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# The Sarbanes-Oxley Act and Undergraduate Courses

*A Survey of Current Practice*

*By Grace F. Johnson*

**T**he Sarbanes-Oxley Act of 2002 (SOA) and its ability to make substantive improvements in corporate financial reporting is an important subject for accounting educators to incorporate into their undergraduate courses. Students must be made aware of the consequences of SOA, its effects on accounting practice, its impact on corporate information systems and business processes, and how it has altered management decision making. A survey was conducted to provide insight into the teaching

approaches that are used to integrate SOA into undergraduate accounting courses.

## **Data-Gathering Approach and Methodology**

Information was gathered from December 2003 through April 2004 from course documentation found online. The syllabi and course schedules for 61 accounting courses were

examined to determine how much coverage was given to SOA. Of the 61 institutions, 64% were public and 36% were private. In addition to this content analysis, the instructors for nine courses responded to specific follow-up questions about teaching techniques, assignments, or projects that were in their syllabi or course schedules.

Two caveats for interpreting the results are that faculty did not always list every topic on their syllabi and course schedules, and that not all instructors make their syllabi and course schedules available on the Internet. Nonetheless, the results provide a glimpse of current practice in a sample of undergraduate accounting courses.

*Exhibit 1* identifies the disciplines represented by the 61 courses in the study. Nearly one-half of the courses in *Exhibit 1* were related to auditing, with a smaller number of courses in the financial reporting and accounting information systems areas.

#### Teaching Methods and Assignments

*Exhibit 2* summarizes the teaching methods, with regards to SOA, employed in the 61 courses; multiple methods were identified for some courses.

Nearly 46% of the syllabi or course schedules included SOA as a topic for class

coverage or discussion. Approximately one-third of the faculty used one or more sources of reading materials (textbooks, Internet sites, white papers, and journal or newspaper articles) for their courses. Almost one-fourth of the faculty assigned research and a paper on SOA. These papers ranged from short, one-to-two-page summaries to longer, six-to-eight-page analyses. Less than 5% of the syllabi, however, explicitly listed the development of an understanding of the Sarbanes-Oxley Act as a course objective or competence.

#### Observations

Accounting educators are familiar with the skills and capabilities of their students and can determine the most effective ways to cover SOA, including lecture, class discussion, or more detailed research or written or oral presentations. Suitable materials for classroom use and research can be found in many textbooks, newspapers, journals, and other professional resources. □

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#### EXHIBIT 1 Courses with Sarbanes-Oxley Act Coverage

Principles of Financial Accounting	1.6%
Managerial Accounting	3.3
Intermediate Accounting	8.2
Accounting Information Systems	11.5
Auditing/Assurance and Attestation	47.5
Taxation	3.3
Financial Reporting	8.2
Advanced/Governmental/Nonprofit Accounting	6.5
Accounting Capstone/Internship	3.3
Legal Environment/Business Institutions	3.3
Other	3.3

#### EXHIBIT 2 Use of Sarbanes-Oxley Act Material

SOA listed on syllabus for coverage or discussion during class	45.9%
Required reading material (textbook, white paper, article)	31.1
Students research and write individual papers or cases	23.0
Students work in groups to research, prepare papers, and deliver oral presentations	8.2
Skill or competency listed on the syllabus	4.9
Suggested or supplemental reading material	4.9