

# AACSB INTERNATIONAL ACCREDITATION AND QUALIFYING CANDIDATES FOR THE CPA EXAMINATION

## NASBA 2014 ANNUAL MEETING

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**AACSB**

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# Our Focus

AACSB International Accreditation can assist State Boards of Accountancy in reviewing the educational background of candidates to sit for the CPA Examination



# Outline

- Types of accreditation
- AACSB accreditation standards
- CPA examination data on candidates and results linked to AACSB accreditation status
- Current status of recognition of AACSB accreditation
- Summary



# The Accreditation Process

- A mission-driven, quality assurance process ensuring key standards for faculty, curricula, resources, etc. are met.
- Based on peer review.
- Includes an extensive self-study and assessment.
- Focus on mission achievement supported by continuous improvement demonstrated by effective processes, procedures, and outcomes.
- AACSB uniquely focuses on innovation, impact, and engagement as attributes of quality.



# NASBA Model Rules 5(c) Recognition of Accreditation

- **Level 1:** Most comprehensive, optional review at the accounting program level (e.g., **AACSB Separate Accounting Accreditation**).
- **Level 2:** Most comprehensive review of the business school including the accounting academic unit, but the accounting program is not separately accredited (e.g. **AACSB Business School Accreditation**)
- **Level 3:** Institution is accredited and is a prerequisite for Level 1 and 2 accreditation. Level 3 may be held without Level 1 or 2 accreditation. (e.g., **SACS, HLC, etc.**)



| NASBA Levels of Accreditation  | AACSB Separate Accounting Accreditation | AACSB Business School Accreditation | Institutional Accreditation-No AACSB Accreditation |
|--|---|-------------------------------------|--|
| <b>Level 1:<br/>Comprehensive review of the accounting program, business school, &amp; institution</b> | <b>X</b>                                | <b>X</b>                            | <b>X</b>   |
| <b>Level 2:<br/>Comprehensive review of the business school &amp; institution</b>                      |   | <b>X</b>                            | <b>X</b>   |
| <b>Level 3: Review at the institutional level only</b>   |   |                                     | <b>X</b>   |



# Level 3: Institutional Accreditation

## Focus of Institutional Accreditation:

- Institutional mission, governance, and administration
- Institutional effectiveness
- Review of portfolio of degrees (undergraduate and graduate) for alignment with mission
- Total faculty resources, degrees, other experiences
- Library and other learning resources
- Student affairs and resources
- Financial and physical resources



# Level 2: Professional-Specialized Accreditation of a Business School

Focus of AACSB Business School Accreditation Standards:

- Strategic management and innovation (3 stds.)
- Students, faculty, and professional staff (4 stds.)
- Learning and teaching (5 stds.)
- Academic and Professional Engagement (3 stds.)
- Reviews occur every 5 years and includes all business programs in accounting, finance, management, marketing, etc.





# Level 1: Professional-Specialized Accreditation of an Accounting Academic Unit

AACSB review of a Department/School of Accountancy (every 5 years) focuses on:

- Accounting academic unit strategic management and innovation (mission, strategic plan, and accountability) (3 stds.)
- Accounting students, faculty, and professional staff (quality of students, sufficiency of faculty and professional staff) (1 std.)
- Accounting learning and teaching (accounting curricula content & management) (3 stds.)
- Academic and professional Engagement ( accounting students and faculty) (2 stds.)



# Areas of Special Emphasis for Accounting Reviews

- Certification and licensure in mission.
- Impact of faculty on business and practice.
- Continuous improvement.
- Preparation of accounting students in technology and data analytics.
- Professional qualifications, certification, and experience of faculty.
- Professional engagement of faculty with business/practice.



# An Example of AACSB's General Skill Areas for Curricula Content and their linkage to AICPA Skill Specification Outline

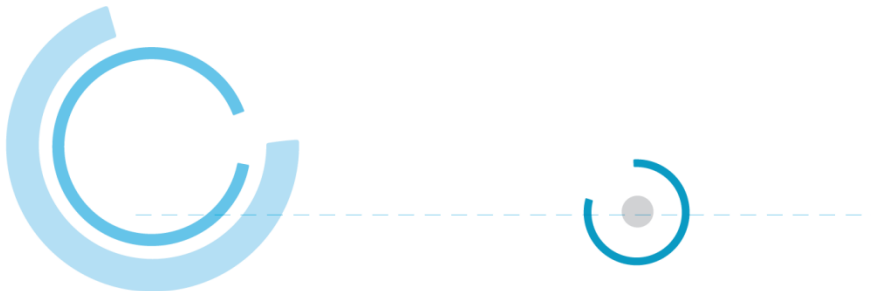
Source: St. John's University

| Skill Specification Outline (AICPA)  | AACSB Standard #9<br>General Skill Areas    |
|--|---|
| <b>Written Communication</b>   | <b>Written and Oral Communication</b>       |
| Apply knowledge of professional standards and laws, as well as legal, ethical, and regulatory issues. (under Complex Problem Solving and Judgment) | Ethical Understanding and Reasoning         |
| Analysis, Complex Problem Solving and Judgment, Decision Making  | Analytical Thinking                         |
| <b>Application of Technology</b>   | <b>Information Technology</b>               |
| Develop detailed work plans, schedule tasks and meetings, and delegate assignments and tasks.(under Organization, Efficiency, and Effectiveness)   | Interpersonal Relations and Teamwork        |
| Exchange technical information and ideas with coworkers and other professionals to meet goals of job assignment. (Under Written Communication)     | Diverse and Multicultural Work Environments |
| Decision Making, Complex Problem Solving and Judgment  | Reflective Thinking                         |
| Research, Complex Problem Solving and Judgment   | Application of Knowledge                    |



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# CPA Exam Results and AACSB Accreditation



# 2013 Exam Statistics

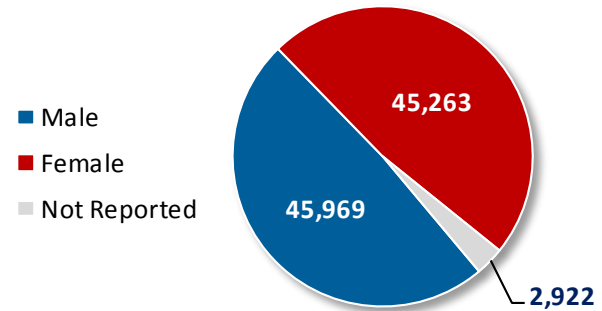
## Degree Type

### Candidate Count

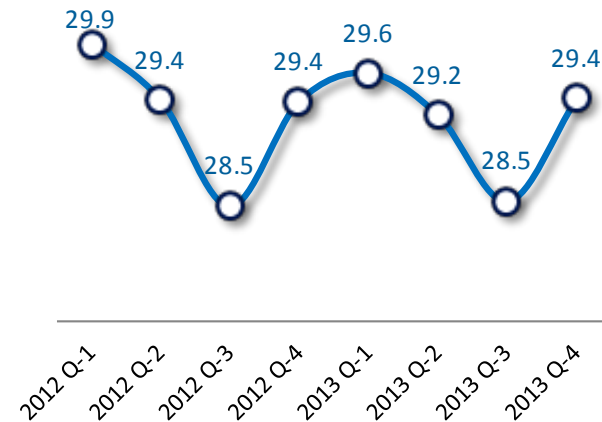
|                   |               |
|-------------------|---------------|
| Bachelor's Degree | <b>66,436</b> |
| Advanced Degree   | <b>13,380</b> |
| Enrolled/Other    | <b>14,338</b> |

### % of Candidates

|                   |              |
|-------------------|--------------|
| Bachelor's Degree | <b>70.6%</b> |
| Advanced Degree   | <b>14.2%</b> |
| Enrolled/Other    | <b>15.2%</b> |



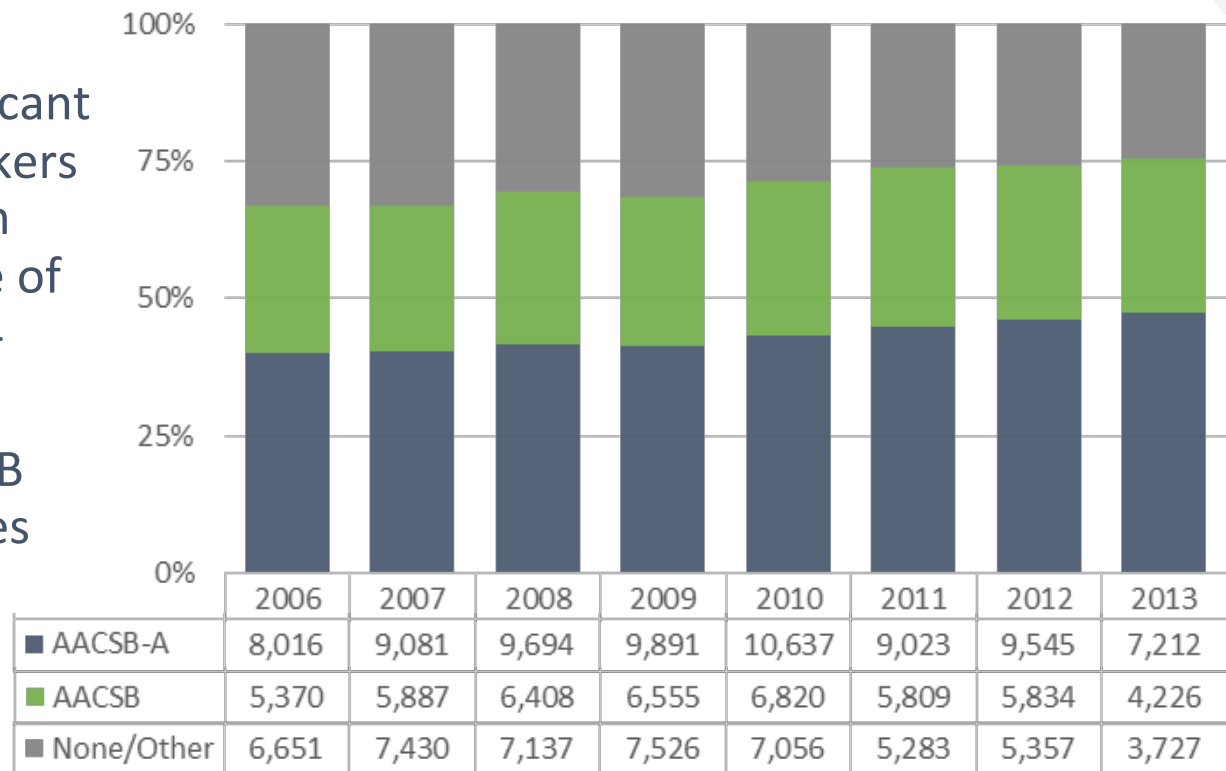
## Average Age



# AACSB Program Graduates

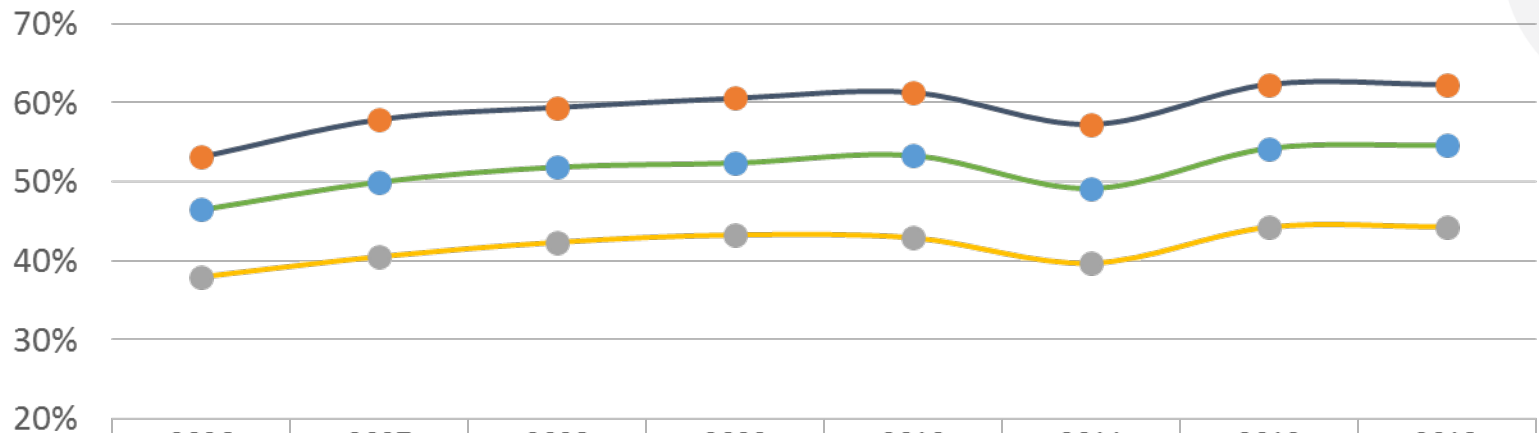
- AACSB Graduates represent a significant number of test takers (**68%**) and an even higher percentage of those passing all 4 parts (**75%**)
- Influence of AACSB programs increases annually

Students **FINISHING** the CPA Exam



# AACSB Program Graduates

First Time Exam Pass Rates by Accreditation

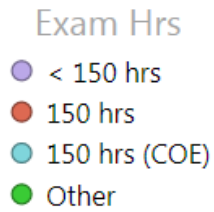
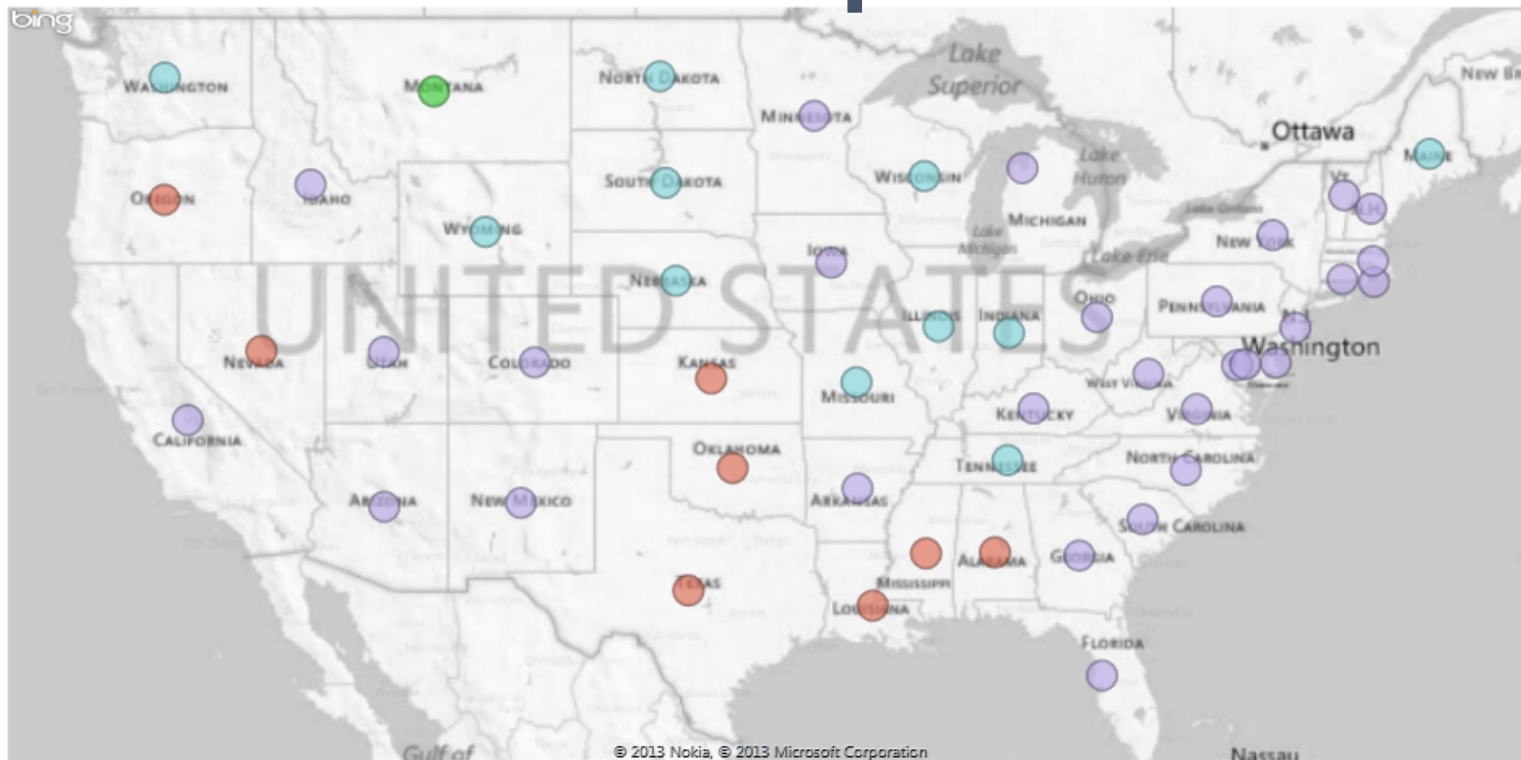


|              | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| ● AACSB-A    | 53.1% | 57.9% | 59.4% | 60.6% | 61.3% | 57.3% | 62.3% | 62.3% |
| ● AACSB      | 46.5% | 50.0% | 51.9% | 52.4% | 53.3% | 49.2% | 54.2% | 54.6% |
| ● None/Other | 38.0% | 40.5% | 42.4% | 43.3% | 42.9% | 39.7% | 44.3% | 44.3% |

- AACSB Graduates significantly outperform graduates of other institutions



# Board Exam Requirements



- 32 Boards allow fewer than 150 hrs. to sit;
- 13 Boards require 150 hrs. w/i a short time after application (COE States)
- 9 Boards currently have a strict 150 hr. requirement to sit





# State/Territory Boards Recognizing Level 1 and 2 Forms of AACSB Accreditation

Alabama

Arkansas

Guam

Idaho

Illinois

Iowa

Massachusetts

Minnesota

Nebraska

New Jersey

New Mexico

New York

Commonwealth of the  
Northern Mariana  
Islands

Rhode Island

Utah

Wisconsin

Wyoming



# Summary

- **Level 1:** highest level of quality assurance that CPA exam educational requirements for accounting content are met.
- **Level 2:** highest level of quality assurance that CPA exam requirements for business content are met.
- **Level 3:** provides general quality assurance, but does not specifically address the quality of business and accounting programs.
- **Level 1 and 2 AACSB accredited** accounting programs and business schools, respectively, provide more than 65% of CPA exam candidates.
- Relying on **Level 1 and Level 2 AACSB accreditation** has the potential for reducing administrative review of such candidates.



# Levels of Curricula Quality Assurance

| Curriculum Components Reviewed                     | General Education | Business Curricula Content | Accounting Curricula Content |
|--|-------------------|----------------------------|------------------------------|
| Level 1: AACSB Business & Accounting Accreditation | X                 | X                          | X                            |
| Level 2: AACSB Business Accreditation              | X                 | X                          |                              |
| Level 3: No AACSB Accreditation                    | X                 |                            |                              |

