

# The Accounting Accreditation Planning Committee

The composition of accredited collegiate programs for accounting degrees will greatly influence the future of the profession and the training of new professionals. The author describes current developments on this important area and urges a hard look at the relevance of proposed requirements for prospective public accountants.

THE draft report of the Accounting Accreditation Planning Committee (AAPC) submitted on behalf of the Operations Committee of the Accrediting Council of the American Assembly of Collegiate Schools of Business (AACSB) in September 1979 is, of course, of interest to academics. But it should be of even greater interest to professional public accountants. If adopted, it will provide the ground rules for accreditation of accounting programs at colleges and universities by setting standards for curricula, faculty, etc., and would thereby affect the future preparation of entrants into the public accounting profession. At present, the registration of collegiate accounting programs (a form of accreditation), completion of which generally permits admission to the CPA examinations, is a function of the individual states. The AAPC recommendations appear to be aimed at securing national uniform accreditation standards; the reviews of programs would be performed by AACSB Committees. The adoption of the AAPC recommendations could well shift the authority for registering programs to an academic rather than, as at present, a professional body appointed by the states.

## Background

The AAPC came into being as a reaction to the AICPA move in 1974 concerning accreditation when it designated its own Board on Standards for Programs and Schools of Professional Accounting. The American Accounting Association (AAA) Committee on Accounting Education published its own set of standards at about the

same time. The AICPA and the AAA then created a joint committee to discuss the structure of a body and procedures for an accounting agency. In 1978 the AACSB proposed to the joint committee that AACSB attempt to set up accrediting standards for accounting programs and use its experienced accrediting organization to implement the objectives of the joint committee. The proposal was accepted and the Accounting Accreditation Planning Committee (AAPC) was appointed, consisting of two professors representing the AAA, two representatives for the AICPA, one each from the Financial Executives Institute and the National Association of Accountants and two deans representing the AACSB. The AAPC released its draft report on September 26, 1979.

## Objective of Accounting Programs

The draft states that "the objectives of accounting programs shall be to educate students to commence and continue to develop careers as *professional accountants*" (emphasis supplied). Profession is defined by the AAPC to include careers in public practice, industry, finance, government and nonprofit organizations. The word profession is used throughout the report in this broad context and does not at any time directly focus on professional *public* accounting or its unique training needs as differentiated from the other career opportunities in accounting. The programs and curricula accordingly focus on the needs of professional accountants, wherein the phrase is synonymous with any accounting activity in the private or public sector. One can hardly take issue with the desirability of accrediting accounting programs developed to meet the variety of markets for accounting graduates. Indeed, the great majority of these graduates do not enter the profession of public accounting. It is worth noting that the AICPA in releasing the report of its Board on Standards for Programs and Schools of Professional Accounting (1977), which also used the broad definition of

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profession, stated that the report is received "with the understanding that the term 'professional accounting education' is not intended to define the term accounting profession."

It is urged that this is a fundamental weakness of the draft report, as it was in the AICPA report. The CPA engaged in public practice has responsibilities that are different from those of others engaged in accounting work, and this suggests a unique program designed to meet these responsibilities. The reasons why a unique graduate program is needed for entrants into professional public accounting were articulated in a letter (June 26, 1979) by the AICPA addressed to the Deputy Commissioner of Education of New York State justifying its support of a five-year graduate program as a prerequisite for admission to the CPA examination.

Business practices have become more complex. These include leases and other sophisticated financing arrangements, growth of international commerce, increases in the intricacies and impact of taxation, and varieties of business combinations.

Increased responsibilities have been imposed on CPAs as a result of government pressures, consumerism and the expanded risk and impact of litigation.

The scope of services of CPAs has been expanded in such areas as government and other not-for-profit entities, social accounting and a variety of management advisory services.

Rule-making bodies have responded with a proliferation of accounting and auditing pronouncements. These include the pronouncements of the Financial Accounting Standards Board, the Securities and Exchange Commission and the American Institute of CPAs.

More emphasis is currently placed on interpersonal skills and on the behavioral impact of accounting changes. This requires more exposure to the behavioral sciences, including psychology and sociology.

Technological changes have occurred, most notably the development and widespread application of the computer.

The development of computer technology has resulted in new capabilities in decision making, systems and controls, analytical methods and auditing.

Understanding and utilizing these new capabilities now requires a more advanced knowledge of mathematics, sampling techniques and other statistical methods.

### Preconditions for Accreditation

The AACP Committee identifies preconditions for accrediting accounting programs. The first is a commitment

to have and maintain "high quality in all areas required to support accounting programs." The existing AACSB standards and interpretations for business administration and management degree programs are identified as measures of achievement of high quality. The interpretation of this standard provided by the Committee states that:

*Institutions whose business administration programs are accredited by AACSB shall be deemed to have met the precondition of high quality. Institutions which do not have programs accredited by AACSB, but which seek accreditation of one or more accounting programs, will be evaluated on basis of AACSB standards. (Emphasis supplied.)*

One should insist on very high quality education for those entering professional public accounting. One could, of course, question if the AACSB is the sole judge of what constitutes high quality, particularly as it relates to professional public accounting programs. It must be observed that the thrust of the AACSB baccalaureate and graduate programs has been and still is to train "generalists" rather than specialists in business. One can question whether standards designed for a given objective are universal, in the sense that they are equally applicable to a different and unique objective—training entrants into professional public accounting.

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There is, in addition, a very practical problem which relates to the existing educational structure. For example, at this time, the AACSB has approved *eight* undergraduate degree programs in business administration and *seven* graduate degree programs provided by *eleven* different colleges and universities in New York State. At the same time, the N.Y. State Education Department has registered 127 accounting programs offered by some 55 colleges and universities in New York State! (Completion of a registered program fulfills the education requirements for sitting for the CPA examination in New York State.)

It is fair to say that colleges and universities offering business degrees would prefer to be accredited by the AACSB. The fact that the great bulk of these schools and programs are not accredited can be due to any number of factors, some of which may or may not reflect on the quality of accounting programs. In any case, the impact of the adoption of AACP on nonaccredited schools and

the effect on the supply of trained accountants needs to be studied.

The standards recommended by the AAPC state that an institution which has attained accreditation of its baccalaureate program in accounting must attain accreditation of a graduate program in accounting within five years of the date of accreditation of its undergraduate program as a condition for continued accreditation of the latter program. Similarly, an institution with an accredited graduate program must "attain accreditation of any baccalaureate program within five years following inception of the baccalaureate program as a condition for continued masters level accreditation."

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This is a restatement of existing AACSB standards. It takes on additional significance because the AAPC proposal, as will be seen, provides for a new degree—Masters Degree in Accounting, a graduate degree. The details of this degree are discussed in another section of this article, but it is observed that this new degree comes close to achieving the extent of specialization suggested by the AICPA and AAA for professional public accounting programs. This should be of major concern for institutions offering undergraduate accounting programs currently not accredited by the AACSB.

### Programs

The preamble to the Committee's report identifies three programs of study in accounting which could qualify for accreditation.

Baccalaureate degrees with a concentration in accounting.

Masters degrees in business administration and management with a concentration in accounting.

Masters degrees in accounting.

The first two degree programs are essentially those currently in place and their accreditation is based on current AACSB standards. As will be seen in the section on curriculum, while these two degrees are identified as possessing accounting concentration, the extent of specialization is limited, consistent with the thrust of these programs—the training of generalists and managers.

The graduate degree in accountancy is new and provides for several models: five year programs (two years liberal arts and three years of business, or a three to two concentration) or one built on a liberal arts baccalaureate degree. It is designed to "provide greater breadth and depth in professional courses in accounting than is possible" in the first two degree programs.

TABLE I

	Semester Credits		
	AAPC	AAA	AICPA
Liberal Arts	48	48	60
Common Body of Knowledge	32	32	36-39
Accounting	24*	36	39
Business Electives	46	34	12-15
	150	150	150

\* The draft report states "at least 24 graduate semester credits beyond principles of financial and management accounting in the accounting discipline including but not restricted to study in each of the subject areas described in A3 (financial accounting and accounting theory, management accounting, management information and computer systems, financial and operational auditing, taxation)."

These programs reflect the view that any one of these educational paths can be used to enter and develop in the profession as defined by the Committee. It is interesting that the Committee in the first section of its report (History) mentions the AICPA formulation of standards for five year programs (1977). It also mentions the Report of the AAA Committee on Education and states that this report recommended standards for accounting programs which broadened the scope to include baccalaureate and other masters programs. The AAA Committee report listed not three, but four possible programs for training accountants. The paragraph following the listing states:

Adaptable as the curriculum may be to a variety of structures, completion of the *total professional accounting curriculum* cannot be accomplished in less than five years and may require more time. The necessity for a professional program of at least five years exists because of the expanded knowledge in accounting and related subjects and because of the pressure for a higher level of performance in the multiple areas of accounting. (*Standards for Professional Accounting Education, A Report and Comparative Analysis by the American Accounting Association's Committee on Accounting Education, undated.*)

***... the AAPC proposal... provides for a new degree—Masters Degree in Accounting, a graduate degree.***

In effect, the AAA Committee therefore recommended three possible *graduate* programs: two to three years pre-professional study followed by two to three years of professional studies and a professional masters degree for students with nonaccounting baccalaureate degrees. One can be sensitive to the difficulties faced by the

TABLE 2

## Summary of Faculty Standards for Accounting Programs in Terms of Percent of Required Full-Time Equivalents

Programs	Doctorate*†	Professional Certification*†	Either Doctorate or Prof. Certification*†	Relevant Experience
Baccalaureate with accounting concentration	50	40	60	40
Masters in <i>business administration</i> with acctg. concentration	75	40	80	40
Programs leading to masters degree in acctg. (4th, 5th and grad. years*)	75	60	90	60

\* Faculty holding the doctorate and/or professional certification shall be included in the tabulations for both doctoral requirements and professional certification requirements; however, in determining FTE with either the doctorate or professional certification, a faculty member may be counted only once.

† A small variance in the required percentages of the faculty holding doctorates and professional certifications may be judged acceptable if the percent of the required minimum full-time equivalent faculty who hold the doctorate and/or professional certification meets or exceeds the designated levels.

# For undergraduate accounting course credits taken prior to the fourth year, the faculty standards for baccalaureate programs with accounting concentration shall apply.

Source: *Proposed AACSB Standards for Accrediting Accounting Programs*, Accounting Accreditation Planning Committee, American Assembly of Collegiate Schools of Business (Exposure Draft, October 1979).

AAPC. Before them were the proposals for five-year graduate programs for professional public accounting presented after extended study by representatives of two responsible accounting bodies, reflecting needs described previously, and the possibility of an independent accrediting body separate from AACSB. Additionally, having taken the position that professional accounting is an all-inclusive term, limiting the proposal to five year programs in accounting would preclude any AACSB accredited undergraduate schools from offering an accounting program. The Masters Degree in Accounting appears to be the compromise, but even in this instance AAPC does not specify that this is the degree for professional public accountants. The best this can offer is "these [masters degree in accounting] programs provide greater breadth and depth in professional courses in accounting than is possible in above [other] degrees." This is a minor concession, when one accepts the Committee's definition of professional accounting.

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Here again, the specific educational needs of professional public accountants have not been identified or addressed. It is worth noting that despite the AICPA position on the need for a minimum of five years of collegiate training as being necessary for entry into professional public accounting and despite the position of the commit-

tee of the AAA, the representatives of these organizations elected to accept less training in extent and depth in accounting.

***' . . . the key issue is whether the standards articulated by the AAPC are consistent with the needs of the . . . public accounting profession.'***

### Curriculum

Since the draft report does not alter undergraduate and MBA programs, this part of the article will focus on the master of accounting program (five year program). Table I contrasts the curricula of the proposed AAPC program with those proposed by the AICPA and the AAA Committee.

It appears that AAPC left the door open to the accreditation of Masters of Accounting degrees which could achieve the level of specialization suggested by the AICPA and AAA Committee for professional public accounting. In an apparent attempt at compromise, it has materially broadened the gap in accounting education between the Masters in Accounting degree and the Baccalaureate and Masters degrees in Business Administration. Yet, the AAPC states that all three degrees are equivalent paths to preparation for professional accounting—a position difficult to defend, considering the significant differences in accounting specialization. Could the compromise extend to the point of recognizing the Masters of Accounting degree as *the* degree for professional public accounting?

## Personnel

The proposed standards build upon existing AACSB faculty standards. As will be noted from Table 2, specific identification of percentage of relevant faculty experience is articulated in the AAPC draft as is the requirement of professional certification—CPA or CMA. The standards regarding professional license and experience are similar to those proposed by the AICPA Board on Standards for Programs and Schools of Professional Accounting, 1977.

## Summary

The draft report also contains standards on full-time equivalent academic faculty, library and computer services and financial resources and facilities, all relevant standards and, by-and-large, restatements of existing AACSB Standards.

For the professional public accountant, the key issue is whether the standards articulated by the AAPC are consistent with the needs of the profession defined as the *public accounting* profession. On the positive side, a program of study (Masters in Accounting) has been formulated which has the potential for meeting the need defined by the AICPA and is accompanied by standards for faculty which incorporate achievement of a doctorate, CPA and relevant experience along with suitable academic and financial resources. However, the failure of the AAPC to identify specifically professional public accounting as a unique differentiated area of accounting with unique education needs, and its pluralistic approach toward professional training in recommending one undergraduate and two graduate degrees raises serious doubts about the standards as a basis for accrediting professional *public accounting* programs. Ω

### Educators and Prejudice

A sociological study conducted for the Anti-Defamation League of the B'nai B'rith and directed by Dr. Charles Y. Glock shows that educators, "more by default than by design," are failing to cope with the "rampant prejudice" of students. Funded by a grant given to the University of California Survey Research Center at Berkeley, the study investigated the acceptance of anti-Semitic and anti-black stereotypes among 5,000 students in the eighth, tenth and twelfth grades in three unnamed school districts within 200 miles of New York City. Researchers used detailed questionnaires "to measure prejudice by acceptance of stereotypes, feelings of social distance between groups and actual intergroup contact."

Communities examined were given pseudonyms in the study: Commuter-town, "a highly prosperous suburb," had a student population that was 42 percent Jewish; Oceanville, a school district with a mixture of blue-collar and high-income families, has a student population that was 23 percent Jewish; Central City, less affluent than Commuter-town "but more affluent than Oceanville, had less than 0.5 percent Jewish students." The study found that the average proportion of students "who accepted outrightly negative Jewish stereotypes" was 45 percent in Commuter-town—the community with the highest ratio of Jews; 40 percent in Oceanville; and 35 percent in Central City, which had hardly any Jews. Acceptance of anti-black stereotypes was 56 percent in Commuter-town, 49 percent in Oceanville, and 64 percent in Central City. Young students with little educational achievement or weak economic backgrounds "were found to be the most anti-Semitic and racially bigoted." An exception noted by the researchers "was that black teenagers, although generally more deprived than white, revealed less prejudice against Jews."

Benjamin R. Epstein, national director of B'nai B'rith, said that findings from the study "shatter widely held assumptions about the degree of prejudice among the younger generations and have special significance for reducing intolerance in multi-cultural schools." —Irving Spiegel, *New York Times*, 1978.