



2007-2008 Annual Report

June, 2008

Executive Summary

The School of Accounting enjoys a reputation for excellence in teaching and our graduates are in high demand. Employment opportunities for accounting graduates remain high and entering salaries are increasing. Additionally, CPA Exam Pass rates are significantly higher than the national average. The School continues to be successful in attracting new faculty. Faculty members are active in academic and professional organizations, maintain their professional and academic qualifications, and continue to publish.

Annual Report 2007-2008

Accounting Program

I. Mission Statement

School of Accounting Mission Statement: (approved 9-28-06)

The School of Accounting is committed to preparing students to be active and engaged citizens who are able to apply accounting and business knowledge for the betterment of individuals and organizations. We value an environment of educational excellence in which: (1) students develop both technical and interpersonal skills necessary for successful professional accounting careers; (2) faculty create and disseminate meaningful intellectual contributions and actively participate in the academic and professional communities; and (3) stakeholders, including alumni, recruiters and others, desire long-term and mutually beneficial relationships with the School.

Undergraduate Mission:

The mission of the undergraduate accounting program is to prepare students for entry into high-quality graduate programs and for positions in business that do not require postgraduate education. Since the BBA degree is part of the College of Business, it reflects the distinctive competencies of the College. In addition, the program delivers foundation accounting courses to all students in the College of Business and to students in a variety of programs across the University.

Graduate Mission:

The mission of the graduate accounting program is to provide a strong regional presence for advanced professional education that prepares students for success in the accounting profession by strengthening the students' technical expertise, enhancing their understanding of professional responsibility, and improving their business skills necessary to compete in today's complex and ever changing business environment.

II. 2007/2008 Unit Accomplishments

New Faculty: The School of Accounting recruited Dr. Luis Betancourt as an Assistant Professor of Accounting. Dr. Betancourt will join JMU in the summer of 2008 and teach financial accounting courses in the *Master of Science in Accounting* program. Dr. Betancourt joins JMU after serving two years with the Comptroller of the Currency. He is an expert in the areas of mortgage-backed and derivative securities.

CPA Review: The School hosts a CPA Exam review in the summer following students' graduation. Fifty-nine students took the review in the summer of 2007. Forty-nine of those answered a survey regarding their success on the exam. Pass rates for the students who answered the survey and knew their results appear in the following table:

| | JMU | National averages (2005) |
|----------------------|-------|--------------------------|
| Financial Accounting | 91 % | 48 % |
| Regulation | 91 % | 47 % |
| Auditing | 96 % | 44 % |
| Business Environment | 100 % | 53 % |

Employer support: Eight firms sponsor annual faculty fellowships, providing funds to supplement faculty salaries and support professional development activities. In addition *Cherry, Bekaert and Holland* has pledged to permanently endow a faculty fellowship. *KPMG's* James Madison University (JMU) partners and employees, along with the *KPMG Foundation*, pledged to fund a KPMG Endowed Professorship at JMU.

III. Student Activities

Student Organization: *Beta Alpha Psi* is the International Accounting Honorary Fraternity. The JMU chapter received the ranking of superior chapter this year and student members initiated a university-wide financial literacy program, reaching over 400 non-business students.

Reputation: The professional services industry is dominated by four international accounting firms (called the Big-4). These firms rank schools on the basis of number and quality of graduates hired as entry-level staff. Generally speaking, the top tier includes 35 to 60 schools, nationwide. James Madison University is now ranked in the highest tier by three of the firms on their national ranking. The fourth firm does not have a national ranking, but ranks by region. Again, JMU is ranked in the top tier of its MidAtlantic region.

Employment: The School conducts a census of spring semester graduating seniors and MSA students. Among the items surveyed is information regarding plans after graduation. These are summarized in the following table. Employment statistics are very good. The School is considered to be a major supplier of professionally qualified accountants for the mid-Atlantic region and is regarded as a prime recruiting school by public accounting firms.

| | BBA Graduates | MSA Graduates |
|--|----------------------|----------------------|
| Plans after graduation – Graduate School | 54 % | - |
| Employment | 42 % | 100 % |
| Unknown | 4% | |
| Plans after graduation: Employment: | | |
| Public Accounting - Big Four Accounting Firm | 36 % | 34 % |
| - Other Accounting Firm | 34 % | 58 % |
| Industry Accounting | 0 % | 2 % |
| Nonprofits and Government | 2 % | 0 % |
| Seeking employment | 28% | 6 % |
| Salary < \$ 35,000 | | - |
| 35,001 – 45,000 | 12 % | 4 % |
| 45,001 – 50,000 | 18 % | 19 % |
| 50,001 – 55,000 | 26 % | 40 % |
| 55,001 – 60,000 | 34 % | 34 % |
| > 60,000 | 9 % | 3 % |
| Average Number of Employment Offers | 2 | 2 |

IV. Faculty Activities:

Every member of the faculty is either a Certified Public Accountant or a Certified Management Accountant. They all participate in continuing education and faculty development activities which maintain their certificate status. The School's faculty exceeds AACSB accreditation standards for professional and academic qualifications. Significant faculty achievements in the areas of teaching, research and service are highlighted below:

Teaching

The School of Accounting enjoys excellent teaching faculty. Several of these serve as instructors or graders outside of the University.

- **Robert Richardson** was named a *Master Instructor* for KPMG's Advanced Auditing for Associates Training program.
- **Molly Brown** became a qualified instructor in the Virginia Society of CPAs Ethics Training Program and is an essay scorer for the Uniform Certified Public Accountants exam.

Faculty Research

Faculty research activities are summarized in the following table:

| Frequency that School of Accounting Faculty are listed among the authors | | | | | | |
|--|---|--|-----------|---|--------------|---------------------------------------|
| 2007/2008 Activity | Articles Appearing in Refereed Journals | Articles Accepted for Publication in Refereed Journals | Textbooks | Submissions receiving Revise and Resubmit | Book chapter | Published Textbook Ancillary Material |
| Total | 20 | 15 | 3 | 6 | 2 | 7 |

Service

Members of the School of Accounting Faculty are active in School, College, University and professional service. Many serve on the editorial boards of professional and academic journals. Several members of the Faculty hold service positions of national significance:

- **Brad Roof** served as Chairman of the 8,000 member *Virginia Society of Certified Public Accountants*, is a member of the *American Institute of CPAs Council*, and is Chairman of the Board of Directors of WVPT public television.
- **Michael Riordan** is Associate Editor of the American Accounting Association's journal, *Issues in Accounting Education*.
- **Diane Riordan** serves on the Institute of Management Accountants' Siegel Award Committee.
- **Nancy Nichols** is the President of *Beta Alpha Psi*, the international accounting fraternity, and served as Treasurer and a member of the Board of Trustees of the *American Taxation Association*.
- **Tim Louwers** served as President of the *Accounting, Behavior and Organizations Section* of the American Accounting Association and is program chair for the Auditing Section, and Chair of the Public Interest Section Accounting Exemplar Award Committee.
- **Alex Gabbin** is a program coordinator for the *KPMG Future Diversity Leaders Program* and Chair of the National Alliance of African American Athletes *Franklin D. Watkins Award Selection Committee*.
- **David Hayes** is a member of the Board of Directors of the *Accounting Information Systems Educators Association*.
- **Paul Copley** serves on the *U.S. Comptroller General's Advisory Council on Government Auditing Standards*, the *Virginia Society of CPAs Education Foundation*, and is Editor of *Research in Governmental and Nonprofit Accounting*.

Other members of the faculty hold state and local chapter positions with professional organizations, serve on committees of the American Accounting Association, Virginia Society of CPAs, or Institute of Management Accountants, and many volunteer locally with community and nonprofit groups.

V. Unit Challenges

The success of the JMU accounting program is attributable to the quality of the faculty. Our greatest challenge will be to continue to attract and retain outstanding faculty. This will be increasingly difficult as the demand for PhD qualified accounting faculty continues to exceed the supply. Nationwide, retirements among accounting faculty outpace the number of graduates of PhD programs. Compounding the problem is the increased demand for academically qualified faculty arising from the 150-hour education requirement and accreditation standards.

Having a faculty with increasing national exposure is a mixed blessing. It is evidence of programmatic success, but also makes those faculty targets for other schools wishing to enhance their own reputations. The School of Accounting has lost productive faculty in recent years to institutions offering higher salaries and research support. Pressure from other institutions is expected to intensify in the immediate future.