit is a risk the CPA simply cannot take.

In the years to come the accountant will play an increasingly important role in what may very well prove to be the nearly total computerization of business. The responsibilities of not only the public accountant but the internal auditor and management accountant are very serious, for they are the ones on whom the business must ultimately depend for counsel and direction in the use and control of computer-based systems. These responsibilities are defined in terms of the capabilities which the accounting professional must possess. The accountant must be capable of:

1. Selecting computer hardware – this requires an understanding of the state-of-the-art and how to apply it to a given situation.
2. Selecting telecommunications equipment – this requires an understanding of data communications concepts.
3. Selecting software packages – this requires an understanding of automated systems and the ability to evaluate documentation.
4. Performing cost-benefits analysis – here the accountant must be able to quantify many intangibles and to forecast the impact of computer-based systems on organizations.
5. Designing automated systems – when software packages are not available or appropriate, the accountant must be able to design automated systems from scratch.
6. Advising on the impact of the computer – the effect of the computer on the organization and its personnel can be minimized through sound counsel provided by the accountant.
7. Establishing and evaluating EDP controls – this requires an understanding of facility, data-base and software protection, file back-up and reconstruction, documentation, software controls, program modifications, and disaster planning.
8. Auditing a company with automated systems – the auditor must be capable of auditing through the computer and using the computer in the audit.

The business world as well as society in general will be relying more and more on the accounting profession

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University of Missouri- Columbia	A, C
Pacific Lutheran University	A
Pennsylvania State University	A, B, C
San Diego State University	A, C
University of Southern Mississippi	A
University of Tennessee- Knoxville	A, B, C
Texas A&M University	A, C
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Sincerely,
Charles G. Carpenter
President

**ADMINISTRATORS OF
AACSB-ACCREDITED
ACCOUNTING PROGRAMS
INVITED TO MEET IN
NEW ORLEANS**

Rick Elam, Director of the School of Accountancy at the University of Missouri-Columbia, has invited administrators of AACSB-accredited accounting programs to meet to decide whether the group should organize and, if so, how. The meeting is scheduled for 2:00 p.m. on Sunday, August 21, in the Gavel Room of the New Orleans Marriott Hotel.

The idea for the meeting came forth at the AACSB meeting held in Kansas City last April. The agenda is informal. Barbara Huff will be on hand to discuss the group's relationship to the AACSB, and Gary White will be available to talk about the group's relationship to the Administrators of Accounting Programs Group of the AAA.

**AAP BUSINESS SESSION IN
NEW ORLEANS SCHEDULED**

As noted elsewhere in the President's message, the annual business session for the Group will be held at 5:00 p.m. on Sunday, August 21, in La Galerie One of the Marriott. Wine and cheese following.

CALL FOR PAPERS

Members of the Administrators of Accounting Programs Group are invited to submit a paper for presentation at the 1984 Midwest Regional Meeting of the American Accounting Association to be held in Chicago, April 4-6, 1984. Papers may address any topic area of accounting, and the program is expected to include one or more sessions dealing with topics of interest to the Administrators of Accounting Programs Group.

Completed papers are preferred; however, abstracts also will be considered. An original and three copies of the paper or abstract must be submitted by September 15, 1983. Authors will be notified of acceptance by November 30, 1983. Papers or abstracts, at the option of the author, may be published in the Proceedings.

Papers should be single-spaced and not longer than ten pages including references (abstracts minimum of two pages), and should follow guidelines of *The Accounting Review* in matters of style.

A copy of the formal "Call for Papers" which describes more detailed guidelines may be obtained from:

Jack L. Krogstad
Department of Accounting
College of Business Administration
Creighton University
Omaha, Nebraska 68178

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American Accounting Association

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