8-2012

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Teaching and Advising a New Generation of Accounting Students

A Glimpse into the NYSSCPA’s 2012 Higher Education Conference

By Stephen Scarpati and Patricia Johnson

College students considering a major in accounting and a career as a CPA quickly learn that there is nothing easy about the process: they discover that the undergraduate accounting curriculum is more rigorous than that of other business majors and they are told that this must be followed by demanding graduate studies. Students then hear of the infamously difficult CPA exam, as well as stories of long hours once they start work. To an 18- or 19-year-old student, the entire prospect can seem frightening.

Consequently, individuals pursuing careers as a CPA frequently look to professionals they know for guidance and advice. CPAs who are in a position to offer such counsel usually welcome the opportunity; often, they find it rewarding to share their experiences and instill an understanding of the profession in students. Mentors also learn something in the process: this generation of young people differs from the generations that preceded it. Furthermore, the work environment that these young people are entering offers new sets of challenges.

College accounting professors, by necessity, are at the forefront of advising students about CPA careers. This advice usually takes multiple forms. First are the facts—explaining the requirements for licensure in the particular state in which a student wants to work. Second is reassurance to an often-overwhelmed freshman or sophomore that this formidable career path is a road worth taking. While some students back away, others step up. Many CPAs often recall that the encouragement of an accounting professor pointed them toward a rewarding career.

With full recognition of their need to remain current with this mission, a large group of educators met at KPMG headquarters in New York City for the NYSSCPA’s 2012 Higher Education Conference. To assist accounting professors in their dual role of advisor and teacher, the Higher Education Conference covered the following topics:

- The Millennial generation
- Careers in accounting
- CPA licensure
- Program assessments
- Technology
- A professional update

The Millennial Generation

During the conference, a fascinating wealth of information came from Richard Sweeney, university librarian at the New Jersey Institute of Technology, Newark. He presented his research on the Millennial generation, which comprises individuals who were born between 1980 and 1994. Because this includes current undergraduate students, college professors attending the event were extremely interested in this topic. According to Sweeney’s research, this generation definitely has different behaviors from the generations that preceded it. (Exhibit 1 presents an excerpt from Sweeney's research.)

An intercollegiate focus group of accounting majors from Fordham University and Manhattan College in the Bronx, N.Y., and Sacred Heart University, in Fairfield, Conn., augmented the presentation. The ensuing dialogue with the students reinforced many of the research points and acted as a learning experience for attendees. The following lessons can be incorporated into accounting classes:

- More “hands-on” learning
- Further engagement of students, when possible
- Creating a sense of personal involvement and interaction in the classroom.

Careers in Accounting

The conference featured four sessions that covered the following topics related to careers in accounting:

- Government accounting
- Internal auditing
- Management accounting
- Accounting recruiting

Government accounting. Because government accounting is not usually included in core accounting curriculums, careers in this field can often be overlooked. Michele Mark Levine, director of accounting services for the New York City Office of Management and Budget, increased accounting educators’ awareness of the nature, variety, and quantity of career opportunities in government. She provided information and resources that were useful for interested educators and students. Levine also identified and discussed issues related to government accounting and auditing that are currently facing the accounting profession. The first issue she discussed was governmental GAAP, which is promulgated by—

- the Governmental Accounting Standards Board (GASB) for U.S. state and local governments,
- the Federal Accounting Standards Advisory Board (FASAB) for the U.S. federal government, and
- the International Public Sector Accounting Standards Board (IPSASB) for many non-U.S. government entities. (While there are some project collaborations between GASB and IPSASB, there is no planned convergence between the sets of standards.)

A second issue that Levine addressed was the question of what CPAs in government actually do. The answer, in short, was: almost everything that CPAs in any organization do. Most private sector accounting and auditing work has a governmental counterpart; however, some governmental work, such as law enforcement, is only performed in or under the auspices of government.

Levine also mentioned some of the attractions of careers in government, including—

- favorable work/life balance,
- attractive employee benefits such as health insurance and defined benefit plans, and
- a spirit of public service.

A vigorous discussion with conference participants followed, focusing on the role of politics in government accounting. Some attendees believed that this might be a drawback to careers in the field; Levine acknowledged a need to tolerate some pol-
itic is but thought that, in the end, talented people will rise through the government ranks.

**Internal audit.** Another career field that can be overlooked is internal auditing. Charles Windeknecht, vice president of the internal audit function of Atlas Air Worldwide, updated attendees on why internal auditing represents an important cornerstone in corporate governance. Windeknecht indicated that an internal audit is an objective assurance and consulting activity designed to add value and improve an organization’s operations; it helps an organization accomplish its objectives by using a systematic, disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes.

Windeknecht said he believes that it’s a great time to be an internal auditor because, not only is the profession growing, it offers accountants the opportunity to understand a business, its risks, and its controls. He also briefed educators on the Institute of Internal Auditors (IIA), the international professional association established in 1941 that has more than 150,000 members and operates in 165 countries and territories. The IIA’s vision is to be the global voice of the internal audit profession—advocating its value, promoting best practices, and serving its members.

**Management accounting.** Jeffrey Thomson, president and CEO of the Institute of Management Accountants (IMA), shared his perspective on this field. According to Thomson, too much time is spent recording rather than driving businesses. He discussed the importance of “preparing students for careers in accounting and not just their first job.” In addition, he stated that about 80% of students will eventually work in the field of management accounting and that the global market for accountancy remains “healthy and resilient.”

The IMA and the management accounting division of the American Accounting Association are currently developing a model curriculum for management accounting. Student chapters and academic partnerships play an important role in this curriculum. Resources for faculty include case studies for use in the classroom, as well as research opportunities.

*Accounting recruiting.* A panel of college recruiters from KPMG, PricewaterhouseCoopers, McGladrey, Protiviti, and O’Connor Davies spoke about the current status of recruiting young accountants, as well as their expectations for new graduates. Representatives from both big and small firms debated the relative benefits of each entity. Recruiters from smaller firms emphasized the opportunities for young accountants to experience a greater variety of industries and more fully develop their skill sets.

*Many CPAs often recall that the encouragement of an accounting professor pointed them toward a rewarding career.*

Recruiters from large firms noted the trend toward increased specialization earlier in the careers of young accountants who joined their firms, as well as more exposure to both international and larger clients. Additional comments from the panel included the following:

- The expansion of the definition of public accountancy in New York State has not had an impact.
- Increasingly, an internship is the optimal first step on the path to a full-time position.
- All firms place a high priority on students’ plans to attain their 150 hours of education prior to beginning employment.
- The lack of business writing skills among college graduates continues to be a problem.
- The current generation of young adults is more “laid-back,” with a more casual communication style that is often not appropriate in business circumstances.
- Educators were urged to get to know the partners and recruiters of the firms visiting their campuses.

**CPA Licensure: New York State Update**

Mary Beth Nelligan-Goodman, acting executive secretary of the New York State Board of Accountancy, provided timely information about the education requirements for 1) sitting for the CPA exam and 2) becoming licensed as a CPA. For the former, applicants need to have completed 120 credit hours and must have taken one course in each of the following areas:

- Financial accounting and reporting
- Cost or managerial accounting
- Taxation
- Auditing and assurance services.

In order to become licensed, applicants must show that they have completed 150 credit hours, including 33 hours in accounting and 36 hours in business, as well as one year of experience. They must demonstrate that they have covered ethics and professional responsibilities, business and accounting communications, and accounting research; however, these areas can be embedded in a variety of courses. Applicants can count internships in accounting as belonging to either the accounting or business content areas. The 2009 accountancy reform law expanded the scope of practice in New York; now a broad range of experience, under the direction of a CPA, will qualify an individual for licensure.

The passing rate on the CPA exam has remained relatively consistent over the past several years. In 2011, coverage of International Financial Reporting Standards (IFRS) was added to the exam, along with changes in the simulations, a new research task format, new authoritative literature (FASB codification), and the inclusion of the written communication component in the business environment concepts (BEC) section of the exam. Candidate satisfaction with the exam remained high. Starting in August 2011, the CPA exam was offered in selected Prometric testing centers overseas; the exam is given in English, and candidates abroad must meet the same requirements as U.S. candidates.

One noteworthy change in the continuing education requirements relates to the
professional ethics requirement: effective for registrations taking place on or after January 1, 2012, the required four credits of ethics must be completed within the three prior calendar years.

Program Assessment

The issue of program assessment is one that all educators have been dealing with, in one form or another. Eileen Beiter, an assistant professor at Nazareth College, Rochester, N.Y., and Maxine Morgan-Thomas, an assistant professor at Long Island University, Brooklyn, N.Y., shared their experience developing and refining program-assessment strategies. They emphasized the importance of identifying what is being assessed, how it is being assessed, and where it is being assessed (what course or series of courses), as well as keeping the process simple. Takeaways for conference attendees included curriculum-mapping examples and sample rubrics. To stay competitive, programs must let the results, both favorable and unfavorable, inform future changes in the curriculum.

Technology

It is important for both educators and students to understand the role of accounting information systems, as well as the available technology tools, in making the practice of accounting more efficient.

Accounting information systems. The importance of understanding how to effectively provide information in order to support decision making and business processes has grown as the role of accounting in an organization has evolved. One related topic, requested by conference attendees in

| EXHIBIT 1  |
| Research Excerpt: How Millennial Behavior Differs from Previous Generations at the Same Age |

| Millennials | Born from 1980 to 1994; ages 32 to 18 in 2012; largest generation since Baby Boomers; most racially and ethnically diverse U.S. generation ever; more than 40% are children of divorce. |
| More Consumer Choices; Selectivity | One of the most important Millennial behaviors is their expectation for more selectivity and options. They have grown up with a huge array of choices and they believe that it is their birthright. They feel less need to conform in their consumer choices to everyone else in their generation or other generations. The converse is also true: they are most unhappy with limited choices. |
| Personalization and Customization | Once Millennials do make their choices in products and services, they expect many personalization and customization features that meet their changing needs, interests, and tastes. |
| Impatient | Millennials, by their own admission, have no tolerance for delays. They require almost constant feedback to know how they are progressing. They hate it when they are delayed, required to wait in line, or have to deal with some lengthy unproductive process. The need for speed and efficiency—or, as some believe, instant gratification—permeates virtually all of their service expectations. |
| Experiential Learners | Millennials strongly prefer learning by doing. They almost never read the directions; they love to learn by interacting. Multiplayer gaming, computer simulations, and social networks are some of their favorite environments and provide little penalty for their trial-and-error learning. By and large, Millennials have said that they find their average lectures boring. With such experiential learning, Millennials get much more interactivity and feedback about what works and what does not. |
| As Employees | They expect to spend no more than 18 months to two years in their first job, expect constant practical training and useful skills, want office hours with flexible schedules, and are more likely to be recruited online. Sixty-one percent of CEOs say they have difficulty attracting and integrating younger workers. |
| Balanced Lives | They don’t want to work 80 hours per week and sacrifice their health and their leisure time, even for considerably higher salaries; free time is more important than compensation. Yet, they typically expect incomes exceeding their parents. |
| Flexibility/Convenience | Millennials prefer to keep their time and commitments flexible longer in order to take advantage of better options; they also expect employers, other people, and institutions to give them more flexibility. They want to “time and place-shift” their services, where and when they are ready. They want more granularity in the services, so they can be interrupted and finish when they are ready without loss of productivity. |

Source: Richard Sweeney, New Jersey Institute of Technology, 2012, used with permission under a Creative Commons attribution, share-alike, noncommercial license.
previous years, focused on how to develop and implement a course in accounting information systems. James Goldstein, an assistant professor at Canisius College, Buffalo, N.Y., shared tips on establishing a course, topics to cover, and software and textbooks that educators can utilize.

The following were the objectives for a course in accounting information systems:
- Identifying and modeling business processes
- Designing and implementing systems to carry out routine tasks
- Designing and implementing internal controls in information systems.

**Tools for improving efficiency and effectiveness.** CPAs Stephen Valenti and Peter Frank shared how they utilized a variety of technology tools, both at work and at home. Whether organizing a music collection or accessing client tax returns remotely, users should select the right device for the task at hand, considering both costs and benefits. Whether individuals are students, educators, or practitioners, the key is to identify the features of new tools that are most important to those individuals. Functionality is crucial.

For educators interested in augmenting the classroom experience, it can be time-consuming to try to understand the limitations of technology, such as device specifications or wireless data plan contracts, but it is definitely time well spent. The ability to access files anywhere at any time has become a reality; the choice of what device to use in doing so is an individual decision. Valenti and Frank’s presentation concluded with a look into the near future, and highlighted the following near-term developments:
- New operating systems
- Cross-platform compatibility
- Enhanced processor, graphics, and battery life
- Lighter devices
- Hybrids
- Improved cloud options.

**Professional Update**

Keeping current on what is happening with the SEC, FASB, the International Accounting Standards Board (IASB), and the Public Company Accounting Oversight Board (PCAOB) is important to all accounting professionals. Teresa E. Iannacconi, a partner at KPMG, presented an update on issues currently under discussion within the profession. Her remarks focused on what constitutes risk—accountants and auditors need to consider risk not only with regard to what should be quantified on the financial statements, but at a broader level. Exposure to reputational risk in the Internet age is an area of increasing concern for corporations.

The SEC has recently issued guidance on assessing the need for disclosures about cyber security, as well as European debt exposure. Disclosure overload continues to be discussed, and the question of enhancing understanding—utility—should be the main concern in determining the right level of disclosure. Foreign operations are also high on the SEC’s agenda as legal and cultural differences continue to complicate international transactions. In addition, Iannacconi encouraged educators to familiarize students with uncertainty in financial statements; everything on the statements, with the possible exception of cash, involves uncertainty to some degree. Fair value, the use of non-GAAP measures, and loss contingency disclosures have also received recent attention from the SEC.

Two current FASB-IASB joint projects focus on revenue recognition and accounting for leases. The final revenue recognition standard is expected later this year. The scope of the proposal is limited to revenue arising from contracts with customers. One of the key impacts of the new standard for lease accounting is the inclusion of virtually all leases on the balance sheet, effecting key ratios and covenants. The boards received more than 800 comment letters in response to the original exposure draft, which led to the reexposure of the proposed leasing standard. The final leasing standard is expected in 2013, with a likely effective date of 2016 or later.

Modifications to the auditor’s report, auditor independence, and auditor rotation have all been under discussion by the PCAOB. The final standard on communications with audit committees is expected later this year.

**Collaborative Benefits**

Collaboration among practitioners and educators provides students with a bridge to the profession, and taking the opportunity to learn from each other helps ensure that students receive a relevant education that meets the needs of their future employers. For those in attendance, the NYSSCPA’s 2012 Higher Education Conference provided information that can be applied in the classroom to improve accounting education. In addition, professors gained updated insight and knowledge that will help them better advise a new generation of accounting students as they embark on the path to becoming a CPA.

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**Correction**

In “The Best Firms to Work For: Popularity, Prestige, and Quality of Life Rankings Explored,” published in the July 2012 CPA Journal, Ernest Patrick Smith was incorrectly identified as a professor of fraud and forensic accounting at Hofstra University; he is an adjunct instructor of fraud and forensic accounting. In addition, one statement attributed to Smith—“And in at least one graduating accounting class at Hofstra, not one person has plans to work at a large accounting firm, according to Smith”—was meant to refer to one accounting class that he taught that included six students, rather than the entire graduating class of the university. The editors apologize for any confusion.