



ACCOUNTING PROGRAM

Executive Summary

and

Fifth Year Maintenance of Accreditation Report

2004-2009

August 4, 2009

Charles Sparks, Ph.D.
Program Director
ffhcs@uaf.edu
907-474-5037

Kevin Berry, Ph.D.
Associate Dean
ffktb@uaf.edu
907-474-1808

Assistance
Debbie Fristoe
dfristoe@alaska.edu
907-474-5611

School Website
<http://www.uaf.edu/som/>

Tables of Contents

Tables of Contents	i
List of Tables	i
Executive Summary	1
I. Situational Analysis.....	1
II. Mission Statement	7
III. Strategic Management Planning Process	8
IV. Assessment Tools and Procedures.....	11
V. Financial Strategies	20
VI. Financial Strategies.....	20
VI. New Degree Programs	21
VII. Tables	22
Appendix A. Comprehensive Exam Covering AIS/Auditing/Cost	30
Appendix B. Ethics Test	39

List of Tables

Table 1. Accounting Degrees Awarded & Credit Hours Generated.....	3
Table 2. Learning Goals and Objectives.....	15
Table 3. Assessment of Auditing/AIS/Cost.....	16
Table 4. Assessment of Ethical Awareness.	17
Table 5. Accounting Assurance of Learning - Plan for the Academic year 2009-10.....	18
Table 6. Accounting Assurance of Learning -Five Year Plan.....	19
Table 7. Accounting Program Expenditures AY09 (excluding private donations).....	20
Table 8. AACSB Table 2-1. Summary of Intellectual Contributions (2004-2008).....	22
Table 9. AACSB Table 2-2: Summary of Peer Reviewed Journals and Number of Publications in Each Journal (2004-2008).....	22
Table 10. AACSB Table 9-1: Summary of Member Sufficiency in Discipline and School 2009 (Classes by Program).....	23
Table 11. AACSB Table 10-1: Summary of Faculty Qualifications, Intellectual Contributions and Professional Responsibilities (RE: Standards 2 & 10).....	24
Table 12. AACSB Table 10-2. Calculations Relative to Deployment of Qualified Faculty (RE: Standard 10).	25

List of Figures

Figure 1. DAIS Strategic Planning Model.....	9
Figure 2. Learning Goals, Assessment and Results.....	14

Executive Summary

The Department of Accounting & Information Systems (DAIS) is the flagship accountancy program in the State of Alaska. It is the only program with a strong research mission and separate AACSB accreditation. The Department distinguished itself in the mid-seventies and eighties as the State's top accountancy program and went on to become one of the first accounting programs nationally to earn the coveted separate accounting accreditation from the AACSB in 1988. Since the late 1990s DAIS is one of the few accounting programs nationally that only offers a BBA in accounting.

The past five years have been pivotal for DAIS due to declining enrollments and several leadership changes in the School of Management. These events, combined with the program being put on continuing review during the last accreditation cycle, has challenged the program's faculty. In particular, after a number of false starts at implementing our Assurance of Learning process (AOL), AY 08-09 marked a turning point for the program with the development of operational objectives, identification of clear learning goals and the execution of assessment instruments. These have resulted in several changes to our curriculum. Having finally closed the loop with respect to AOL we are looking forward to continuing our process during AY 09-10.

Our primary strengths are our students. Our graduates are highly sought after by regional CPA firms and thus enjoy a very high professional placement rate. Our student organization Great Alaskan Accounting People (GAAP) has been actively contributing to our program's learning experience. The organization is one of the most recognized on campus for leadership, academic success and service.

Our advisory board has been active with semi-annual meetings. They assisted substantially during our strategic planning process going through several iterations over the past three years. During AY 08-09 we revised our mission, objectives and Academically Qualified (AQ)/Professionally Qualified (PQ) standards. Under our new mission-driven standards all of our faculty are considered AQ with one exception and that individual is considered PQ.

Mission

DAIS is a professional accountancy program whose activities are driven by our mission and objectives. Accordingly, our mission is to prepare undergraduate accounting students primarily for entry-level positions in Alaska-based public accounting firms and governmental entities and to provide a solid foundation for their subsequent careers as business professionals.

DAIS's objectives are:

- 1. Foster an understanding of the technical bodies of accounting knowledge while developing the analytical, communication and research skills of our students.*
- 2. Foster an awareness of professionalism, multiculturalism and ethical conduct through a strong collegial and supportive environment in an atmosphere of free and open inquiry.*

3. *Conduct primarily applied and pedagogical research that advances accounting and business knowledge.*
4. *Support the accounting profession and business community in Alaska through collaborative efforts directed toward the maintenance and improvement of high-quality accounting competencies and ethical awareness among practicing public, private and governmental accounting professionals.*

The current mission and objectives were developed iteratively by DAIS faculty, our advisory board and students. Following our last AACSB maintenance visit, in the Spring 2008 semester, faculty began work on revising our program's mission and objectives. It was a comprehensive process that resulted in an improved mission and provides a sharper focus for faculty and our various stakeholders.

Effective Practices

Like many schools DAIS has struggled with the challenges posed by a dynamic environment. A number of activities have been successful while others have not yielded similar returns. In the sections below we highlight both our successful practices and areas that need improvement.

Active Student Organization-GAAP. We enjoy an active student accounting organization. GAAP has consistently produced outstanding leadership and promoted scholarship among our students. It provides many intangible benefits for our program including professional development, community outreach and networking.

Engaged Professional Community. We are fortunate to have a strong and supportive professional community. Through membership on our advisory board and other interactions DAIS benefits substantially from this resource. It is through the generosity of this group that the program has benefited through numerous socials, office visits and campus speakers. These activities extend learning outside of the classroom and help to instill professional values and attitudes in our graduates. We plan to reciprocate these contributions through increased outreach and service activities over the coming years.

Quality Students. Our program has attracted and continues to attract some of the best and brightest students. This is clearly evidenced by the students' academic performance and high placement rates upon graduation. We look forward to the challenges of growing our program by attracting a greater number of these highly capable and talented students.

Faculty. Our faculty continues to be one of our greatest strengths. Although we have had significant attrition over the past five years we have been successful at attracting and retaining a strong core of faculty committed to making our program strong and sustainable. Given our relatively isolated location it is noteworthy that we have faculty who enjoy the challenges of living in Alaska and feel motivated by their ability to make a difference in a small program.

Practices in Need of Improvement

Assurance of Learning (AOL). Having just closed the loop on our assessment process this past academic year we face the challenge of continuing to refine our process and implement changes to our curriculum. We recognize that this will not be easy but it is one of our top priorities.

Student Enrollments. It is crucial for our program to continue the recent trend of increasing enrollments. Our program will not be viable if we fail to accomplish this goal. The School of Management has developed and implemented an enrollment management plan. DAIS intends to augment this plan with outreach activities to the local high schools and other promotional activities.

Faculty Development. We recognize that the dynamic nature of the professional community demands increased interactions and professional development activities by our faculty in order to retain excellence in teaching and research. These activities are costly in terms of time and financial resources. We must find resources to support these activities through budgetary increments and private contributions.

Summary of Achievements

DAIS has faced many challenges since the last AACSB maintenance visit. Throughout this period faculty worked hard to identify and remedy deficiencies. We've largely been successful and can claim many successes including implementation of an operational assurance of learning process, a major revision in our mission and objectives, recruitment of new faculty and recent increases in enrollments.

Fifth Year Maintenance of Accreditation Report 2004-2009

I. Situational Analysis

UAF is considered the flagship campus of the University of Alaska system. It is the primary research campus and the only doctorate-granting institute in the UA system. UAF attracts nearly 10,000 students from Alaska, the Lower 48 and approximately 52 foreign countries. On the main campus of UAF there are eight schools including the School of Management (SOM) and colleges that offer 195 degrees in 122 disciplines. There are also seven research institutes and centers with total research expenditures that exceeded \$100 million in AY08.

In 1959, SOM expanded its degree offerings to include majors in accounting, business education, management, marketing and secretarial science. SOM was formed as one of five professional schools at UAF in 1975. The Department of Accounting was created and flourished during mid 1970s as the demand for accountants increased. In 1988 SOM received the Association to Advance Collegiate Schools of Business (AACSB) accreditation for its graduate and undergraduate business programs and also received separate accreditation for its Accounting Program. Our program is currently the only accounting program with separate AACSB accreditation in the State of Alaska.

In the early 1990s the Department of Accounting became known as the Department of Accounting & Information Systems (DAIS) to reflect the increasing importance of information technology and systems in accounting and business. Several additional faculty members in information systems were hired to support this increased emphasis. Due to a number of factors student enrollments were either stagnant or declined throughout the late 1990s and into 2002. Faculty retention was also an issue during this time given departmental budget constraints and the strong national demand for academically qualified faculty. During this time the department shrunk both in terms of faculty and students. In the spring of 2003 the program underwent an administrative restructuring consistent with changes in the School of Management. Chief among these changes was a move from faculty elected department chairs to a program director appointed annually by the dean. The transition to this administrative structure took several years but is now complete.

DAIS principally serves students from the Fairbanks area, surrounding smaller communities in Alaska's interior as well as remote communities in the western and northern regions of Alaska. DAIS has consistently been recognized within UAF, Alaska's professional community and the State of Alaska as a quality provider of undergraduates for the accounting profession. The program attracts top students from within SOM and UAF's resident student population. This reputation for quality is reflected by the program's strong placement of its graduates. The majority of our graduates are recruited by the large international accounting firms with offices in Alaska and the northwest US, as well as regional and local CPA firms. Historically, all of our graduates have been placed prior to graduation or immediately thereafter.

DAIS benefits from an active student accounting organization, the Great Alaskan Accounting People (GAAP). In the early 1980s GAAP was founded by faculty and students to

provide accounting students a bridge between the academic environment and the profession. GAAP provides students with leadership opportunities, networking and exposure to professional careers and opportunities. The organization is one of the most recognized on campus having won multiple awards for its leadership, academic achievement and community service. Many of our students are the first generation to attend college and GAAP provides a forum for students to gain insights into the expectations regarding professional attitudes and conduct. These activities include interviewing workshops, office visits and several socials where current students interact with alumni at various stages of their careers.

DAIS's advisory board was reorganized in 2008 and currently consists of twelve members representing a cross-section of the professional community. Several members are alumnus. Members, currently employed in professional, private and governmental practice, are appointed to fixed renewable terms in order to provide a balanced perspective on issues affecting the accounting profession locally, regionally and nationally. The board meets semi-annually to assist DAIS with the development and execution of our strategic mission and objectives. During AY 09-10 we created a website to facilitate board member communications outside of these biannual meetings.

At the end of AY 08 DAIS had six academically qualified and one professionally qualified faculty members. Our Professionally Qualified (PQ) member is a retired emeriti professor who now works full-time in accounting & audit services for a local CPA firm. Application of the current Academically Qualified (AQ) criteria resulted in all tenure-track faculty members being considered AQ throughout the five year review of this report. The program added a full-time PQ member during the summer of 2009.

Academic Program and Teaching

UAF's Accounting Program is one the few universities nationally with separate accounting accreditation that offers only a baccalaureate level program of study. The program is currently residential only and oriented towards preparing undergraduate students for entry-level positions in Alaskan-based public accounting firms and governmental entities. While most graduates initially enter public accounting many move to the governmental sector following completion of the CPA requirements. Entrance into the public accounting profession in Alaska is unique because of its education and work requirements. Unlike most 150 credit hour jurisdictions, the State of Alaska allows students to become a Certified Public Accountant (CPA) with a baccalaureate degree in any field of study and an accounting concentration (15 semester hours or equivalent (1 year of professional experience)). As a result DAIS has many students pursuing the Bachelors in Business Administration (BBA) in Accounting as well as students that already have an undergraduate degree and have returned only to study accounting in order to become eligible for the CPA. Also many SOM Masters in Business Administration (MBA) candidates complete an accounting core in order to be CPA eligible and competitive in the job market. As such, the Accounting Program is able to offer a rigorous curriculum for its undergraduate BBA with a major in Accounting, as well as introductory and foundation accounting courses for all BBA majors and other students throughout the university. In addition, the Accounting Program supports the MBA program by offering a required foundation course

and other electives when demand warrants. Future plans include the expansion of our courses and our degree via real-time video distance education initially to the UA Mat-Su Valley campus (40 miles north of Anchorage) where historically we have attracted top students into our on-campus programs.

Table 1 presents the number of accounting degrees awarded and the number of accounting credit hours generated for the last five academic years. Since the last accreditation cycle the program has slightly increased the number of degrees awarded (Table 1.)

Table 1. Accounting Degrees Awarded & Credit Hours Generated.

Academic Year	2004-05	2005-06	2006-07	2007-08	2008-09
Number of Degrees Awarded	7	17	14	20	13
Credit hours generated	1322	1483	1410	1257	1551

The number of graduates earning degrees has been as high as 28 in the early 1990s with the 20- year average being 14.5. Low enrollments recently have been a concern to both faculty and administration. The decline was likely due to a number of factors including the expansion of the accounting and business programs at UAA, the development of distance business programs at UAS and a strong regional economy. DAIS has worked to increase the number of students and this has resulted in the number of credit hours generated in 2008-09 being the largest in the last five years with over thirty-five students completing Intermediate II in the Spring 2009 semester. It is expected that the number of graduates in the 2009-10 academic year will exceed the five-year high of 17 in 2005-06. Many factors are likely responsible for the recent increase in enrollments but one possibility is the decision to offer condensed seven-week courses for many of the junior-level core courses. This change allows students to enter the program in either the Fall or Spring term. In the past, students could only start the intermediate accounting sequence in the Fall term and this represented a significant progression challenge for our students. If faculty resources allow, it is anticipated that the program will begin to offer both Intermediate I and II each semester, in an attempt to ease this constraint and increase the number of majors. Both SOM and the Accounting Program have also been gathering student surveys to assess the desirability and feasibility of expansion of our seven-week courses. The results of this study will be presented to the DAIS faculty and advisory board during AY 09-10 as a basis for expansion of this course delivery format.

To ensure that the teaching activities support both SOM's and DAIS's mission, an Assurance of Learning (AOL) process is maintained. Currently the Accounting Program has four learning goals: 1) Accounting graduates possess technical accounting; 2) Accounting graduates communicate effectively both orally and in writing; 3) Accounting graduates function professionally in a business environment; and 4) Accounting graduates possess knowledge of all business disciplines within the BBA degree. At the core of this process are program level teaching and learning goals. These goals were developed by DAIS faculty in consultation with our advisory board. They reflect past and current authoritative pronouncements of professional, academic and accrediting bodies.

Faculty and Research

Given the Accounting Program's focus on undergraduate education and its revised mission, the program strives to maintain a faculty with the following characteristics: 1) conduct primarily applied and pedagogical research that advances accounting and business knowledge; 2) have a portfolio of relevant practical experience such that the faculty as a whole will have the equivalent of two members with significant relevant practical experience over the previous five years; and 3) have at least four faculty members certified and active or working towards a certification in accounting at any given time. During the 2008-09 academic year, including the Associate Dean, the Accounting Program employed seven participating faculty members with six being AQ with active research agendas and one was PQ with current professional employment. Four faculty members hold current certifications and two held inactive certifications. During the summer of 2009 the program experienced two vacancies: Professor Zhao resigned and Professor Wichmann retired. Consistent with our revised mission and in consultation with the Dean, DAIS chose to fill one of these positions with a PQ person. It is anticipated that the remaining vacancy will be filled with an AQ person during AY 09-10.

During the period 2004 to 2008 the Accounting Faculty published thirty journal articles with no individual publishing fewer than three articles. Consistent with our mission these articles were published in professional and pedagogical journals. Several noteworthy events that reflect our recruitment of top junior faculty: Professor Zhao published in the Accounting Review and Professor Sparks received the AAA's Auditing Section's 2007 Notable Contribution award for a paper he published in 1999. In addition, because accounting faculty members can teach in several different areas, the Accounting Program has started to actively use professional development opportunities to assist faculty members in staying current in their teaching areas. For example, Professor Abramowicz recently attended the AICPA's national meeting in Washington D.C. to gain insights about recent as well as anticipated changes in the tax laws. DAIS is also encouraging and supporting faculty to engage in professional internships and other professional activities in order to update their knowledge of specific accounting topics and thus their teaching effectiveness.

Community Support and Professional Interactions

The Accounting Program attracts a diverse array of interactions among practicing professionals who invest time and effort in the program's educational efforts. Examples of professional interactions include hosted forums where recent alumni and other accounting professionals meet with students and faculty to share their experiences and insights. These activities develop and strengthen the program's relationship with our professional community and provide students with valuable career information and networking opportunities. Consistent with our revised mission the program will encourage and support the expansion of these activities including faculty memberships in professional groups like the State Society, co-sponsoring of local CPE courses and community outreach and service.

Demographics and Diversity

There were 181 Accounting majors in SOM for the time period of Fall semester 2004 to Spring semester 2009. The students were a mix of traditional and non-traditional students. Due to the proximity of two large military installations our program attracts a number of military personnel and their dependents. Many of these students transfer course work earned at other institutions. The ages of our students range from 19 to 62, with an average of 31.2 years and modes of 23 and 26 years. Alaskan students comprise the majority of accounting majors. Local high school graduates represent our biggest source of new accounting majors. Traditionally many of these college bound-students attended universities out-of-state. With increasing pressure on family budgets and the higher tuition cost many students are looking closer to home for their educational needs. We are increasing our visibility to these students through outreach efforts by faculty and our advisory board.

Our program has benefited from several international-exchange student initiatives at UAF. We have recently seen an increase in Chinese students interested in accounting studies and we expect this trend to continue. However, our biggest potential source of new students/majors will be from the rural areas of Alaska. These students often start at UAF's College of Rural and Community Development and then decide to pursue a BBA degree. Attracting these students will provide many benefits to our program including increasing the representation of Alaska Natives in our program.

Our program is well positioned to increase our enrollments through a number of venues. First, recruiting students from the rural areas of the State will increase our diversity. The regional and village native corporations created under the Alaska Native Settlement Claims Act (ANSCA) are becoming an economic powerhouse both within Alaska and nationally. They are very supportive of efforts to increase educational and professional opportunities for rural residents. Second, offering courses via video distance delivery to the Mat-Su Valley will allow us to increase enrollments and gain experience with distance-delivery pedagogy.

Competitive Environment

DAIS faces competition from both in-state and out-of-state institutions. Our program's reputation for high placement of graduates in CPA firms and the strong job market for accountants has been the primary driver of enrollments over the past decade. However, the decline in majors over the past five years has led many of the program's traditional recruiters to increasingly seek graduates from other universities. Our chief competitor, the University of Alaska Anchorage (UAA), has grown substantially over the recent decade. Their proximity to Alaska's business center and a population base that represents nearly 50% of the state's total has helped them build enrollments and secure additional state funding. Historically, UAA's accounting program has been traditionally viewed as a less rigorous program staffed predominantly by community college faculty. However, because of retirements, they have added Ph.D. faculty members who are research active. Combined with budget increments this has resulted with increased enrollments. The University of Alaska Southeast (UAS) offers an online

BBA in accounting and is popular in many rural areas of Alaska. In the past DAIS would attract many of these accounting students to its residential program.

We also compete with online universities, principal among these the University of Phoenix. Phoenix offers a Bachelor of Science in Business with an accounting concentration which consists of 18 credit hours. The university has a high degree of accessibility; students can sign into an online class at anytime to receive and complete assignments. Military personnel are drawn to the institution due to the varied nature of their duties.

Wayland Baptist University is an institution specifically designed for military personnel. There are campuses at both Eielson Air Force Base, approximately 35 miles south of UAF, and on Fort Wainwright which is adjacent to Fairbanks. The B.B.A. in Accounting requires 42 general credit hours and 24 major credit hours. The yearly schedule is comprised of four 11-week semesters with mostly evening and Saturday classes which facilitates opportunities for those who have deployments or other assignments.

DAIS primary strengths are: (1) our reputation for producing top CPA candidates; (2) active student organization, GAAP; (3) a high level of faculty-student interaction; and (4) good relations with the State's professional organizations. We plan to use these strengths to promote our program and continue increasing enrollments.

Summary

Looking forward the Accounting Program faces several significant challenges. First, continued growth of student enrollments is crucial to the long-term viability of the program. Without greater numbers of students the program may face immediate reductions in funding and less interest in graduates by regional employers. Second, reduced funding from the State at a time when there is increased needs for faculty development is forcing SOM to seek private donations to maintain the current level of funding for the program. Third, because recruiting academically qualified faculty is becoming extremely difficult due to the decline in the number of students graduating with Ph.D.s, replacing faculty members in our isolated location will be a continued challenge. Further, with the small number of faculty members, less formalized processes have been used successfully to manage our program. This can create problems when leadership changes occur. Also, operating within a union environment constrains our decision-making ability. Finally, classroom availability is increasingly constraining our ability to schedule classes at optimum times.

The Accounting program has several strengths that can be exploited in the future to improve the quality of the program and ensure its success. First, the program has a strong tradition of co-curricular activity lead by our award winning student organization, the Great Alaska Accounting People (GAAP). Second, the program's graduates have an excellent placement rate with demand exceeding supply. Third, our high level of faculty-student interaction provides good support for students and high retention rates. The program has the ability to grow and with a new tuition model reap the rewards associated with increasing enrollments. Finally, the program has outstanding faculty that give the program the ability to

make quick, well supported decisions. This quality was evidenced this Spring when Professor Zhao announced his decision to leave. For programmatic needs it was felt that a PQ replacement was preferred. We successfully filled this position with Amy Cooper, a local CPA, who has strong ties to the professional community in Alaska. This addition will give the program a stronger focus on both students and the professional community.

II. Mission Statement

The Accounting Program revised and adopted a new mission in 2008. The mission and its objectives pertain to the Bachelors of Business Administration in Accounting. The mission statement and objectives are as follows:

The Accounting Program serves its stakeholders through excellence in teaching, research and service. We strive to prepare undergraduate accounting students primarily for entry-level positions in Alaska-based public accounting firms and governmental entities and to provide a solid foundation for their subsequent careers as business professionals.

The four **Objectives** that flow from the mission are as follows:

- 1. Foster an understanding of the technical bodies of accounting knowledge while developing the analytical, communication and research skills of our students.*
- 2. Foster an awareness of professionalism, multiculturalism and ethical conduct through a strong collegial and supportive environment in an atmosphere of free and open inquiry.*
- 3. Conduct primarily applied and pedagogical research that advances accounting and business knowledge.*
- 4. Support the accounting profession and business community in Alaska through collaborative efforts directed toward the maintenance and improvement of high-quality accounting competencies and ethical awareness among practicing public, private and governmental accounting professionals.*

Development of the Mission Statement

Following the last accreditation cycle it became apparent to the Accounting Program that its mission needed to be revised so that it could be better used to govern the program. Beginning in March of 2008 the faculty met weekly to discuss the mission, objectives and learning goals. The faculty discussed the placement of students and that professional accounting careers in Alaska are predominantly available in small private businesses engaging in an economy fueled by resource development, governmental and tourism activities. In September 2008 the faculty approved the mission and sent it to the advisory board for final approval.

III. Strategic Management Planning Process

Including the Associate Dean, the Accounting Program is composed of seven participating faculty members. As a result, most decision-making processes are handled by the faculty as a whole. This saves significant amounts of time, as it avoids an extra layer of approval process. Moreover, all faculty are aware of important issues and decisions that must be made as they unfold, allowing for spontaneous interaction and discussion in advance of a formal meeting to resolve or decide on a plan of action.

In addition to issues raised by the faculty, we are also sensitive to the needs and concerns of our three major stakeholder groups, students, alumni and employers. Alumni and employers are represented in this process by the Accounting Program Advisory Board. Keeping abreast of student issues is facilitated by the existence of UAF's most-awarded student organization, the Great Alaskan Accounting People (GAAP). Constant formal and informal interaction with the officers and members allows for sharing of any significant concerns, as well as successes. In addition, many of the accounting faculty members regularly attend GAAP meetings, creating an environment where students get to know the faculty outside of the classroom and again, fostering easier sharing of concerns.

Planning for the current strategic plan began in 2006 when all members of the Accounting Program Advisory Board were contacted to determine if they were still willing to serve. These individuals are from private industry, CPA firms and not-for-profit entities, both in Alaska and in the Lower 48. Knowing that time is valuable, only two meetings per year are normally proposed, but they are carefully planned and orchestrated to utilize the Board's experience and views on the issues facing the Program. DAIS has recently created a web-based site for informal board communications where members can raise issues and contribute to discussions about issues involving the accounting program. This move is seen as a way to advance member interactions and bridge the time gaps between regularly scheduled meetings.

Meetings held on May 12, 2006 and October 27, 2006 focused primarily on elements of our strategic plan. After lengthy discussions among ourselves, significant input from our Advisory Board and consideration by the officers of GAAP, the original strategic plan was developed with nine strategic objectives. Following the strategic planning model in Figure 1, the strategic plan is revised annually. Currently the plan is comprised of the following seven strategic objectives:

1. Implement a long-term itemized plan for continuous curriculum development.
2. Increase the number of accounting majors.
3. Increase the number of accounting students taking a part of a professional exam (CPA, CMA or CIA) prior to or within three months of their graduation.
4. Maintain 90% (or higher) placement rate for accounting major graduates within six months of graduation.

5. Increase membership and involvement in GAAP.
6. Formalize various options for students to meet 150-hour requirement for certification.
7. Increase the number of accounting faculty as necessary to meet the needs of the Program.

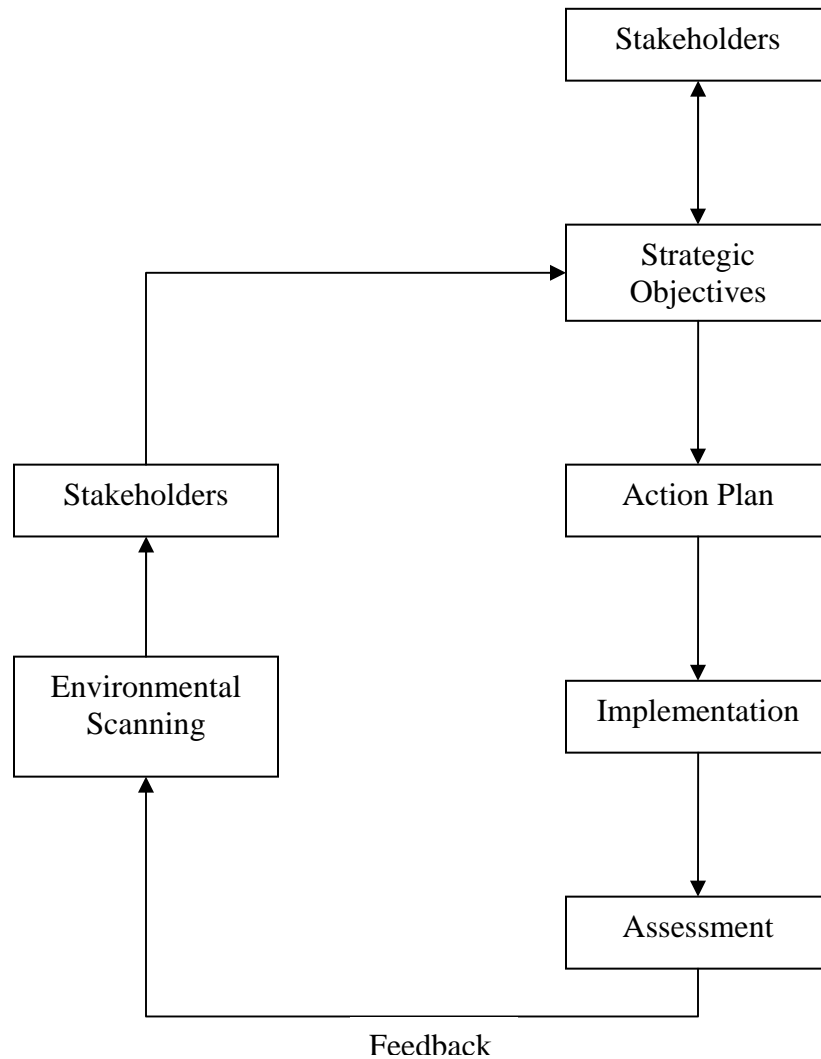


Figure 1. DAIS Strategic Planning Model.

Several recent environmental issues have arisen that are scheduled to go through the strategic planning process in the upcoming year. Recently, two faculty members have resigned. One to take a position elsewhere and one retired. Discussions with the faculty, the Dean and the advisory board chairman resulted in the decision to seek a PQ replacement for Professor Zhao's vacant position. The faculty will recommend that the other vacancy be filled with an AQ replacement. Likewise the program is in a transition to new leadership. Not only does the strategy have to be revised but it may be advantageous to formalize many program activities to enable a smoother leadership transition in the future. In addition, consideration must be given to

the eventual movement to international accounting standards and their potential impacts on professional practice in Alaska.

Strategic Initiatives

During the past year, in conjunction with our advisory board, DAIS identified the following initiatives for the coming year:

1. *Maintain faculty positions within the program.* Further, it was deemed desirable to seek an increase in faculty positions commensurate with continued increases in enrollments.
2. *Support the program's enrollment management plan.* Outreach activities to area high schools was identified as a priority to both build relationships with school counselors and teachers but also increase parent and student awareness of opportunities available at DAIS.
3. *Continue to improve the quality and relevance of DAIS curriculum through ongoing review and assessment activities.*
4. *Support increased faculty professional interactions and professional development.* This includes faculty involvement in various professional communities, both locally and regionally, in order to increase our program's visibility as well as to keep faculty current with respect to the profession.
5. *Encourage and support faculty professional certifications.*

Highly Effective Practices

GAAP Organization. Our student accounting organization has performed several essential functions for our program. First, it bridges the gap between the classroom and professional life. Second, it provides a vehicle to initiate interactions with the program's stakeholders. These interactions are not only between students but also include faculty and the professional community. Third, it provides a method to engage our alumni and other stakeholders to the benefit of current students. Finally, it provides leadership training, networking and develops professionalism for our students.

Accounting Week. This annual event showcases the benefits of our program by concentrating a majority of the recruitment activities over a ten-day period. This event includes socials and other activities that allow students and faculty to meet representatives from regional CPA firms. It also serves as a recruiting tool for new majors because it emphasizes our program's strong placement of graduates.

Program Placement. An excellent record of placement is the strongest endorsement a program can receive. It validates its quality in terms of curriculum and students. DAIS' placement record is among the best on the UAF campus. Historically, we have placed a majority of our graduates in public accounting track careers and a significant portion of these with large international firms.

Faculty/Student Interaction. Our small size allows faculty a high degree of interaction with our students. This supports outstanding academic and career counseling that leads to higher retention rates and better graduates. Many alumni have stated that a key factor in their decision to choose accounting as their major was the strong commitment by faculty to students. These relationships continue beyond graduation and represent an intangible resource for the program that could be tapped in the future for fundraising and other benefits.

Practices in Need of Improvement

Enrollment Management. Our program is at pivotal point. To be considered a viable program, enrollments must increase over the next few years. Current faculty resources could easily support an additional twenty to thirty-percent increase in students. Stronger enrollments will strengthen our relationship with firms that recruit our graduates and help justify our resource allocations within the SOM.

AOL. Like many other schools our assessment process had several false starts and went through a number of iterations. We feel that during the most recent cycle we finally got it and now have developed an operational process. Our assessment process will guide our program to better instructional quality and relevance. The immediate challenge is embedding into our curricula activities so that it is both integrated and seamless.

Fund raising. External support will be necessary to maintain the quality of our program and enable us to fully implement our strategic objectives. Faculty development is a key part of our mission. Support for professional development activities will have to increasingly come from externally raised funds. Our remoteness makes these activities more costly.

IV. Assessment Tools and Procedures

In AY 08-09 our assessment activities yielded tangible results. As discussed more fully below, from our revised objectives and learning goals we developed and administered several assessment instruments. These outcomes led to a number of substantive changes in our curricula thus closing our assessment loop. We found that student knowledge of the basic internal controls was weak. We also found that the ability to use Quickbooks was caused by a lack of the fundamental knowledge of financial accounting rather than their ability to use the program. Accordingly, we have made revisions to remove the coverage of Quickbooks from ACCT 262 (Accounting Concepts and Uses II) and to add coverage of the basic internal controls. For AY 09-10 we will continue these activities and implement further program changes as necessary.

DAIS has developed a comprehensive Assurance of Learning (AOL) assessment process to ensure that our activities effectively support the respective and complimentary missions of SOM and the accounting program. At the center of this process are the program-level learning goals for the undergraduate accounting program. These goals were developed by faculty during AY 08-09 with significant input by both the professional and student advisory boards. They were

also highly influenced by the written pronouncements of professional, academic and accrediting bodies.

DAIS has four learning goals: 1) Accounting graduates communicate effectively both orally and in writing; 2) Accounting graduates possess technical accounting knowledge; 3) Accounting graduates function professionally in a business environment; and 4) Accounting graduates possess knowledge of all business disciplines within the BBA degree. DAIS faculty members seek to ensure courses will be designed to effectively meet these goals and thus support the mission of our program. DAIS faculty members meet regularly to identify the appropriate courses in which program-level learning goals are to be covered and/or reinforced.

In general, learning goals are assessed either in the course where the most intensive coverage occurs, or immediately following completion of the course. Assessment tools are employed to directly assess the effectiveness of learning activities that purport to meet program learning goals. Besides these direct assessment instruments additional measures of instructional effectiveness are employed. They include student satisfaction surveys (SOI), employer satisfaction surveys, alumni satisfaction surveys, recruiter satisfaction surveys, peer teaching evaluations and performance on ETS and CPA examinations. All of these measures become inputs for our continuous improvement process.

Assurance of Learning 2003-2007

This period served as our learning/incubation/experimentation period with the primary activities taking place during 2006-07 as we began implementing an initial AOL process and satisfied concerns of our accreditation team during the continuing review process. A major guiding force during that time was the input and guidance received from Dr. Michael Tearney, the consultant we brought on campus for two days. In addition, the previous director of the Accounting Program attended AACSB accreditation seminars. The plan, measurements to date and evaluation of the results and initial feedback were included in our final accreditation report submitted to AACSB in October 2007.

After receiving written and oral comments from the accreditation team, we determined that the following items fell short of expectations and would need to be revisited as part of our process of continuous improvement:

1. Our first goal had been Personalized Education – The BBA degree in Accounting will be responsive to the distinct goals, experiences and talents of our diverse student body. Given our small class sizes and the fact that virtually all classes are taught by full-time AQ or PQ faculty, we modeled this goal after a similar one in one of the recommended AOL plans the consultant shared with us. However, while it may be a distinctive element of our program, we determined that it was not an appropriate goal and dropped it from our AOL plan.
2. Our second goal (now the first goal in the revised plan), Competent Communication Skills: Accounting graduates will be able to communicate effectively both orally and in writing. This is a goal that is common to many AOL plans. However, after significant

discussion about these skills during much of 2008 and into 2009, we came to the conclusion that due to the existence of accounting professions in which many of our graduates operate, our students need two very distinct types of skills (both oral and written): **technical-internal** where they have to present ideas and alternatives effectively based on substantial authoritative support using precise technical language, and **technical-external** where the identification of the intended audience and the appropriate level of technical depth is essential for effective communication.

3. Our third goal (now the second goal), Technical Proficiency: Accounting graduates will possess technical accounting knowledge had contained an objective that our graduates be proficient in the use of Quickbooks. While this was an uncommon requirement for an accounting degree, it had long been a distinctive element of the UAF accounting BBA because many of our students took employment at local CPA firms where most of their clients used Quickbooks and those employers had expressed preference for new hires with that skill. However, after re-examination by the faculty, along with input from our Advisory Board during Fall 2008, it was determined that many employers did not require this skill and those that did could either require it as a condition of employment or easily provide it during the first several weeks of employment. What was determined to be important was making students aware of generic types of bookkeeping programs, including making them aware of both strengths and shortcomings.

Additionally, we attempted to measure and evaluate technical knowledge in accounting with prior CPA-exam questions being embedded in mid-term examinations. However, this was problematic since we failed to initially identify fundamental concepts, thus there was no overriding guidance for question selection and therefore no real measurement of technical proficiency. As a result, the faculty spent considerable time during 2008 identifying core competencies that we desired our graduates to possess and then how to best assess them. Ultimately, we created two required “exit” exams to be administered near the end of their accounting program, one focusing on Intermediate/Tax/Governmental and NFP Accounting and one on AIS/Auditing/Cost Accounting.

4. The fourth (now the third) goal, Professionalism: Accounting graduates will be equipped to function professionally in a business environment. This goal contains the objective of students having the ability to identify ethical issues as well as the awareness of professional expectations and attitudes. To assess the ethical objective we had been using a case in a business core course which was outside the control of the accounting program. Due to the lack of control, we were unable to obtain reliable measurements on a timely basis. We therefore identified a suitable test that we could administer in our auditing course and implemented this beginning in Fall 2008.

Assurance of Learning 2008-2013

The previous section presented the origination and implementation of our initial AOL plan as well as a brief description of the subsequent changes to the plan. This section elaborates

on our recent and planned activities including the motivations behind them. Input came from various sources:

- Our own dissatisfaction with previous AOL outcomes.
- Input from our previous accreditation team.
- Attendance at the AACSB-sponsored Maintenance of Accounting Accreditation.
- Advice from Dr. Douglas Eider, who served as a consultant to SOM and DAIS during 2008 to assist the School and Accounting Program in improving our AOL process.

With experience a better understanding of AOL has been gained. Like SOM, DAIS utilizes the following process to continuously improve the AOL plan (see Figure 2).

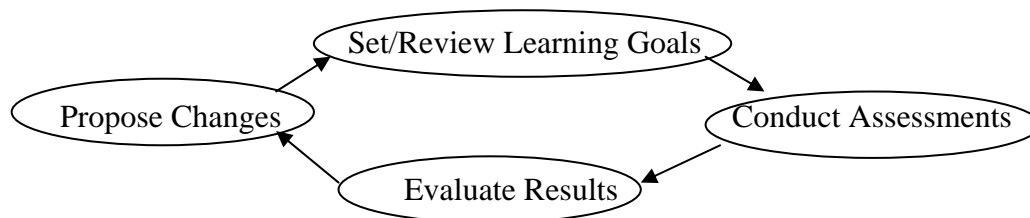


Figure 2. Learning Goals, Assessment and Results.

As discussed in the previous section, we made several changes to our initial AOL plan. The first major change was the reconsideration, and ultimate removal, of our first learning goal, *Personalized Education*. Although modeled after another similar school whose plan was one put forth by the AACSB as a representative example of a well-thought-out plan, after discussions with our accreditation team and better understanding the AOL process, we realized that this was not a measurable goal since 1) it is really an input not an output and 2) there was no feasible way to identify any real measurable outputs from it in the sense of what our students will be able to do because of it. While it remains a marketable characteristic of our BBA degree, we were unable to revise it into an appropriate learning goal so it was eliminated as one of our learning goals during our Winter/Spring 2008 faculty meetings.

As part of our previous accreditation report, we included assessment results for our (then) second learning goal, *Communication Skills*. Assessment of oral communication skills had involved having the faculty member teaching the course conduct the assessment and then we progressed to having an outside team of three faculty members come in and observe the presentations, using a rubric initially developed by the MBA Committee and slightly modified for use with undergraduate students. For writing skills, an assessment rubric was utilized in evaluating a research paper assignment in Auditing. Assessment results of oral communication skills indicated satisfactory results for most students except that there was insufficient eye contact with the audience. Overall, written communication skills were also satisfactory. However, in reviewing the results, we determined that there was insufficient evaluation of both the content and the desired level of technical depth given the audience. The faculty members agreed that for 1) oral communication, it is of primary importance that the speaker be able to correctly identify the audience to which the presentation is directed and then present the material

at an appropriate technical level and for 2) written communication, not only is the writing style different for internal communications, including email, but the technical level and extent of authoritative support is likely much higher. This led to development of two new objectives in each skill area (see Table 2). New instruments and rubrics are being developed to assess these new learning objectives. As indicated on the Accounting Assurance of Learning Plan, both types of skills in both oral and written communications will be assessed in specific courses during 2009-10.

Also as part of our previous accreditation report was an objective within our *Technical Proficiency* goal concerning our students being proficient in Quickbooks, which is heavily used in the Fairbanks area where many of our graduates work. However, as discussed above, we decided to remove that objective from our AOL plan primarily because we did not continue to think it was a skill that we should be teaching in an undergraduate accounting program.

As part of our continuous improvement process considerable time was spent evaluating the technical proficiency of students in the core accounting program courses. In our initial AOL plan this was done by embedding previous CPA exam questions into mid-term examinations in the various courses. While results were generally satisfactory, there was no concerted effort to focus the questions utilized on a set of core competencies that our graduates should understand and therefore no way to use the results to change curriculum. As a result, significant time was spent during Fall of 2008 identifying fundamental concepts in core accounting courses and then determining how to assess them. These new learning objectives are summarized in Table 2.

Table 2. Learning Goals and Objectives.

1. Communication Skills: Accounting graduates communicate effectively both orally and in writing.
1a. Oral: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.
1b. Oral: Technical (Internal): Accounting graduates will be able to present ideas and discuss alternatives effectively based on substantial authoritative support using precise technical language.
1c. Written: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.
1d. Written: Technical (Internal): Accounting graduates will be able to write a technical document that contains proper authoritative support and logical development of the analysis resulting in the appropriate recommendation.
2. Technical Proficiency: Accounting graduates possess technical accounting knowledge.
2a. Accounting graduates will have the ability to use databases to explore tax code authorities and audit, financial and governmental standards to draw well-reasoned conclusions on accounting issues.
2b. Accounting graduates will demonstrate an understanding of the tax formula, the concept of fund accounting and the adjusting entry process.

2c. Accounting graduates will demonstrate an understanding of basic internal controls, the audit risk formula and cost behavior.
3. Professionalism: Accounting graduates function professionally in a business environment.
3a. Accounting graduates will have the ability to identify ethical issues.
3b. Accounting graduates will demonstrate a professional work ethic and demeanor.
4. General Business Knowledge: Accounting graduates possess knowledge of all business disciplines within the BBA degree.
4a. Accounting graduates will be knowledgeable about fundamental concepts in business and economics, including integrating knowledge within those disciplines.

To assess these new objectives two exit exam were developed (see Appendix A), each covering three core accounting courses and the fundamental concepts in those courses: one focusing on Intermediate/Tax/Governmental & NFP accounting to be given at the beginning of their final Fall semester and one focusing on AIS/Auditing/Cost accounting to be given at the beginning of their final Spring semester. The first administration of the Intermediate/Tax/Governmental and NFP accounting exit exam will occur at the beginning of the Fall 2009 semester. The AIS/Audit/Cost accounting exam was administered for the first time at the beginning of the Spring 2009 semester and the results are presented in Table 3.

Table 3. Assessment of Auditing/AIS/Cost.

Student	Auditing				AIS				Cost/Managerial		
	Taken	MC	Essay	Overall	Taken	MC	Essay	Overall	Taken	MC	Pass/Fail
1	No	2/3	Fail	Fail	S07	3/5	fail	fail	F08	4/7	pass
2	No	1/3	Fail	Fail	NO	1/5	fail	fail	F08	3/7	Fail
3	No	1/3	fail	fail	no	2/5	fail	fail	MBA	7/7	Pass
4	05	1/3	fail	fail	yes	1/5	fail	fail	04	4/7	Pass
5	yes	2/3	pass	pass	yes	2/5	fail	fail	yes	6/7	Pass
6	yes	3/3	pass	pass	yes	2/3	fail	fail	yes	6/7	Pass
7	no	2/3	fail	Fail	F08	2/5	fail	fail	F08	5/7	Pass
8	no	2/3	fail	Fail	S08	2/5	pass	fail	F08	5/7	Pass
9	No	2/3	fail	Fail	S08	2/5	fail	fail	F08	5/7	pass

Based on the above results it was recommended that internal controls be made a significant component of ACCT 262 (Accounting Concepts and Uses II). Also, in ACCT 262 there should be an increased emphasis on cost behavior and its importance in the decision-making process. There were not enough responses to draw any conclusions on the auditing portion of the exam.

Finally, we revised the way we assess ethical awareness, which is part of our third learning objective, *Professionalism*. Wanting to assess ethical awareness more specific to accounting issues, we located and now utilize a test published in an article by Kay Zekany in the November 2007 issue of *Strategic Finance* (see Appendix B). This was administered for the

first time in the Fall 2008 semester during the final exam for the ACCT 452 (Auditing). Each student answered fourteen questions attempting to assess their ethical judgment. The fourteen scenarios presented were assessed according to the following scale:

- a) good business practice
- b) perfectly ethical, but raises a red flag
- c) improper, but not fraudulent
- d) improper and a possible indication of fraud
- e) fraudulent accounting

The article stated. “Judgment is involved in selecting your responses. The short scenarios and limited set of responses don’t allow for a full contextual understanding of the business situations.” The exact answer was not as important as the direction of the answer. For example an A answer, good business practice, is far off if the suggested correct response is E, fraudulent reporting. On the other hand, a D answer to the E question is only off in the assessment of degree. The results of the answers to the fourteen questions are presented in Table 4.

Table 4. Assessment of Ethical Awareness.

Student	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	E14	% COR	% cor +/- one
1	C	D	D	C	C	E	A	E	E	E	E	E	C	E	67	93
2	B	C	D	B	B	D	A	E	E	E	E	E	E	D	86	100
3	B	C	D	B	D	D	A	E	E	E	E	E	E	C	78	100
4	C	D	D	B	B	E	A	E	D	C	D	E	D	D	50	93
5	D	C	D	D	C	D	A	E	E	E	E	E	E	E	79	93
6	C	B	E	B	A	B	A	D	B	E	C	E	C	C	36	64
7	B	C	D	B	D	C	A	E	E	E	E	E	E	D	79	100
8	D	A	E	A	B	B	A	B	C	D	E	C	E	D	29	64
Correct	C	C	D	B	C	D	A	E	E	E	E	E	E	D		
% Correct	38	50	75	63	25	38	100	75	63	75	75	88	63	50	63	
% Correct +/- ONE	100	88	100	88	88	75	100	88	75	88	88	88	75	100		89

The results indicate a good ethical awareness by our students. Sixty three percent of the answers agree exactly with the selected answers. This percentage is a little below what had been expected. However, eighty nine percent of the answers were within one answer of the suggested correct answer on the sliding scale. The results of this assessment appear to indicate that accounting majors are capable of recognizing ethical dilemmas.

Curriculum Changes: Completed and Proposed

Assessment resulted in several changes to our accounting curriculum. Our students struggled to properly identify internal control objectives and procedures. Past assessment also led to the objective related to the coverage of Quickbooks being dropped along with the coverage of it in ACCT 262 (Concepts and Uses II). As a result an increased coverage of the basic internal controls in ACCT 262 was added while the coverage of QuickBooks was removed. The

unsatisfactory scores obtained on internal controls could also have been due in part to the focus of our Accounting Information Systems course during previous years. This deficiency was remedied beginning in the Fall of 2008. These areas will be retested during AY 10-11.

Assessment Planning

Table 5 and Table 6 present the accounting programs AOL plans for the next year and the next five years, respectively. As presented in Table 5, two AOL instruments and rubrics for the news objectives for communication skills have to be designed in August so they can be administered in the Fall 2009 semester. Instruments and rubrics also have to be designed for the two remaining communication skills objectives, this is planned to be done in the Fall 2009 semester so they can be administered in the Spring 2010 semester. The plan also includes administering the Intermediate/Tax/Governmental and NFP accounting exit exam at the beginning of the Fall 2009 semester. All AOL results will be analyzed in May at the end of the academic year. Table 6 illustrates that the objectives are to be assessed every second year with each objective being evaluated at least twice in the five year plan.

Table 5. Accounting Assurance of Learning - Plan for the Academic year 2009-10.

Goals & Objectives	August 2009	Fall 2009	Spring 2010	May 2010
1. Communication Skills: Accounting graduates communicate effectively both orally and in writing.				
1a. Oral: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.	Instrument & Rubric designed	Assessed in ACCT 401		Results Analyzed
1b. Oral: Technical (Internal): Accounting graduates will be able to present ideas and discuss alternatives effectively based on substantial authoritative support using precise technical language.		Instrument & Rubric designed	Assessed in ACCT 404	Results Analyzed
1c. Written: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.		Instrument & Rubric designed	Assessed in ACCT 472	Results Analyzed
1d. Written: Technical (Internal): Accounting graduates will be able to write a technical document that contains proper authoritative support and logical development of the analysis resulting in the appropriate recommendation.	Instrument & Rubric designed	Assessed in ACCT 430		Results Analyzed
2. Technical Proficiency: Accounting graduates possess technical accounting knowledge.				
2a. Accounting graduates will have the ability to use databases to explore tax code authorities and audit, financial and governmental standards to draw well-reasoned conclusions on accounting issues.				
2b. Accounting graduates will demonstrate an understanding of the tax formula, the concept of fund accounting and the adjusting entry process.		Assessed in ACCT 401 & 430		Results Analyzed
2c. Accounting graduates will demonstrate an understanding of basic internal controls, the audit				

risk formula and cost behavior.				
3. Professionalism: Accounting graduates function professionally in a business environment.				
3a. Accounting graduates will have the ability to identify ethical issues.				
3b. Accounting graduates will demonstrate a professional work ethic and demeanor.				
4. General Business Knowledge: Accounting graduates possess knowledge of all business disciplines within the BBA degree.				
4a. Accounting graduates will be knowledgeable about fundamental concepts in business and economics, including integrating knowledge within those disciplines.			Assessed in BA 462	Results analyzed

Table 6. Accounting Assurance of Learning -Five Year Plan.

Goals & Objectives	2009-10	2010-11	2011-12	2011-12	2012-13
1. Communication Skills: Accounting graduates communicate effectively both orally and in writing.					
1a. Oral: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.	Assess		Assess		Assess
1b. Oral: Technical (Internal): Accounting graduates will be able to present ideas and discuss alternatives effectively based on substantial authoritative support using precise technical language.	Assess		Assess		Assess
1c. Written: Technical (External): Accounting graduates will be able to identify the external audience which is the focus of the presentation and be able to present at the appropriate level given the audience's level of technical expertise.	Assess		Assess		Assess
1d. Written: Technical (Internal): Accounting graduates will be able to write a technical document that contains proper authoritative support and logical development of the analysis resulting in the appropriate recommendation.	Assess		Assess		Assess
2. Technical Proficiency: Accounting graduates possess technical accounting knowledge.					
2a. Accounting graduates will have the ability to use databases to explore tax code authorities and audit, financial and governmental standards to draw well-reasoned conclusions on accounting issues.		Assess		Assess	
2b. Accounting graduates will demonstrate an understanding of the tax formula, the concept of fund accounting and the adjusting entry process.	Assess		Assess		Assess
2c. Accounting graduates will demonstrate an understanding of basic internal controls, the audit risk formula and cost behavior.		Assess		Assess	
3. Professionalism: Accounting graduates function professionally in a business environment.					
3a. Accounting graduates will have the ability to identify ethical issues.		Assess		Assess	

3b. Accounting graduates will demonstrate a professional work ethic and demeanor.	Assess		Assess		Assess
4. General Business Knowledge: Accounting graduates possess knowledge of all business disciplines within the BBA degree.					
4a. Accounting graduates will be knowledgeable about fundamental concepts in business and economics, including integrating knowledge within those disciplines.	Assess	Assess	Assess	Assess	Assess

V. Financial Strategies

The School of Management (SOM) and the Accounting Program engage in ongoing resource planning to ensure that the mission and strategic initiatives can be met. The General Fund Authorized Budget that SOM receives from UAF makes up the largest portion of the SOM continuation budget (78% in FY09). The rest of the budget the School receives from UAF is unrestricted and comes from tuition. Starting with FY10 there will be a substantial change in the tuition model that UAF uses to generate the unrestricted funds to schools and colleges. The other source of funds comes from SOM development activities. The breakdown for DAIS is shown in the following table:

Table 7. Accounting Program Expenditures AY09 (excluding private donations).

	Expenditures (\$)	Expenditures (%)
Tenured Faculty Wages and Benefits	691,334	72.09
Tenure-Track Wages	152,161	15.86
Term Track Wages	0	0
Increase in Wages for Program Directors, etc.	15,397	1.61
Adjunct Wages	92,572	9.65
Student Workers	4,003	0.42
Discretionary funds - \$500 per faculty member	3,500	0.36

VI. Financial Strategies

In general, DAIS's strategy is focused on increasing revenue in lieu of further reductions of expenditures. Several changes are taking place that will assist us with this goal. First, the University is implementing a new tuition model (discussed below), negotiations with the distance education and summer school programs at UAF will bring a larger share of tuition from those activities, and development activities to increase the amount of private funds. In general, funds are allocated by SOM's Dean or SOM's executive committee.

Tuition Model

UAF has instituted a new tuition model to generate the School's unrestricted funds. Under the new model, starting in FY10, UAF will return sixty percent of all tuition to the units that generated them. This distribution will take place in real-time as students enroll. This will mean a much greater emphasis for Schools on increasing student credit hours in terms of budgets. It will also mean a less certain and more variable budget. Further, DAIS will capture between sixty and seventy percent of the tuition from students taking distance education or summer session courses.

Development

The School of Management is fairly new to the portion of development that is aimed at fundraising. Corporate donations have historically been targeted at Athletics and the Museum with alumni donations sparse. Three years ago UAF shifted development (and student recruitment) to the Deans. SOM has started to focus on fundraising and its first Director of Development and Outreach was hired in July 2009. DAIS has a large number of successful alumni that represent potential sources for private contributions. We plan to work closely with SOM's development officer to increase the level of private funding within the accounting program.

Faculty Replacements

During the summer of 2009 the program experienced two faculty vacancies: 1) Yijiang Zhao left for a position at another university and 2) Henry Wichmann retired. As discussed earlier the decision was made, for programmatic reasons, to fill one of these positions with a PQ faculty. It is expected that Wichmann's position will be filled with an AQ faculty member but resources must be approved before this search can begin.

Other Funding for initiatives

During AY 08-09 we revised our faculty AQ and PQ definitions to emphasize professional certifications and increase the level of professional interactions. These activities will take additional financial resources. We will seek private funding for most of these costs.

VI. New Degree Programs

There have been no new degree programs that fall under AACSB accreditation since the previous accreditation review.

VII. Tables

Table 8. AACSB Table 2-1. Summary of Intellectual Contributions (2004-2008).

Accounting	Portfolio of Intellectual Contributions									Summary of IC Types			
Member Name	PRJ	Mono	Book	Chap	PRP	PRPP	FW	NPRJ	Other	Total	LPS	CTP	DBS
Abramowicz, Ken	3									3		3	
Bartlett, Thomas													
Berry, Kevin T.	7									7	1	6	
Davis, Michael	7				1					8		8	
Sparks, Howard	4			2					1	7		7	
Wichmann, Henry	5									5		5	
Zhao, Yijiang	4				2	2				8		7	1
Accounting Totals:	30			2	3	2			1	38	1	36	1

Table 9. AACSB Table 2-2: Summary of Peer Reviewed Journals and Number of Publications in Each Journal (2004-2008).

Journals	Count: 30
Accounting Instructors' Report	1
Accounting Review	1
Corporate Finance Review	2
CPA Journal	4
International Journal of Accounting, Auditing and Performance Evaluation (IJAAPE)	1
Issues in Accounting Education	1
Journal of Accountancy	2
Journal of American Academy of Business Cambridge	1
Journal Of Business Finance & Accounting	1
Journal Of Corporate Accounting And Finance	1
Journal of Information Technology Education	1
Journal of Theoretical Accounting Research	1
Management Accounting Quarterly	1
New Accountant	4
Oil, Gas & Energy Quarterly	5
Strategic Finance	3
Today's CPA	1

Table 10. AACSB Table 9-1: Summary of Member Sufficiency in Discipline and School 2009 (Classes by Program).

	Name	Participating or Supporting	Taught by Participating	P/(P+S)	Total
1.	Abramowicz, Ken	P	3.00		
2.	Bartlett, Thomas	P	2.00		
3.	Berry, Kevin	P	1.00		
4.	Davis, Michael	P	1.00		
5.	Sparks, Howard	P	2.00		
6.	Wichmann, Henry	P	2.00		
7.	Zhao, Yijiang	P	2.00		
Total Accounting:			13.00	100%	13.00

Table 11. AACSB Table 10-1: Summary of Faculty Qualifications, Intellectual Contributions and Professional Responsibilities (RE: Standards 2 & 10)

Name	Highest Earned Degree & Year	Date of First Appointment to School	Percent of Time Dedicated to the School's Mission	Acad Qual	Prof Qual	Other	Number of Contributions during the last five years					
							Learning & Pedagogical Scholarship		Discipline-Based Scholarship		Contributions to Practice	
							PRJ	OIC	PRJ	OIC	PRJ	OIC
Accounting												
Abramowicz, Ken	Ph.D., 1991	1994	100	X							3	
Berry, Kevin	Ph.D., 1995	2006	100	X			1				6	
Davis, Michael	Ph.D., 1986	2004	100	X							8	1
Sparks, Howard	Ph.D., 1996	1993	100	X							4	3
Wichmann, Henry	Ph.D., 1972	1986	100	X							5	
Zhao, Yijiang	Ph.D., 2005	2005	100	X					1		6	4
Bartlett, Thomas	M.B.A. 1969	1974	49		X							
Total Accounting							1		1		33	8

Table 12. AACSB Table 10-2. Calculations Relative to Deployment of Qualified Faculty (RE: Standard 10).

NAME	QUALIFICATION (ACADEMIC-AQ, PROFESSIONAL-PQ OTHER-O) <i>(FROM TABLE 10-1)</i>	AQ FACULTY- % OF TIME DEVOTED TO MISSION <i>(FROM TABLE 10-1)</i>	PQ FACULTY- % OF TIME DEVOTED TO MISSION <i>(FROM TABLE 10-1)</i>	OTHER ² FACULTY- % OF TIME DEVOTED TO MISSION <i>(FROM TABLE 10-1)</i>	QUALIFICATION RATIOS PER STD 10
Accounting					
Abramowicz, Ken	AQ	100			
Berry, Kevin	AQ	100			
Davis, Michael	AQ	100			
Sparks, Howard	AQ	100			
Wichmann, Henry	AQ	100			
Zhao, Yijiang	AQ	100			
Bartlett, Thomas	PQ		49		
TOTAL Accounting		600	49	0	$AQ_A/(PQ_A+AQ_A+O_A) = 92\%$ $(AQ_A+PQ_A)/(AQ_A+PQ_A+O_A) = 100\%$

Explanation

DAIS faculty adopted a new AQ/PQ policy which more closely matches the newly proposed focus of Standard 2 (Intellectual Contributions) and new interpretations to AACSB Standard 10 that stresses the portfolio of intellectual contributions. The policy, described below parallels the new SOM AQ/PQ policy.

DAIS AQ and AQ/PQ Status Weighted by FTEs

For the current AQ and AQ/PQ status the FTEs of Fall 2008 and Spring 2009 semesters were used (AQ and AQ/PQ status based on 2004-2008). DAIS determined its aggregated AQ and AQ/PQ status by an FTE weight. For each full-time faculty the FTE assigned is 1.0, for part-time permanent faculty the fraction is equivalent to their contract (half-time is 0.5, etc.) and for adjunct and teaching assistants the FTE is the number of hours taught divided by 30 (full-time teaching equivalent). The purpose for this weighting is to capture the essence of the contribution that a faculty member makes toward in-class and out-of-class teaching, thesis advising, student research and student advising. A full-time faculty member will be in their office during work hours to work with students as the need arises and is continually working with students in a variety of teaching activities. A full-time faculty member will contribute to the student's learning in a multitude of ways. By contrast, an adjunct's contribution is usually limited to contact hours for a particular course.

Accounting Program Expectations of Academically Qualified Faculty

The AACSB Standards state that. . . "Academic qualification requires a combination of original academic preparation (degree completion) augmented by subsequent activities that maintain or establish preparation for current teaching responsibilities."

The Program's designation of a faculty member's current academic qualification is based upon academic preparation, current teaching assignment and record of intellectual contributions. Original academic preparation defines the minimum set of requirements for maintaining academic qualification as follows:

- a. A doctoral degree in the area in which the individual teaches.
- b. A doctoral degree in a business field, but primary teaching responsibility in accounting AND
 1. Maintains active involvement in the area of teaching responsibility through writing, participation in professional meetings or related activities.
 2. An appropriate certification and licensed to practice.
- c. A doctoral degree outside of business, but primary teaching responsibilities that incorporate the area of academic preparation AND

1. Maintains active involvement in the area of teaching responsibility through writing, participation in professional meetings or related activities.
 2. An appropriate certification and licensed to practice.
- d. A doctoral degree outside of business and primary teaching responsibilities that do not incorporate the area of academic preparation AND
1. Has completed course work or personal study sufficient to provide a base for participation in the mix of teaching, intellectual contributions and service sought by the school.
 2. Maintains active involvement in the area of teaching responsibility through writing, participation in professional meetings or related activities.
 3. An appropriate certification and licensed to practice.
- e. A specialized graduate degree in law or taxation AND
1. Must teach only within the boundaries of the specialized degree.
 2. Maintains active involvement in the area of teaching responsibility through writing, participation in professional meetings or related activities.
 3. An appropriate certification and licensed to practice.
- f. Substantial specialized coursework in the field of primary teaching responsibilities, but no research doctoral degree (The number of faculty that fall into this category will be strictly limited.) AND
1. Maintains active involvement in the area of teaching responsibility through writing, participation in professional meetings or related activities.
 2. An appropriate certification and licensed to practice.

The Program also considers faculty members to be academically qualified for five years after completing a doctoral degree.

Accounting Program Expectations of Professionally Qualified Faculty

Faculty members who are professionally qualified may engage in different activities to maintain currency and relevance than academically qualified faculty members. The AACSB Standards state that ... “Both relevant academic preparation and relevant professional experience will be required to establish a faculty member as professionally qualified. Normally, the academic preparation should consist of a master’s degree in a field related to the area of teaching assignment. Normally, the professional experience should be relevant to the faculty member’s teaching assignment, significant in duration and level of responsibility, and current at the time of hiring.”

The Program’s designation of a faculty member’s current professional qualification is based upon academic preparation, current teaching assignment and record of professional experience

and contributions. To be selected as a Professionally Qualified Faculty Member the individual should normally have:

1. At least a master's degree in a field related to the area of the teaching assignment.
2. Professional experience at a substantial level of responsibility that is relevant to the teaching assignment at the time of hire.
3. An appropriate certification and licensed to practice.

Maintenance of Faculty Qualifications

A) *Academically Qualified:* Academically Qualified (AQ) faculty members are expected to be involved in a variety of intellectual development activities that are directly related to their teaching area. Based on the mission of the Accounting Area the following four teaching areas have been developed: 1) Auditing, 2) Tax, 3) Governmental/not-for-profit, and 4) General. Because of the size of the faculty it is not unusual for faculty to teach in more than one of these areas. When this is the case, to be academically qualified, the faculty member must have intellectual development activities in accounting and/or activities specifically related to their emphasis of instruction at the upper (junior/ senior) division level.

To remain AQ faculty must have published three peer-reviewed journal articles during a rolling five-year period as part of an intellectual contributions portfolio. It is expected that at least one of these is related to their instruction at the upper (junior/ senior) division level.

Or

Publish two peer-reviewed journal articles during a rolling five year period and have significant continuing professional education (CPE) relevant to their upper (junior/ senior) division level teaching area.

Or

Publish two peer-reviewed journal articles during a rolling five year period and have significant practical experience relevant to their upper (junior/ senior) division level teaching area.

Or

Publish one peer-reviewed journal articles during a rolling five year period and have both significant CPE and significant practical experience relevant to their upper (junior/ senior) division level teaching area.

Or

Be within five years of having completed his or her doctoral degree.

*It is important to note that the maintenance of AQ status is not linked to the School of Management's (SOM) policy on work load assignments. To get a teaching load reduction because of research the standard must certainly exceed that for being AQ. Three published journal articles will **not** and should **not** get a faculty member a lower teaching load because of research productivity. Second, the fact that a faculty member is AQ will **not** be sufficient to meet SOM's standard for promotion and tenure.*

Significant CPE is defined as enough CPE to maintain a current professional certification or an average of eight hours annually in their upper (junior/ senior) division level teaching area.

Significant practical experience is defined as a minimum of three months of practical experience in an area related to the teaching area or the equivalent from any combination of the following activities:

- 1) Serving as an active member of a board of directors with responsibilities related to the primary teaching area.
- 2) Consulting activities.
- 3) Practical experience.
- 4) Presenting a seminar to practitioners.
- 5) Reviewing textbooks for publishers.
- 6) Significant active involvement in entrepreneurial activities. (Such as starting a business, developing a business plan or obtaining outside financing.)

B) *Professionally Qualified:* Professionally Qualified (PQ) faculty members are expected to be involved in a variety of intellectual development activities that are directly related to their teaching area. Based on the mission of the Accounting Area the following four teaching areas have been developed: 1) Auditing, 2) Tax, 3) Governmental/not-for-profit, and 4) General. Because of the size of the faculty it is not unusual for faculty to teach in more than one of these areas. When this is the case, to be professionally qualified, the faculty member must have intellectual development activities in accounting and/or activities specifically related to their emphasis of instruction at the upper (junior/ senior) division level.

To remain Professionally Qualified (PQ) faculty members are expected to maintain their license to practice and have significant practical experience. Significant practical experience is defined as a minimum of three months of practical experience in an area related to the teaching area or the equivalent from any combination of the following activities:

- 1) Serving as an active member of a board of directors with responsibilities related to the primary teaching area.
- 2) Consulting activities.
- 3) Practical experience.
- 4) Presenting a seminar to practitioners.
- 5) Reviewing textbooks for publishers.
- 6) Significant active involvement in entrepreneurial activities. (Such as starting a business, developing a business plan or obtaining outside financing.)

Appendix A. Comprehensive Exit Exams

University of Alaska Fairbanks Accounting Program Comprehensive Exam Covering AIS/Auditing/Cost

This 45 minute exam is designed to assess the level of knowledge of our accounting students. The exam is being administered to all students enrolled in senior elective courses. Any student should only complete this examination one time. Your results on this exam have **no bearing** on your grade in any specific course. Aggregated results will be assessed to help the accounting program faculty improve the quality of our program. Individual scores will not be used in any way nor will individual results be publicly released. Before completing the exam please check the courses in the curriculum you have completed. Please complete the exam even if you have not yet completed the particular courses from which the questions are taken. You will be given 45 minutes to complete the exam.

Please check the following courses that you have completed:

ACCT 330 Income Tax	
ACCT 342 Managerial Cost Accounting	
ACCT 361 Intermediate Accounting I	
ACCT 362 Intermediate Accounting II	
ACCT 414 Governmental and Nonprofit Accounting	
ACCT 452W Auditing	
ACCT 401 Advanced Accounting	
ACCT 404 Advanced Cost Accounting and Controllership	
ACCT 430 Advanced Taxes	
ACCT 472 Advanced Auditing	
AIS 316 Accounting Information Systems	

Please indicate the following:

Course	Taken at SOM/UAF	Taken at TVC	Taken Elsewhere (where?)
ACCT 261			
ACCT 262			

Section I - Please answer each of the following multiple choice questions by selecting the BEST answer:

- _____ 1. When an auditor increases the assessed level of risk of material misstatement because certain control procedures were determined to be ineffective, the auditor would most likely increase the
- A. Extent of tests of controls
 - B. Level of detection risk
 - C. Extent of tests of details
 - D. Level of inherent risk
- _____ 2. The auditor can respond to an increased risk of fraud by doing all of the following except
- A. Increasing professional skepticism
 - B. Assigning more experienced personnel to the audit
 - C. Increasing acceptable audit risk
 - D. Taking steps to obtain more reliable evidence
- _____ 3. The risk that an auditor will conclude, based on substantive procedures, that a material error does not exist in an account balance when, in fact, such error does exist is referred to as
- A. Sampling risk
 - B. Detection risk
 - C. Nonsampling risk
 - D. Inherent risk
- _____ 4. In a manual system with proper segregation of duties, an employee in the general ledger department should only
- A. Authorize posting to the general ledger
 - B. Post transactions to the general ledger
 - C. Reconcile the subsidiary ledger to the general ledger
 - D. Post transactions to the subsidiary ledger
- _____ 5. General controls in IT systems are divided into five broad categories. Which of the following is NOT one of those categories?
- A. Authentication of users and limiting unauthorized access
 - B. Output controls
 - C. Organization structure
 - D. Physical environment and physical security of the system.
- _____ 6. Unauthorized access to the operating system would allow the unauthorized user to:
- A. Browse disk files for sensitive data or passwords
 - B. Alter data through the operating system
 - C. Alter application programs
 - D. All of the above

_____ 7. Which of the following statements is not true regarding internal controls of capital and investment processes?

- A. Internal controls aimed at preventing and detecting employee fraud in capital and investment processes are not as effective.
- B. Top management fraud, rather than employee fraud, is more likely to occur.
- C. Any fraud is likely to involve manipulating capital and investment processes.
- D. Because of top management oversight, the auditor need not review these processes.

_____ 8. Which of the following is not part of an administrative process?

- A. The sale of stock
- B. The sale of bonds
- C. The write-off of bad debts
- D. The purchase of marketable securities

_____ 9. Which of the following types of costs is the *most* likely to be classified as variable?

- A. Factory rent
- B. Factory insurance
- C. Direct materials
- D. Depreciation of factory building

_____ 10. The cost equation, $y = \$400 + \$5x$, represents:

- A. a variable cost.
- B. a fixed cost.
- C. a mixed cost.
- D. can not be determined

_____ 11. Chadwick Ski Lodge decides how many housekeepers it needs to hire based on expected hotel occupancy. The following shows the budgeted housekeeping costs per month at various occupancies:

<u>Number of occupied rooms</u>	<u>Housekeeping costs</u>
0 - 25	\$1,500
26 - 40	3,000
41 - 55	4,500

What type of cost is housekeeping?

- A. Fixed
- B. Variable
- C. Step
- D. Mixed

_____ 12. Hunter Inc. sells a unique product with the following information available:

Sales price	\$85 per unit
Variable costs	\$25 per unit

Fixed Costs \$10,000
Units produced and sold 1,250

What is the contribution margin ratio?

- A. 41.67%
- B. 2.40%
- C. 70.59%
- D. 61.18%

_____ 13. Bergman Inc. has the following product information available:

Sales price \$12 per unit
Variable costs \$ 4 per unit
Fixed costs \$15,600
Units sold 10,400

How many units need to be sold in order to earn a target profit of \$150,000?

- A. 25,477
- B. 20,700
- C. 10,350
- D. 18,750

_____ 14. _____ are costs that do not change in total when production volume increases or decreases within the relevant range.

- A. Variable costs
- B. Relevant costs
- C. Fixed costs
- D. Period costs

_____ 15. When are fixed costs relevant in a make or buy decision?

- A. Fixed costs are never relevant to the decision.
- B. Fixed costs are relevant when they differ among alternatives.
- C. Fixed costs are always relevant to the decision.
- D. Fixed costs are relevant when they exceed variable costs.

Section II - Essay Questions:

1. Identify common procedures/controls over general journal entries.
2. Identify the categories of typical internal controls:
3. What is the audit risk formula? Use the formula to explain the difference between a reliance strategy and a substantive strategy.

**University of Alaska Fairbanks
Accounting Program
Comprehensive Exam Covering Intermediate/Tax/Governmental and NFP**

This 45 minute exam is designed to assess the level of knowledge of our accounting students. The exam is being administered to all students enrolled in senior elective courses. Any student should only complete this examination one time. Your results on this exam have **no bearing** on your grade in any specific course. Aggregated results will be assessed to help the accounting program faculty improve the quality of our program. Individual scores will not be used in any way nor will individual results be publicly released. Before completing the exam please check the courses in the curriculum you have completed. Please complete the exam even if you have not yet completed the particular courses from which the questions are taken. You will be given 45 minutes to complete the exam.

Please check the following courses that you have completed:

ACCT 330 Income Tax	
ACCT 342 Managerial Cost Accounting	
ACCT 361 Intermediate Accounting I	
ACCT 362 Intermediate Accounting II	
ACCT 414 Governmental and Nonprofit Accounting	
ACCT 452W Auditing	
ACCT 401 Advanced Accounting	
ACCT 404 Advanced Cost Accounting and Controllershship	
ACCT 430 Advanced Taxes	
ACCT 472 Advanced Auditing	
AIS 316 Accounting Information Systems	

Please indicate the following:

Course	Taken at SOM/UAF	Taken at TVC	Taken Elsewhere (where?)
ACCT 261			
ACCT 262			

Section I – Essay Questions:

Assume you are the CFO of Big Company and have hired the best accountants you can find for your accounting department. Assume also that they do an excellent job recording all transactions that occurred exactly as they should be recorded and that no errors have been made. When you examine the balance sheet near the end of the fiscal year, you note that there are accounts such as Equipment, Prepaid Rent and Unearned Revenue.

1. Would adjusting entries still need to be made in this case? Why or why not? Explain carefully, citing an example.

2. Assume now that you give a closer look at the transactions that occurred during the year and note the following. Prepare any adjusting entry – in good form – you consider necessary. If none is necessary, carefully explain why.
 - a. The end of the fiscal year is on Wednesday. Employees are paid every Friday for that week’s work and, on average, employees earn in total \$25,000/week.
 - b. On January 1 of the current year, Big Company started with \$10,000 of office supplies. During the year, \$60,000 additional supplies were purchased and charged to *Office Supplies Expense*. A physical count at the end of the year determines that \$10,000 of office supplies are on hand.

Section II - Multiple Choice Questions: Select the BEST answer:

- _____ 1. The comprehensive annual financial report (CAFR) of a government should contain a statement of revenues, expenses, and changes in net assets for
- A) Both proprietary and governmental funds.
 - B) Governmental but not proprietary funds.
 - C) Proprietary but not governmental funds.
 - D) Neither governmental nor proprietary funds.

_____ 2. The modified accrual basis of accounting applicable to governmental fund types requires that revenues be recognized when

- A) Earned.
- B) Authorized by the budget ordinance.
- C) Measurable and available.
- D) Collected in cash.

_____ 3. An example of a proprietary fund in governmental accounting is a (an)

- A) Special revenue fund.
- B) Investment trust fund.
- C) Internal service fund.
- D) Debt service fund.

_____ 4. In order for the accounting system of a local government to be in conformity with generally accepted accounting principles

- A) Only governmental funds, and proprietary funds should be provided.
- B) Only those funds required by law, GASB standards, and sound financial administration should be provided.
- C) Only those funds required by law should be provided.
- D) All categories of funds must be provided.

_____ 5. Which of the following funds is a proprietary fund-type in governmental accounting?

- A) Private-purpose trust fund.
- B) Enterprise.
- C) Permanent fund.
- D) Capital projects fund.

_____ 6. A fund that is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governments, on a cost-reimbursement basis is properly classified as a (an)

- A) Enterprise fund.
- B) Proprietary fund.
- C) Internal service fund.
- D) Both B and C are correct.

_____ 7. Which of the following funds is a governmental fund-type?

- A) Private-purpose trust fund.
- B) Internal service fund.
- C) Permanent fund.
- D) Enterprise fund.

_____ 8. The activities of a water utility department, which offers its services to the general public on a user charge basis, should be accounted for in

- A) An enterprise fund.
- B) A special revenue fund.
- C) The General Fund.
- D) An internal service fund.

_____ 9. The measurement focus that should be used in preparing fund financial statements in governmental accounting is:

	<u>Governmental funds</u>	<u>Proprietary funds</u>	<u>Fiduciary funds</u>
A)	Current financial resources	Economic resources	Current financial resources
B)	Current financial resources	Economic resources	Economic resources
C)	Current financial resources	Current financial resources	Economic resources
D)	Economic resources	Current financial resources	Current financial resources

_____ 10. During 2008, Colin had the following transactions:

Salary	\$ 70,000
Interest income on City of Denver bonds	500
Damages for personal injury (car accident)	100,000
Punitive damages (same car accident)	50,000
Cash dividends from General Motors Corporation	4,000

Colin's AGI (adjusted gross income) for tax purposes is:

- a. \$74,000.
- b. \$120,500.
- c. \$124,000.
- d. \$124,500.

_____ 11. Arnold is married to Sybil, who abandoned him in 2006. He has not seen or communicated with her since April of that year. He maintains a household in which their son, Evans, lives. Evans is age 25 and earns over \$20,000 each year. For tax year 2008, Arnold's tax filing status is:

- a. Married, filing jointly.
- b. Married, filing separately.
- c. Head of household.
- d. Single.

- _____ 12. The amount of Social Security benefits received by an individual that he or she must include in gross income for tax purposes:
- Is computed in the same manner as an annuity [exclusion = (cost/expected return) amount received].
 - May not exceed the portion contributed by the employer.
 - May not exceed 50% of the Social Security benefits received.
 - May be zero or as much as 85% of the Social Security benefits received, depending upon the taxpayer's Social Security benefits and other income.

- _____ 13. Jim had a car accident in which his car was completely destroyed. At the time of the accident, the car had a fair market value of \$30,000 and an adjusted basis of \$40,000. Jim used the car 100% of the time for personal use. Jim received an insurance recovery of 80% of the value of the car at the time of the accident. If Jim's AGI for the year is \$50,000, determine his deductible loss for tax purposes on the car.
- \$900.
 - \$6,000.
 - \$10,900.
 - \$30,000.

- _____ 14. Early in the year, Mike was in an automobile accident during the course of his employment. As a result of the injuries he sustained, he received the following payments during the year:

Worker's compensation benefit	\$4,000
Reimbursement of medical expenses from the company's group medical insurance plan	6,000
Regular salary under the company's sick pay plan	5,000

- What is the amount that Mike must include in gross income for tax purposes for the current year?
- \$15,000.
 - \$11,000.
 - \$9,000.
 - \$5,000.

Appendix B. Ethics Test

1. Intense pressure was on to keep the corporation's stock from declining further. This pressure came not just from external investors and analysts but also from the CEO, whose financial well-being was precariously dependent on the corporation's stock price.
 - a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting

2. A cadre of employees is compensated well in excess of the guidelines of the company's approved salary and bonus schedules allowable for their positions. The company's pay schedule is appropriate, up-to-date, and represents current market conditions.
 - a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting

3. Financial information within the corporation is very closely guarded. Even some individuals with a need to know are denied full access to corporate information.
 - a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting

4. Managing a specific financial ratio is tremendously important to the company's profitability. As a result, management and outside analysts pay close attention to this ratio and its trends. This company's reported quarterly ratio hovered within an incredibly narrow range, even though the period was an extremely volatile time for the industry.
 - a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting

5. Each year, Internal Audit presents its final report of completed projects for the year just ended along with its plan for proposed audit projects for the upcoming year to the Audit Committee of the corporate Board of Directors. The rest of the year, Internal Audit reports to the CFO, who controls and directs their ongoing efforts and approves their promotions, salary increases, bonuses, stock options, and more.
 - a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent

- d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
6. The CEO assigns Internal Audit the responsibility for generating an important operational reporting package that has no audit purpose or use. Its production is time-intensive, consuming most of the time of Internal Audit's staff for at least the first six months of its inception. This effort drained scarce departmental resources and delayed scheduled audits.
- a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
7. At the end of each month, the company estimates and books a particular business expense as an adjusting entry because it is subject to delayed billings. Until the company pays the bills, the accrued amounts remain in a liability account on its balance sheet. Because these accruals are estimates, the company reevaluates them periodically to see if they are at appropriate levels. Accordingly, the company routinely adjusts its accruals as it learns more about applicable charges.
- a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
8. In an effort to reduce these accrued expenses (above) to meet budget, the CFO directs General Accounting to reduce a particular division's specific expense by \$150 million. When General Accounting calls the Vice President of Finance of this division and asks her to reduce these expenses for her division, she refuses because there is no support for this entry. Consequently, the requested journal entry is prepared in General Accounting at Corporate.
- a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
9. In an attempt to reduce operating expenses, the company capitalizes "rent" on underutilized assets (excess capacity) as *prepaid capacity*.
- a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
10. An accountant in General Accounting feels uncomfortable with this accounting treatment (above), believing that even considering preparing a journal entry to meet budget is "wrong

and beyond aggressive accounting.” He brought his concerns to the CFO, who explained the business rationale behind the entries, saying that these things were occurring to “bring the cost structure down”. As the meeting ended, the CFO assured this accountant that everything would be okay. Nevertheless, the accountant wanted to resign but didn’t have another job available. Despite his concerns, he did nothing to communicate the issue to either internal or external auditors because he was concerned for his job security and had a family to support.

- a. Good business practice
- b. Perfectly ethical, but raises a red flag
- c. Improper, but not fraudulent
- d. Improper and a possible indicator of fraud
- e. Fraudulent accounting

11. The Controller also did nothing to stop the questionable capitalization above, despite the fact that he, too, felt uncomfortable with the entries. To the contrary, he encouraged the questionable accounting treatment.

- a. Good business practice
- b. Perfectly ethical, but raises a red flag
- c. Improper, but not fraudulent
- d. Improper and a possible indicator of fraud
- e. Fraudulent accounting

12. The CFO leaves voice mail for the CEO that says “This MonRev [monthly revenue report] just keeps getting worse and worse. The copy, um, the latest copy that you and I have, already has accounting fluff in it... all one-time stuff or junk that’s already in the numbers. With the numbers being, you know, off as far as they were, I didn’t think that this stuff was already in there... We are going to dig ourselves into a huge hole because year to date it’s disguising what is going on on the recurring, uh, service side of the business....” Nonetheless, they ultimately did make their numbers that quarter. The CEO gave no indication in the Securities & Exchange Commission (SEC) filings that the company was using nonrecurring revenue items.

- a. Good business practice
- b. Perfectly ethical, but raises a red flag
- c. Improper, but not fraudulent
- d. Improper and a possible indicator of fraud
- e. Fraudulent accounting

13. The company has a long-term minimum purchase contract with a major customer. Under the terms of the contract, the customer agrees to refund \$100 million if they fail to meet these required minimums on an annual basis, cumulatively measured at the end of five-year periods. By the end of the second year, forecasts show that this particular customer would again fall short of its annual purchase commitments. Thus, the company begins to accrue revenue on this contract ratably at \$5 million per quarter.

- a. Good business practice
- b. Perfectly ethical, but raises a red flag
- c. Improper, but not fraudulent

- d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting
14. Accounting records that should have documented the transactions under review were, in many cases, either nonexistent or in such disarray—for example, in a storage room that was disorganized and had piles of paper on the floor and spilling from boxes—that enormous effort was required to locate and identify them.
- a. Good business practice
 - b. Perfectly ethical, but raises a red flag
 - c. Improper, but not fraudulent
 - d. Improper and a possible indicator of fraud
 - e. Fraudulent accounting

Zekany, Kay. 2007. Test Your Ethical Judgment. *Strategic Finance*. November: 39-43.