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Bringing life to learning
Accounting programs change with the newest rules

BY JIM FREER

When today's accounting students join accounting firms or start working for their public company clients, they come eyeballs to spreadsheets with the Sarbanes-Oxley Act.

So, South Florida universities are adjusting their accounting curricula to prepare students to deal with that 2002 law, which set tough new standards for public companies and accountants.

"Corporate governance and internal controls have always been an important part of the curriculum," said Kay Tatum, chairwoman of the Department of Accounting in the University of Miami's School of Business.

"Sarbanes-Oxley gives us more to cover," she said.

Congress passed Sarbanes-Oxley after Enron, WorldCom and several other companies went bankrupt amid scandals, even though outside auditors had certified that their SEC reports complied with accounting principals.

The publicity and subsequent reforms have led to increased enrollment in accounting programs at many universities, including the University of Miami, Florida International University and Florida Atlantic University.

Sarbanes-Oxley's requirements for public companies include new internal controls for checking balance sheets and income statements in financial reports, certification by CEOs and CFOs of reports to the SEC, and an increased number of outside directors.

The law limits the consulting work accounting firms can do for their audit clients. It also bars accounting firms from doing both the outside and internal audits for any client.

The result is "a huge demand in corporate America in the accounting and internal audit departments" and at accounting firms, Tatum said.

That helps explain why the number of undergraduate accounting majors at UM increased from 109 in the fall of 2003 to 130 this fall. During that 12-month stretch, the number of UM undergrads seeking a dual finance and accounting degree increased from 78 to 88. The number of undergraduates with a minor in accounting grew from 17 to 34.

Accounting firms that recruit UM students "are encouraging us to focus more on fraud prevention and detection," Tatum said.

UM covers Sarbanes-Oxley requirements in its undergraduate and graduate audit courses and in a graduate course on fraud prevention and detection.

An advanced auditing course includes review of prominent cases where fraud took place, including Enron and WorldCom, and cases where accountants "blew a whistle" and prevented fraud.

Through lectures and discussions, students attempt to pinpoint where audits of Enron and other scandalous companies did not comply with standards set by the American Institute of Certified Public Accountants.

UM students also examine how the new Public Company Accounting Oversight Board (PCAOB) is creating more checks and balances that might have prevented or discouraged past frauds.

Overseeing audits

Sarbanes-Oxley established the PCAOB, which reports to the SEC, to oversee audits of public companies and to impose fines and take disciplinary action against accounting firms.

Tatum is one of 30 members of the PCAOB's Standing Advisory Group. That group of accountants, accounting professors, public company executives and investment advisors meets four times a year and advises the PCAOB's five board members.

UM's auditing course examines several pre-Sarbanes-era cases where "we find that the auditor failed to adhere to professional and ethical standards," Tatum said. That includes cases where an auditor did not exercise "the appropriate degree of professional skepticism," and cases where a junior accountant was not properly supervised.

Sarbanes-Oxley also has become a key part of an MBA course on corporations and securities regulation in the business law department at UM's School of Business.

The department has offered the course for more than a decade, always with an emphasis on compliance issues, says Ann Olazabal, the assistant professor who teaches the course.

The course now examines Sarbanes-Oxley requirements on officer and director certification of

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Fraud examination, forensic accounting courses offered

Dana Forgione says Sarbanes-Oxley is emphasized in FIU courses.

its accounting courses, including a non-credit certificate program in fraud examination, which FIU launched last year.

The program is designed to help accountants recognize potential fraud in clients’ operations and gather information in investigations of purported fraud, said Dana Forgione, director of the School of Accounting in FIU’s College of Business Administration.

FIU’s latest data shows its accounting undergrads have increased by 43 percent, from 356 to 510, between 2000 and last year.

“TI think the students are very quick to pick up where the jobs are,” Forgione said.

Boca Raton-based Florida Atlantic University’s post-Sarbanes curriculum includes a Master of Accounting program that focuses on forensic accounting.

The core work in forensic accounting involves reviewing documents to determine when and how fraud took place at businesses.

FAU has updated its undergrad and graduate auditing classes to include “the reporting changes and the new responsibilities for officers and directors under Sarbanes-Oxley,” said Julia Higgs, an associate professor in FAU’s School of Accounting.

The number of students taking their first courses in that school’s traditional master’s degree programs increased from 40 in the fall 2002 semester to 46 in fall 2003 and 68 this fall.

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