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Education

Programs and Schools of Professional Accounting

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Educational needs of the entry-level professional accountant continue to be studied by the accounting profession. One of the most authoritative and far-reaching recent activities is publication of the *Discussion Draft: Standards for Professional Accounting Programs and Schools*¹ of the AICPA Board on Standards for Programs and Schools of Professional Accounting, chaired by Herbert E. Miller. While the Discussion Draft may be revised following the exposure period, it reflects current attitudes toward, and goals for, those university accounting programs educating practitioners of the future. The Draft should be of interest to all practicing accountants — public and private — since accounting graduates soon may be entering the market with more extensive backgrounds than at present.

The AICPA Board was charged “to identify those standards that, when satisfied by a school, would justify its recognition by the profession.”² The purpose of this article is to summarize the standards recommended in the Discussion Draft and to present the writer’s views on programs of professional accounting. To understand the setting and background to the standards, the Board first presented its views on the profession and educational needs and its views on the academic environment.

Discussion Draft

The Profession and Its Educational Needs

Educational programs eligible for accreditation are those training accountants whose career aspirations require the high-

est degree of expertise. Professional accounting education is not limited to those seeking careers in public accounting, but is intended for those seeking a variety of occupations.

The Board recommends that graduates of professional accounting programs meeting the specified standards should be permitted to sit for the CPA Examination immediately and, upon passing, be awarded the CPA certificate. State Boards of Accountancy may impose additional requirements for a license to practice.

To ensure that standards for educational programs in accounting are responsive to the profession’s needs, and to assist schools in attaining the standards, an accreditation process is proposed. While the Board does not elaborate on the accreditation process, it recommends that the AICPA cooperate with other appropriate organizations in formulating such a process.

No specific administrative and organizational structure for housing professional accounting programs is recommended. The program may be offered in separate schools of accounting or within schools of business. The important consideration is the degree to which the administrative structure supports the program and the objective of student preparation for professional accounting careers. Consideration is given to the performance of graduates and to the environmental conditions and standards of quality maintained by the school.

Standards for accreditation apply to five-year programs of study — two years of preprofessional education and at least three years of professional education. A postbaccalaureate degree may be awarded

under such conditions. While accreditation would not apply to a four-year curriculum, presumably a student could “bail out” of an accredited five-year program with a Bachelor’s Degree at the end of four years of study. Further, a professional program offered entirely at the postbaccalaureate level is encouraged.

The Academic Environment

The Board considers that certain environmental conditions are necessary for the effectiveness of a professional accounting program. The objective of the program should be the graduation of entry-level professional accountants. The program and its academic environment should include appropriate teaching methods whereby the student will acquire the body of knowledge needed in accounting careers, as well as the ability to use such knowledge in the learning process.

Professional accounting programs require a separate identity. According to the Board, identity is a motivating factor for successful completion of the educational process. Identity allows visibility both within and outside the academic setting. It fosters a feeling of esprit de corps among students.

Autonomy also is believed to be a significant factor in the success of the professional accounting program. Administrators of the program should have authority and responsibility for formulating and administering the program including:

faculty selection, retention, compensation, promotion, and tenure; the development of policies governing curriculum; the selection of methods of instruction; the establishment of academic

standards for admission, retention, advancement, and graduation of students; and all budget matters.³

Standards for Professional Accounting Education

To achieve accreditation, certain standards must be met by the accounting school or program (not the university or the school of business):

General Standards⁴

The objective of the school (program) shall be the education of professional accountants.

The school's (program's) parent institution must be accredited by the appropriate regional accrediting organization.

The accounting school (program) should have been established and in operation for such period of time as to make possible an effective evaluation.

Admission and Retention Standards⁵

Students selected for admission should show a high probability of success in the study of accounting.

Students are expected to enter the accounting program following completion of at least two years of preprofessional education. Students are expected to have acceptable grade point averages on prior study and acceptable scores on an Admission Test (presently being developed).

Students should be permitted to continue in the school (program) only by maintaining a satisfactory academic grade level as determined by the accounting faculty.

Curriculum Standards⁶

The curriculum shall provide broad education to prepare students for professional accountancy practice and to develop those qualities which will enable them to achieve success in their professional careers.

The curriculum should include a study of business and government activities relating to accounting. Continuous reexamination of curriculum content should be undertaken, and courses of study within the program should be well correlated.

As a minimum, the curriculum shall consist of at least two years of pre-accountancy preparation and not less than three years of progressively more advanced professional level study.

The preprofessional program should provide for a broad general education including an understanding and knowledge of topics relevant to accounting such as economics, the behavioral sciences, logic, ethics, mathematics, statistics and probability theory, and both written and oral communication.

Such study should provide the student with the *foundation* necessary for the study and practice of accountancy.

The professional course sequence should provide an understanding of the "discipline

of accounting" and of the "environment of accounting." Courses in the discipline of accounting cover organization of the profession, ethics and responsibilities, accounting (financial, managerial, governmental), taxation, electronic and nonelectronic recording systems, and auditing. Courses in the environment of accounting cover the institutions and functions of business and public administration, quantitative methods in decision-making, economic analysis, and business law.

The advanced courses in the final year of professional study should cover the concepts and skills required in the several areas of practice: auditing; public, managerial, or governmental accounting; tax advising; and management advisory services, including data processing and the systems area. The advanced professional study should give consideration to the impact of regulatory agencies and professional bodies on current and emerging accounting issues. This broad coverage permits only limited specialization within the five-year program; additional study would be required to achieve substantial specialization.

The content of the individual courses should be designed so that students will be exposed to appropriate technical literature and use of a computer.

Faculty Standards⁷

The academic faculty shall possess the educational qualifications, professional practice experience, professional interests, classroom teaching ability, and scholarly productivity essential for the successful conduct of a professional accounting school or program.

Faculty qualifications considered necessary by the Board, in addition to appropriate education and practice experience, include certification (such as the CPA certificate), involvement in curricular development, research, writing, and publication, continuing professional practice, and continuing education.

In establishing and applying criteria for evaluating faculty performance, teaching should be of primary importance. Faculty involvement in research, significant non-classroom activity in maintaining contact with the practice of the profession, and service to the community are also essential. In evaluating research, equal value should be given to theoretical, applied, and education-oriented studies.

The number of full-time academic faculty shall be adequate to meet the commitments of the school or program, and the full-time faculty shall be distributed among ranks, subject areas, day and evening classes, and locations. In assigning the academic loads of individual faculty, consideration should be given to the total responsibilities borne by each member of the faculty.

In the comments section to this standard the Board states:

At least 50 percent of the required full-

time-equivalent faculty should hold an appropriate earned doctorate. At least 60 percent of the required full-time-equivalent faculty teaching accounting subjects should have the CPA certificate. As a further measure of the faculty's professional capability, 60 percent of the full-time faculty teaching accounting subjects should have the CPA certificate.

Not less than 60 percent of the full-time faculty should have relevant professional accounting practice experience to bring to the classroom.

There should be an adequate number of support and service personnel to assist the faculty in meeting the stated objectives of the professional accounting school (program).

Financial Support and Budget Standards⁸

The administration of a school (program) of professional accounting should be able to demonstrate that the continuity of the education program is assured.

The budgetary support for the accounting school (program) should be adequate to meet the standards covered in this document.

Physical Plant and Equipment Standards⁹

The physical plant and equipment should be adequate to meet the requirements stated in the school's (program's) objectives.

Library and Computer Standards¹⁰

The accounting library, whether established separately or as a section of a combined library, should be well-housed, conveniently located, and open at reasonable hours for students and faculty use. The collection of accounting materials should be adequate to meet the curriculum and research needs of students and faculty.

The library should be administered by a professionally qualified staff and should have an adequate budget for appropriate current accessions.

The computer center or access terminals should be well-housed, conveniently located, and available for student and faculty use on a scheduled basis which provides opportunity to use the computer's capability in both class assignments and research.

Standards of Performance for Graduates

The following standards¹¹ are not included within those specified to achieve accreditation. Nevertheless, these standards would be used in evaluating the total effectiveness of the program.

Graduates of the professional accounting school (program) should possess the professional attributes and knowledge of a beginning professional accountant.

Graduates should be capable of passing the qualifying entrance examination for the profession.

Graduates of the professional accounting school (program) should be capable of working effectively as beginning professional accountants and should have the capacity for

growth to positions of increased responsibility in the accounting profession.

Evaluation of Standards

Accreditation of an accounting program would indicate that the program met at least minimum standards deemed necessary to graduate an entry-level professional accountant. Many accounting faculty will desire such accreditation of their programs if the major universities in the nation set the example. However, certain problems exist and should be considered prior to final adoption of standards and of an accreditation process.

Major universities and others of excellence may not choose to set the example. They may not feel that accreditation is needed or desirable. Or, they may not be able to comply with certain standards such as those requiring autonomy. If the accounting faculty of universities of excellence do not accept the challenge, the accreditation process may fail.

Deans (School of Business) and other university administrators may not feel that accounting education justifies the resources necessary for accreditation. Notice that not only must 50 percent of the required full-time equivalent faculty hold an earned doctorate, but also 60 percent of the full-time faculty must have the CPA certificate and must have relevant professional accounting practice experience. (The CMA is not mentioned in the Discussion Draft, but it may appear after the exposure period.) With the existing shortage of professors with the earned doctorate, the added qualifications of experience and certification probably will result in rising faculty salaries for those with such qualifications. Coupled with rising salaries is the possible need for additional faculty due to an increased number of classes (5 years of study) and a limitation on students taught by faculty (not less than one full-time equivalent academic staff for each 350 student credit hours per term). Other drains on total university funds may result from the need for adequate support personnel, adequate physical plant and equipment, and adequate library and computer facilities. In other words, university administrators and possibly state legislators must recognize a need for the proposed change in accounting education or the funds may not be available.

Others who must recognize a need for the proposed change in accounting education are employers and students. Employers must be willing to support a five-year program of study by a differentiation in employment offers to those graduating

from a five-year program as opposed to those graduating from a four-year program. Students must be willing to invest an additional year in academic study, and to do so they must understand the merits of proposed changes. Professional accounting organizations must be willing to help educate their members.

The position of the American Assembly of Collegiate Schools of Business (AACSB) on separate accounting accreditation is not clear. However, certain officers have expressed an interest in cooperating with an accreditation committee. Also, the Board of Directors of the National Association of Accountants (NAA) has expressed a willingness to help finance an accreditation program. Organizations other than the AICPA and NAA have not taken official positions, but several are responding to the Discussion Draft.

The question arises of future eligibility to sit for the CPA examination. Graduates of accredited programs would be eligible to sit for the exam immediately. What about graduates of four year programs? Would State Boards of Accountancy continue to control requirements for sitting for the exam for such graduates? Or, in the future would only those graduating from an accredited program be eligible to sit for the CPA examination? (And what changes may be made for sitting for the CMA examination?)

On the positive side, graduates of accounting programs (schools) are expected to be better prepared for accounting careers due to additional exposure to both technical aspects of accounting and practical applications. The student is expected to study current pronouncements of all authoritative bodies, to learn how to research a problem, to explore current topics, and to develop an inquisitive mind and a professional attitude. Future graduates are expected to perform well on entry-level examinations, such as the CPA exam. There is no reason why the future pass-rate on such examinations should be relatively low compared to examinations in comparable professions.

Quite possibly the demand on financial and faculty resources may result in relatively few accounting programs across the nation achieving accreditation. Accredited schools soon may exist in a few selected areas in each state, producing the majority of accounting graduates. Such a trend could result in economies of operation and continuous improvements in curricula and teaching methods. Smaller schools without adequate resources to operate accounting programs may become feeder schools. They may offer only basic ac-

counting courses, or they may limit their educational services to students electing four years of study for less challenging careers in accounting.

The writer believes the AICPA intends to pursue its present course of action in implementing an accreditation process. The extent to which universities, employers, students, and professional organizations support such a movement will determine its success. The concept has been "talked" for a relatively long period. Today is the time for action.

Notes

¹*Discussion Draft: Board on Standards for Programs and Schools of Professional Accounting* (New York: American Institute of Certified Public Accountants, 1976).

²*Ibid.*, p. 1.

³*Ibid.*, p. 4.

⁴*Ibid.*, pp. 4-5.

⁵*Ibid.*, pp. 5-6.

⁶*Ibid.*, pp. 6-9.

⁷*Ibid.*, pp. 9-11.

⁸*Ibid.*, pp. 11-12.

⁹*Ibid.*, p. 12.

¹⁰*Ibid.*, pp. 12-13.

¹¹*Ibid.*, p. 13.