

October 3, 2003

Dear Colleague:

With the implementation of the computerized Uniform CPA Examination six months away, many educators have asked for guidance on preparing students to take the revised CPA Exam. The AICPA/AAA Education Task Force has been working to help educators address this issue. This letter includes information that you may find useful as you prepare students for the revised CPA examination and/or change your curriculum to incorporate use of online research using authoritative literature.

As you know, the revised CPA examination will consist of multiple-choice questions and condensed case studies called simulations. Part of the simulations will require a search of authoritative literature databases to answer questions. Therefore, it is important that future CPA examination candidates become familiar with approaches for searching databases of authoritative literature to be able to answer these types of questions. Here are some ways that you, your school, and your students can get access to helpful online resources.

AICPA Resource: Accounting & Auditing Literature

Site Licenses for Schools

A few months ago, you received information from Jan Williams (then Chair of the Education Task Force) about the availability of *AICPA Resource: Accounting & Auditing Literature*. As a reminder, this online product includes the complete set of Professional Standards, Technical Practice Aids and Audit and Accounting Guides. This is available to schools under an academic site license program for \$1,185 in the first year, with annual renewals for \$885. Please visit <http://www.aicpa.org/edu/resourceinfo.htm> for information about the AICPA site license program.

Discounted Student/Recent Graduate Member Subscriptions

AICPA Student Affiliate/Recent Graduate Members (who pay annual dues of \$30) can subscribe to AICPA Resource at a special price of \$40 for a one-year subscription. Students or recent graduates who wish to become AICPA members should go to <http://www.aicpa.org/>

Free Subscriptions for Educators

AICPA educator members can get a free subscription to AICPA Resource. Go to <http://www.cpa2biz.com/> and register as an AICPA member at to obtain access. Nonmember educators can also acquire a free subscription by sending a written request to AICPA's Member Satisfaction department on college or university letterhead. Fax letters to 800-362-5066 or mail to AICPA, Subscription Dept., P.O. Box 2208, Jersey City, NJ 07303-2208.

Financial Accounting Standards Board (FASB) Statements

I am also pleased to inform you that the Financial Accounting Standards Board (FASB) has made available on its website www.fasb.org the full text of all FASB statements issued since 1973. Please note that FASB statements are presented as originally issued, are not in a searchable format, and may not be stored on your computer in any archival system. Additionally, superseded sections of the standards are not highlighted and it is difficult to identify such sections.

Other Resources

In addition to the above-mentioned resources, there are a number of texts that provide guidance on identifying and using electronic databases and other research sources. Two such publications are *Accounting & Auditing Research: A Practical Guide* (South-Western College Publishing) by Thomas R. Weirich and Alan Reinstein, and *Mastery of the Financial Accounting Research System (FARS) Through Cases* (John Wiley & Sons, Inc.) by Wanda A. Wallace.

Every hard copy of *Mastery of the Financial Accounting Research System (FARS) Through Cases* includes an academic version of the FARS CD-ROM, which is updated once a year. Students gain access to the online version with the purchase of a casebook. The online version permits students to work entirely on the Internet. In addition to guidance on using FARS, the casebook includes information on other resources, such as Internet search engines and resources and special-purpose databases.

Accounting & Auditing Research: A Practical Guide is described as a “do-it-yourself, understand-it-yourself manual that serves as a primer on research methodology to assist the reader in conducting research in order to develop theoretically correct and justifiable solutions to accounting or auditing questions”. It guides the reader step-by-step through the research process. Topics covered in the text include sources of authoritative literature, research via the Internet, other research tools and an introduction to tax research. The text also includes learning objectives on writing and critical thinking skills. Two CD-ROMs accompany the text. One CD includes tutorials on LEXIS-NEXIS Academic Universe (a web-based subset product of the commercial LEXIS-NEXIS database), PricewaterhouseCoopers' *Edgarscan* (an Internet-based applet for performance measurement or benchmarking activities), and ACL for Windows (a software product available for the fraud examiner). The second CD provides a demonstration of Analyst's Notebook (a software product for the fraud examiner).

Education Best Practices

Of course, availability of accounting and auditing resources is extremely important information to convey to accounting students and young professionals. However, many educators have expressed a desire to be made aware of practical applications of use of research in the classroom and innovative approaches using case-based learning. For your information, attached is an outline of an Accounting Integration course taught in the Masters program by Jerry Searfoss of the University of Utah. Dr. Searfoss has had great success with these approaches in meeting the knowledge and skills objectives included in the outline. Questions and comments about the outline can be directed to Dr. Searfoss at actdgs@business.utah.edu. Additionally, he also requires the use of databases of authoritative literature in developing the solutions to assigned case studies in Intermediate Accounting.

The Education Task Force would like to hear from you regarding other additional innovative classroom “best practices,” particularly research-based activities using authoritative literature. The Task Force will gather and distribute these innovations to facilitate the continual sharing of best practices, and enhance the knowledge base of all accounting educators. We will also create an Education section on the CPA examination website at www.cpa-exam.org, to house and share these best practices. The CPA exam website is the best place to find the most up to date information on the computer-based CPA examination.

In addition, the AICPA is hosting a series of free webcasts about the computerized Uniform CPA Examination beginning fall 2003. These live, moderated events will feature expert panelists and provide information and updates for educators, students, CPA candidates, and employers, as we get closer to the revised exam’s April 5, 2004 implementation date.

The first webcast, planned for October 15, 2003, will inform educators about content changes to the Uniform CPA Examination as it moves to a computer-based format. The discussion will focus on the potential impact of the changes on accounting education, related activities that educators can implement in the classroom to help prepare students and where they can find additional information. For additional details and participation instructions, go to www.cpa-exam.org.

Again, I hope you find this information helpful. If you have any questions, please contact Gregory Johnson, Director of the CPA Examination at 201-938-3376 or via email at gjohnson@aicpa.org.

Sincerely,



Kevin D. Stocks
Chair, AICPA/AAA Education Task Force

cc: AICPA Board of Examiners
Education Task Force
Examinations Team

Accounting Integration
Jerry Searfoss

OBJECTIVES

Assist the students in developing and integrating the knowledge, already gained in previous courses, and skills necessary for a successful entry into the profession

Knowledge Development:

- Four industries
- Critical Success Factors/risks common in each of the industries
- Information needs of management and investors/creditors
- Understand that financial accounting reflects the economics of the transactions in the industries
- Auditing process is designed to assess the risks related to the economics of the industry

Skills Development:

- **Oral communication** – numerous presentations, using Power Point and the Web
- **Written communications** – two cases and final project report
- **Team work** – virtually all work is performed in industry teams

Accounting Integration

Jerry Searfoss

APPROACH

- **Knowledge** – gained from reading over 100 articles, reading and applying the Audit and Accounting Guides, searching the Web for relevant info, etc. Students are also encouraged to use other resources via the web and CPAs with experience in their industry
- **Industries** – four industries are selected – banking, construction, insurance, and oil & gas
- **Teams** – there is a team for each industry, thus four teams
- **Team membership** – assign up to six members to a team, based on variables such as gender, experience, ethnicity, etc.
- **Presentations** – each team makes five presentations, each team member must participate in at least two presentations
 1. Understanding the industry - economics and attributes of the assigned industry, what factors significantly impact the success or failure of a participant in that industry, who are the major players, etc.
 2. Unique accounting issues in the industry – given the unique economics and business risks, discuss unique accounting and disclosures that have been developed to provide the users of the financial information the appropriate information to assess the impact of those risks
 3. Unique auditing issues – what actions/processes must the auditor take/apply to adequately form an appropriate opinion as to the financial statements
 4. Professional issue – each team is assigned a topic, e.g., stock options, financial instruments, independence, globalization. All students must read the articles on the topic.
 5. Final report – each team is assigned a major company in the industry, and must perform a comprehensive business analysis, including corporate strategies and financial analysis, relative to the company's top three competitors. This analysis must be conducted considering the unique economics, risks and accounting.
- **Cases** – Students individually prepare two written case assignments on current major accounting issues, e.g., accounting for different types of financial instruments
- **Final Team Project** – this is a 35-40 page report on which their presentation, discussed above, is based.

Instructor Involvement:

- I meet, generally twice, with all teams as an advisor in the preparation of each of their presentations. Thus, in one section I will meet with the teams 40 times. Meetings run from 30 minutes – several hours.
- I correspond regularly with the teams by email, primarily reviewing their outlines and Power Point® slides, before and after the meetings described above.
- I lead the discussion of the two case studies and grade them.
- I lead the discussion of two other professional issues, for which there are no team presentations.
- I grade the final reports.