

Candidate Chronicle

A NEWSLETTER FOR TEXAS CPA EXAMINATION CANDIDATES - PUBLISHED BY THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
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For Career Success, The Ethical Way Is the Way to Go

Since 2004 the Texas State Board of Public Accountancy has made a significant effort to ensure that accounting students, CPA exam candidates, and new Texas CPAs have a firm understanding of the concepts of integrity, objectivity, independence, and other ethical principles. CPAs are required by law to uphold these principles and to put these concepts into practice in their professional lives. *Board Rule 511.58 – Definition of Business Courses* was expanded to include a requirement for a 3-semester-hour, Board-approved course in ethics for future CPAs. The purpose of this requirement is to help aspiring CPAs develop a code of ethics to take with them into their careers and to help them hone the critical thinking and professional skepticism necessary to recognize ethical dilemmas when they occur. The Board's Qualifications Committee has approved over 100 college ethics courses that have a business ethics-based curriculum.

Ethics and integrity should be not only part of the CPA's persona, but integrated into the business culture of the workplace. The following benchmarks, redacted from an article published by NASBA's Center for the Public Trust, will help you evaluate your professional ethics and that of your workplace. The benchmarks were developed by Hudson-Ethics Consulting as a tool for helping organizations "assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace."

1. Vision and Goals – Ethical thought and action have become part of the fabric of the organization. Ethics is seen as key to growth and success. The organization has identified and defined its core ethical values and communicates them regularly.
2. Leadership – Managing ethically is considered an essential leadership competency. Senior managers emphasize the importance of ethical conduct as a core organizational value and strategy, and leaders and board members share a deep-seated commitment to ethical conduct as a foundation for the organization's culture.
3. Infrastructure – The Chief Ethics Officer is a recognized and respected member of the senior management team. S/he serves as an independent and confidential ethics advisor to senior leaders and governance members. Adequate financial and other tangible resources are allocated annually to the ethics function. Annual reports about ethics activities and results are made to the board of directors.
4. Legal Compliance, Policies, and Rules – The organization has articulated the ethical standards and principles expected of third parties (e.g., suppliers, consultants, and contract workers) and demonstrates transparency and accountability by requiring regular disclosures concerning, for example, conflicts of interest. The code of conduct/code of ethics covers employees at all levels.
5. Organizational Culture – Most employees are proud to work at the organization and would describe it as a place where ethics, integrity, and trust and fairness are valued.
6. Disciplinary and Reward Measures – The organization recognizes and rewards ethical behavior and supports appropriate discipline when necessary. The performance management system incorporates the organization's values and ethical principles and records employee behavior that meets or fails to meet these expectations.
7. Whistleblowing – Employees are encouraged to speak up and bring forward their concerns or complaints about unethical behavior or misconduct. The organization offers confidential channels or resources to which employees may turn. Supervisors and managers receive training on how to recognize and prevent retaliation.
8. Measurement and Research – Ethics and integrity are regularly incorporated into organizational culture surveys and assessments.

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What Students in Ethics Classes Are Saying . . .

This is one of those classes that stays with you, even in your personal life...whether you want it to or not.

I think the most difficult thing thus far has been repositioning my paradigm. I simply mean that it has been difficult to shift my vantage point to another frame of reference. At times, my brain "hurt" because this class forces you to think in an extremely critical manner . . . this shift has been highly advantageous because I believe it has made me more well-rounded and able to reason in an objective, perceptual manner.

I feel like I've grown so much this semester. I've learned how to look at situations with different perspectives before making a decision and also how to logically and ethically argue my opinions on a subject, even if I still occasionally revert to being stubborn.

Business ethics has taught me a lot and I actually view peoples' actions differently. Instead of immediately asking, "Why did they make that decision?" I now take the time to view it from their perspective to determine the reason and possible outcome that made their decision just.

I have learned that in every decision that you make, you should make sure that it is ethical and not to take anything too lightly... I have learned a lot about ethics and I will definitely use a lot of what I learned in this class to help me in my career.

This class has helped shape my thinking and the constant analyses, though time-consuming, will benefit me immensely as I move forward in the business world.

(comments by students in Melanie Thompson's ethics class, Texas Lutheran University)

9. Confidential Advice and Support – Leaders actively encourage staff to obtain ethics advice whenever they perceive that an ethical issue has arisen. The confidentiality of the ethics advisory process is respected at all levels of the organization.
10. Ethics Training and Education – Ethics training, focused on enhancing ethical awareness, ethical decision-making, ethical leadership, and personal accountability, is integrated into the organization's general educational curriculum.
11. Ethics Communication – Leaders regularly speak about ethical commitments, challenges, and successes. The organization promotes transparency in connection with all of its activities. The organization's website includes information about its ethics vision, goals, programs, and results.
12. Corporate and Social Responsibility – The organization supports the contribution of employee time, energy, and ideas to social and environmental concerns and vigorously supports human rights and environmental sustainability in its actions.

A thoughtful review of these benchmarks may lead to discussions with coworkers and managers about the overall ethical health of the workplace. It should not matter if you are in the mailroom or the board room. What should matter is that the ethics and integrity of the workplace are transparent to all employees as well as to its customers and clients. Developing the ability to think and reason ethically and to apply those principles to professional decision-making will serve you well in your career.

To help you evaluate your professional ethics and integrity and that of your workplace, here are a few questions to consider:

1. Am I dedicated to serving our customers and clients in a highly ethical manner?
2. Do our customers see me applying ethics and integrity as I meet their needs?
3. Are my business discussions forthright and respectful of all participants?
4. Am I a good steward of the business and use the resources only to fulfill the mission of the business, never for personal, financial, or political gain?
5. Do I respect others' perspectives, talents, and experiences that contribute to building diversity in the business?
6. Do I promote a positive reputation and collaborative nature for the business?
7. Do I feel safe in speaking up if I encounter fraud or other wrongdoing in the business and with customers and clients?
8. Do I relay the ethical standards of the business, in word and action, to others?
9. Do others in the business who serve in leadership roles display integrity and ethical principles that are visible to coworkers, customers, and clients?
10. Are my coworkers and I recognized for displays of integrity and ethical behavior; and conversely disciplined when integrity and ethical behavior falls short?
11. Do I have a confidential advisor within the business with whom I can consult on ethical issues?
12. Do I contribute to the corporate social and environmental responsibilities of the business?

Formal ethical training should give you the professional skepticism with which to evaluate various aspects of your workplace. The simple ethical values that you apply to your professional life can carry through to all aspects of your life.

What begins with YOU changes yOUR world.

Scholarship Funds Available for Summer and Fall 2011

The 2009 Texas Legislature transferred responsibility for the 5th Year Accounting Student Scholarship Program to the Texas State Board of Public Accountancy. Since that time, the Board has vastly increased both the number of scholarship recipients and the size of the awards, with the intent of helping increase the number of highly trained and educated Certified Public Accountants available to serve Texas residents. Monies are currently available for the Summer and Fall 2011 semesters. Consult the accounting department or financial aid office at your college or university to find out if your school participates in this program and if you qualify for these scholarships.

How Much Money Are We Talking About?

The Board has allocated \$300,000 for the academic year. Awards will be for a minimum of \$1,000 and a maximum of \$5,000.

Who Can Apply?

The program is available to applicants who . . .

- Are classified as residents of Texas
- Are enrolled at participating public or private non-profit colleges or universities in Texas, including the four community colleges that have been designated by the Board as providing a comprehensive program that allows students to meet the Board's education requirements (Austin CC, Houston CC, Lone Star College, and Mountain View College).
- Are enrolled at least half-time
- Have submitted an Application of Intent* to take the CPA exam with the Board
- Have completed at least 120 hours of college coursework or earned a baccalaureate degree by the beginning of the term for which the award will be granted
- Are deemed to be making satisfactory academic progress
- Have not already taken the CPA exam
- Have registered for the Selective Service or are exempt from this requirement
- Can demonstrate financial need
- Have no more than 30 semester hours remaining to complete the 150-semester-hour education requirement* to take the CPA exam, of which:
 - 30 semester hours are in upper level accounting courses
 - 24 semester hours are in upper level business courses, and
 - 3 semester hours are in a Board-approved ethics course

How May I Use My Award?

Awards may be used for tuition, fees, books, supplies, or living expenses incurred by a student in connection with

* The Board requires 2 hours credit in research and 2 hours credit in accounting communication, in either stand-alone courses or integrated courses, beginning with Applications of Intent filed with the Board after July 1, 2011.

the student's fifth year in an accounting program at a participating college or university in Texas.

Can You Outline the Application Process?

Follow these steps to apply for the Summer and Fall semesters:

1. Submit to the Board an Application of Intent to take the CPA examination and receive either an approval or deficiency letter. If you meet current education qualifications, don't delay—additional requirements go into effect **on July 1, 2011**. * Applications of Intent are valid for two years. Applications are available at <http://www.tsbpa.state.tx.us/exam-qualification/applications-application-of-intent.html>.
2. Complete and file a FAFSA application with your college or university's financial aid office. The application is available at <http://www.fafsa.ed.gov>.
3. Complete an Application for the Fifth-Year Accounting Scholarship, available at your financial aid office or Department of Accounting.
4. Submit the scholarship application, along with a copy of the AOI receipt letter you received from the Board, to the accounting program director or dean of the accounting department. The Department of Accounting will submit your application to the financial aid office on your behalf. If an award is made, you will be asked to sign an acceptance letter confirming that you continue to meet the requirements for the award.

Moving??

Be sure to let us know.

- Online under "Online Services" at www.tsbpa.state.tx.us
- Email: exam@tsbpa.state.tx.us
- Phone: 512-305-7851
- Mail: TSBPA
333 Guadalupe, Twr 3, Ste 900
Austin, TX 78701

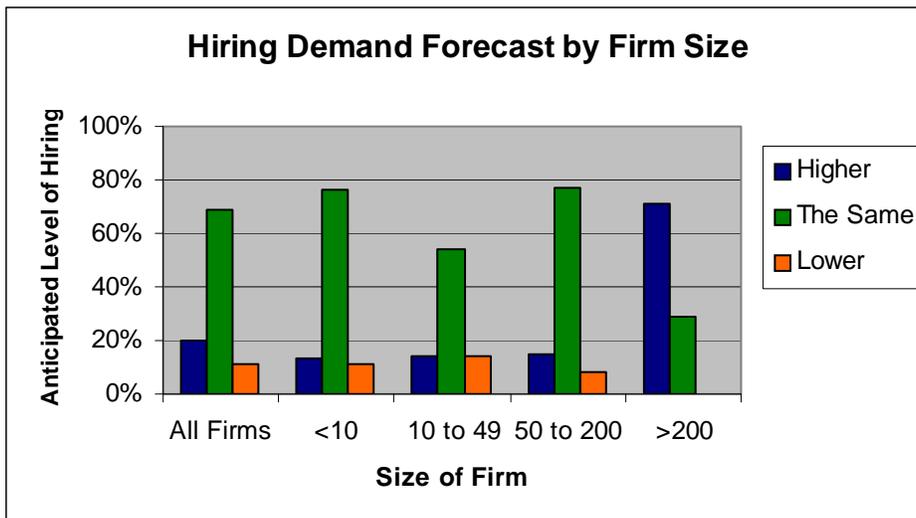
Trends Suggest Increased Hiring in Future

The demand for CPAs is on the upswing and the future looks brighter for accounting graduates than it has in recent years. The AICPA's 2011 survey of trends in the supply and demand in the accounting field showed a significant increase in hiring of BAs and MAs, from 25,488 in the 2009 survey to 33,321 in the current survey. Also significant is the increase from 26% to 37% in the number of MA graduates hired and the decrease in BA grads hired from 56% to 43%. In addition to the premium placed on master's degrees, there was a 6% increase in Master of Accountancy hires and corresponding decrease in Master of Taxation hires between the two surveys. The remaining 20% of new hires in the 2011 survey were not accounting majors. Nearly 90% of all respondent firms forecast they would hire as many or more new accounting graduates during 2011 as they did in 2010. Overall ethnic diversity in firms has increased from 17% to 21% over the past two years.

On the supply side, enrollment in BA and MA degree programs reached an all-time high of 225,000, a 3.3% increase since the 2009 survey, with the largest growth in Master of Accountancy programs. Enrollments by gender were almost equal, although men still vastly outnumbered women in PhD programs—61.7% to 38.3%. There were increases in the number of Hispanics at the BA level and the number of African-Americans at the MA level, but an overall slight decrease in minority representation at both levels. Public universities continue to supply roughly two-thirds of total accounting grads.

Seventy percent of respondent schools said they had incorporated IFRS material into their curriculum, and the remaining 30% expect to by 2013. IFRS questions are now included on the CPA examination.

Capacity constraints are causing many universities to turn away qualified students because they can't provide the courses or instructors the students need. This increase, AICPA suggests, is most likely caused by the economic cutbacks and a shortage of academically qualified accounting professors. This need might signal a good career option for someone who prefers an academic career to one in business. To read the full report, go the Board website, www.tsbpa.state.tx.us.



Read back issues of the Candidate Chronicle at

<http://www.tsbpa.state.tx.us/general/candidate-chronicles.html>

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News Shorts: International Testing, Social Media, and Phony Baloney

■ Starting August 1, 2011, AICPA, NASBA, and Prometric will offer international administration of the Uniform CPA Examination to citizens and long-term residents of Bahrain, Japan, Kuwait, Lebanon, and the United Arab Emirates. Citizens and long-term residents of Egypt, Jordan, Oman, Qatar, and Saudi Arabia may also be eligible to test in one of the four Middle East locations, and U.S. citizens residing or traveling abroad may be able to sit for the exam in one of these locations.

In all cases, to be eligible to take the exam, candidates **must meet all**

additional eligibility requirements in the jurisdiction in which they wish to be licensed and they must provide certain other identification as required in a particular testing site to prove residency. There will be no exceptions made at international sites for those

with tourist, short-term visitor or transit visas, but candidates who otherwise meet eligibility requirements can sit for the exam at any Prometric test center within U.S. jurisdictions. The three testing entities have added these security measures in this new venture to safeguard the integrity of the exam. For details on what sorts of identification you would be required to provide, go to <http://www.aicpa.org/BecomeACPA/CPAExam/Pages/CPAExam.aspx>

■ Do you Twitter? Can you be found on Facebook? The Board can now be found on both, and we're using social media to let candidates know when exam grades are released. So, follow us on Twitter and "like" us on Facebook to get exam information as soon as it becomes available.

■ There is a lot of misinformation out in cyberspace about licensing requirements, scholarships, and the CPA examination. If you have questions about anything related to the process of becoming a CPA, your best sources of information are these:

- American Institute of CPAs (AICPA) www.aicpa.org
- National Association of State Boards of Accountancy (NASBA) www.nasba.org
- Texas State Board of Public Accountancy (TSBPA) www.tsbpa.state.tx.us

NASBA Fee Schedules

Single Section

AUD	\$207.15
BEC	\$185.10
FAR	\$207.15
REG	\$185.10

Multiple Sections

AUD & BEC	\$392.25
AUD & FAR	\$414.30
AUD & REG	\$392.25

BEC & FAR	\$392.25
BEC & REG	\$370.20

FAR & REG	\$392.25
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AUD, BEC & FAR	\$599.40
AUD, BEC & REG	\$577.35
AUD, FAR & REG	\$599.40
BEC, FAR & REG	\$577.35

AUD, BEC, FAR & REG	\$784.50
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NOTE: If you submit an Eligibility Application for multiple sections of the exam, NASBA requires that payment be made for all sections selected at one time. You will not be allowed to pay for them one at a time.

Scheduling Your Exam

You may schedule to take the Uniform CPA Examination in one of the Prometric Testing Centers in the Texas cities listed below.

Once you receive your Notice to Schedule, you will complete scheduling online at the Prometric website:

www.prometric.com/cpa

Schedule early, as dates, times, and locations may fill quickly.

Abilene
Amarillo
Austin
Beaumont
College Station
Corpus Christi
Dallas (2 locations)
El Paso
Ft. Worth/Bedford
Houston
Houston/Clear Lake
Houston/Greenspoint
Lubbock
McAllen
Odessa
San Antonio (3 locations)
Tyler
Waco
Wichita Falls

Accountants Confidential Assistance Network

Confidential Assistance provided at no cost by CPAs for CPAs, exam candidates, and accounting students with alcohol or drug dependency problems or mental health issues. It's a stressful field. If you need help, call

1-866-766-2226

Administered by the TSCPA
and Funded in Part by the Board

LEGAL NOTICE: The identity, communications and fact of membership of anyone attending this group are confidential and protected under penalty of law under Chapter 467 of the Texas Health and Safety Code.



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Candidates Test in Record Numbers During 4th Quarter Testing Window

Candidates turned out in record numbers for the Oct.-Nov. 2010 testing window for the CPA exam, just ahead of the launch of the revised and revamped CBT-e on January 1 (Texas numbers can be seen below). Fewer candidates tested in Jan.-Feb. 2011 than tested during the same window of 2010.

The new exam is the product of several years of study and testing by the National Association of State Boards of Accountancy, the American Institute of CPAs, and Prometric and reflects significant changes in content, structure, and functionality. In the new exam, Business Environment and Concepts (BEC) is the only section that includes written communication tasks. Although overall testing time remains 14 hours, a half-hour was taken from Auditing and Attestation (AUD) and added to BEC. The

most significant change may be that short task-based simulations have replaced the long simulations in the AUD, Financial Accounting and Reporting (FAR), and Regulation (REG) sections. Questions on the International Financial Reporting Standards are included for the first time and will continue to be integrated into the exam.

In the second and third quarters of 2011, as in the first quarter, scores will be released to NASBA after the close of the testing window. This delay allows time for analysis of the testing results to ensure validity of the exam in view of the many changes made this year. Beginning in October 2011, the first scores will be released near the beginning of the second month of the window, with three subsequent releases approximately every two weeks apart. This four-wave release system will be followed thereafter.

Testing Window	AUD		BEC		FAR		REG	
	No. Testing	% Passed						
Jan. - Feb. 2011	684	44.0	711	57.4	742	56.2	721	45.4
Oct. - Nov. 2010	1357	46.6	1906	43.1	1620	44.0	1079	49.5
Jan. - Feb. 2010	720	47.4	987	56.3	904	62.2	760	53.6