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# Developments in Accounting Education

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## Developments in Accounting Education

By Stephen Scarpati

Whether in public practice, industry, government, or academia, all CPAs face the challenge of staying current with the competencies, skills, requirements, and demands associated with the profession. College accounting professors received important guidance in their mission to educate and advise accounting students at the recent Accounting Educators Conference sponsored by the NYSSCPA's Higher Education Committee. Topics covered included—

- the Public Accountancy Act of 2009,
- using the new codification,
- changes to the CPA exam,
- CPA licensing,
- current developments in recruiting young accountants, and
- the new generation.

Following are excerpts and observations from the conference that are instructive not only for educators, but also for all those in the profession who interact with prospective accountants.

### Public Accountancy Act of 2009

The new education requirements under the Public Accountancy Act of 2009 for New York CPA licensure as well as for the CPA exam were major discussion points for Dan Dustin, executive secretary for the New York State Board for Public Accountancy. Dustin noted the following:

- The new law provides more flexibility in curriculum content for college accounting programs.
- Ethics and communication components must be incorporated into the accounting major curriculum.
- A comparison of the requirements under the Uniform Accountancy Act (UAA) and New York State law indicates much comparability, although New York law appears to be a bit more rigorous.
- CPA exam passing rates are higher under computer-based testing than under the old handwritten method.

The Public Accountancy Act of 2009 significantly changes the education and experience requirements for CPA licensure. It is critical that those in the profession who counsel future CPAs understand the requirements and implications of this important new legislation.

### Using the New Codification

Professors Tom and Heidi Tribunella explained the new FASB Accounting Standards Codification, which has become the single authoritative source for nongovernmental entities of U.S. GAAP. The codification organizes GAAP by subject matter instead of chronological issuance. Topics are organized around major financial statement

change to the exam, to be launched January 1, 2011, is the inclusion of IFRS. The following is a summary of the IFRS included in each section:

**Auditing (AUD).** Candidates are expected to demonstrate knowledge and awareness of—

- the International Auditing and Assurance Standards Board's role in establishing International Standards on Auditing (ISA),
- differences between ISAs and U.S. auditing standards,
- the role of the International Ethics Standards Board for Accountants in establishing an International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants, and

**A comparison of the requirements under the Uniform Accountancy Act (UAA) and New York State law indicates much comparability, although New York law appears to be a bit more rigorous.**

items (assets, liabilities, equity, revenue, and expenses) and also include general principles, presentation, broad transactions, and industry.

For educators, the biggest challenge is to stop referring to the old numbered standards and use the codification nomenclature instead. Many professors have adopted codification in their classes, particularly those with accounting research courses. For those who have not, there was relief to find that the new codification system is cross-referenced with the former FASB statement numbers.

### Changes to the CPA Exam

Understanding the upcoming changes to the CPA exam is critical to accounting professors for educating students. Elaine Rodeck, AICPA director for examinations strategy, provided information on this topic at the conference. By far the biggest

■ related independence requirements when auditing a U.S. company that supports an audit report based on auditing standards of another country or ISAs.

**Financial Accounting and Reporting (FAR).** Candidates are expected to:

- identify and understand the differences between financial statements prepared on the basis of U.S. GAAP as compared to IFRS; and
- be familiar with first-time adoption of IFRS related to financial reporting, presentation, and disclosures in general-purpose financial statements.

**Regulation (REG).** This part of the exam has not been modified to reflect IFRS, but it may be modified in the future.

**Business Environment and Concepts (BEC).** Candidates are expected to:

- demonstrate an understanding of globalization on the business environment, and

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## Many firms also expect that candidates will have passed all or part of the CPA exam before beginning full-time employment.

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- explain the underlying economic substance of transactions and their accounting implications.

The clear implication is that CPAs will need to be “bilingual”: They will be expected to understand, and be able to work under, both U.S. GAAP and IFRS.

### Current Developments in Recruiting Young Accountants

One of the most rewarding aspects of being a college accounting professor is witnessing the excitement of students when they are hired for that first accounting position. Lisa Brandt, director of human resources at UHY Advisors, and Bridget Kennedy, manager of campus recruiting for KPMG, updated educators on college recruiting. They noted the following trends:

- In recent years hiring has been relatively flat, but this year it is picking up a bit.
- Accounting firms are looking for candidates to be “150 ready” when they begin work; that is, they must have completed the 150-hour credit requirement for licensure.
- Many firms also expect that candidates will have passed all or part of the CPA exam before beginning full-time employment.
- As a result of the above expectations, there has been some shift in the timing of internships, moving more toward after the senior year in college, as well as before or during MBA studies.

### The New Generation

There was universal agreement among conference participants on one aspect of college students: All bemoaned the lack of oral and written communication skills, as well as professional business etiquette, in the current generation of graduates. Nearly everyone had stories and experiences of exasperating behaviors:

- A young accountant was on an audit engagement. Accustomed to instant text-messaging, the young accountant sent a text to a client employee requesting information. When the client employee did not immediately respond, the young accountant sent a text again—and again, and again, and again, every 15 minutes. After an embarrassing complaint, it was explained to the young accountant that this was not proper business behavior.
- Accounting firms find that prior to sending young accountants on their initial engagement, they must instruct them on professional business etiquette. They sometimes have to be told, for example, that they may not address clients by their first name, as

is their practice, but must address clients as Mr. or Ms. unless they are told otherwise.

- It is not uncommon for a student to send a resume to an accounting firm with a cover letter that is filled with grammatical and spelling errors. (Generally, these individuals are not hired.)
- College professors routinely receive e-mails from students that begin with “Hey.”

While there were differing opinions on the cause, there was concurrence that the deficiency in these important social skills among this generation is real. For accounting educators, recognizing this challenge—and the many others presented by recent changes in the reporting, regulatory, and licensing environments—is just the next step in preparing the next generation of accounting professionals. □

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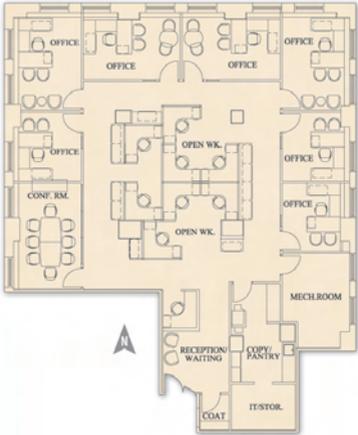
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