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ACCOUNTING COMMUNICATION SKILLS CAN BE TAUGHT IN THE AUDITING COURSE

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ABSTRACT

This paper presents an auditing course format which provides the opportunity for exposing accounting students to a myriad of real-life situations requiring written communication skills. The result of using this format is improved communication skills, including editing, critical thought construction under time constraints, revision of peer reports, memo writing, oral presentation of technical data and reports, and summarization of technical materials and opinions for non-technical readers. It also gives the students an appreciation of the necessity for these skills. The extent the students knowledge of auditing is judged based upon an reflection in their written communication, just as it would be in the 'real world.

INTRODUCTION

An accountant spends as much as one-fourth of his time writing (Radar and Wunsch, 1980.) The Wall Street Journal (1986) reported that as many as one-third of accounting firms are dissatisfied with the communication skills of entry-level accountants, while May (1989) reports the results of an unpublished study in which a high percentage of firms reported poor writing skills as a major reason for job terminations. Gringas (1987) found that forty-eight percent of surveyed CPAs felt that the accounting curriculum should include a writing course targeted specifically for accounting majors. Significant segments of these practicing accountants felt unprepared for professional writing requirements by their own education.

A 1989 white paper prepared by the "Big Eight" accounting firms lists communication as one of three major skills needed for success in public accounting, yet, Rebele (1985) found that accounting students did not consider communication skills important and did not perceive writing as a means of transmitting technical knowledge and information.

May and Aravelo (1983) found that a communication program within the regular accounting program is the best overall approach. Such a combination keeps a student from thinking communication skills are not related to the skills of the major.

This paper presents details of an undergraduate auditing course, required for accounting majors at a college combining liberal arts and professional education. It incorporates a significant amount of writing, including editing, critical thought construction under time constraints, revision of peer reports, memo writing, and summary of technical material and opinions, as well as oral presentation of technical data and reports. It has been presented in this format three times. The recent all-college requirement for a special course, at the Junior/Senior level, designed to integrate a study of the subject matter with a significant amount of writing, gave added incentive both to the instructor to give the course and to the student to participate more enthusiastically in the writing portion of the course. Approximately 30% of the course grade derives from the quality of the writings assignments.

COURSE FORMAT

The addition of writing to the course provides a means of simulating the various writing formats students will encounter in their later work environment as well as to teach them how to research the professional literature. Auditors review the work of accountants and are responsible for reporting results of their audits in an opinion to the stockholder. They recommend suggestions for improvements in internal control, report results of consulting

engagements, interpret their findings to interested parties who are perhaps somewhat less sophisticated than they, research and explain technical literature, and prepare a variety of general correspondence, internal memorandums and reports. In today's litigious environment, it is especially important that contemporaneous file memos outlining actions and stating conclusions be prepared in a precise and clear manner.

Short Papers

Because there is a great deal of reading and discussion in the auditing course, it is relatively easy to integrate writing into the course assignments. During each class, questions about the theory and practice of auditing are discussed. One of these questions is assigned for an essay answer. The questions generally have a "right" answer which the student can infer either from the text, professional literature or class lecture. The students are advised to prepare the answer in terms that a layperson can understand. This procedure prepares the student for explaining complex topics to clients. On occasion, a student may be chosen to read the essay to the class as a basis for further oral discussion. One annual assignment, simulating a common audit project is the analysis of a hypothetical client's internal control structure and the preparation of a letter with suggestions for improvement.

The writing is turned in periodically for grading and feedback. If the writing is to improve, it is important that students obtain feedback frequently so that errors are not allowed to be repeated and so that lack of clarity in writing and logic errors can be pointed out. The grade is based both on accounting content and quality of writing with writing quality being given significantly more importance as the semester progresses. Class comments are made when there are several similar errors.

Several times during the semester, a few minutes are spent during class in writing the answer to questions meant to stimulate thought and controversy. These are "opinion" questions endlessly debated by accountants, such as "How can the auditor be independent, if he audits the records of the company paying his fee? This writing is also turned in periodically for grading. In this case, since there is not a "right" answer, the grade focus is on logic and quality of writing with instructor comments taking the format of a philosophical dialogue.

The purpose of the "opinion" questions is two-fold: to practice a short communication under pressure of time constraints, common in the workplace today, and to challenge students who have been dependent on rules and right answers in prior accounting courses to think about and challenge assumptions, an attitude necessary in a successful auditor. Because too often students start to write without thinking and end up with no integration of their ideas, they are advised to first think about the question.

Research Paper

A significant portion of the writing aspect of the course and one which helps round out the student's exposure to various types of writing is a research paper on a topic related to the field of auditing or accounting practice. During the first class, a librarian introduces the students to research techniques and sources. Students know a particularly excellent paper will be entered in a contest sponsored by the state society of CPAs.

As part of the effort to produce excellent papers, each student is assigned to review the paper of two other students. The first critique is performed to look for Problem sentence structure, on the

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premise that such errors, if numerous, can make it difficult to evaluate a paper for content. Each student is given a checklist of common errors. The reviewer marks spelling and punctuation errors and provides suggestions for improvement of ambiguous or grammatically incorrect sentences. The reviewer assigns a grade to the paper based on the writing mechanics, and returns it to the author within a week. A copy of the annotated draft and comments as well as the assigned grade provided to the instructor. This allows the instructor be aware of potential problem papers as well as to evaluate the quality of the review, since part of the students grade is based on this review. The author revises the paper during the following week in preparation for the second preview. (At the beginning of the semester, the students have been encouraged to take a seminar on word-processing offered by the microcomputer labs, so that quick and easy revision is possible).

The second review concentrates on the content of the paper. The reviewer responds to any author requests for help, and writes a memo to the author stating what appears to be the main idea of the paper. This helps the author determine if the paper achieves his goals. A handout on criticism techniques is provided. This reviewer assigns a grade based on the content of the paper and returns the draft to the author within one week. A copy of the annotated draft and the assigned grade again is also given to the instructor. Serving as a reviewer helps improve the student's own writing

The final version of the papers turned in two weeks later for grading by the instructor who is now generally able to concentrate on the content of the paper without the distraction of grammar and spelling errors or poor organization. Only the instructors grade is used in the students overall course grade. The peer review grades are meant merely as feedback to the author. The peer review process allows an improved paper to be turned in for grading while enabling the reviewers to start development of skills in peer evaluation.

The last class meeting is devoted to a fifteen-minute oral presentation by each author. Students are advised that reading automatically earns an F for this part of the students grade. An abstract of the paper is presented to the other students a week before the oral presentation. After each presentation, a question and answer period takes place. This presentation is meant to simulate a "real life" experience in which presentation and defense of ones ideas take place.

Group Writing

A group writing experience has been integrated with a computerized audit case assignment. Because many projects in both public accounting and manufacturing are carried out as a team, this project meets the perceived need for exposure to teamwork. Small groups are formed at the beginning of the semester to complete a case consisting of several actual technical audit procedures. Writing assignments have been added to simulate actual writing requirements as well.

The first audit segment requires the team to review the time spent on the audit in the prior year and determine a budget for the current year. The group must also prepare a memo to the audit partner justifying the budget. The second segment requires various ratios and analyses to be performed on the client's current financial statements to highlight any areas that may need more than usual attention during the audit. The writing requires a series of questions to be answered and a conclusion for the workpaper files about extent of audit procedures arising from the analysis. The third segment requires various audit procedures to be performed. The writing requires an "audit memo" for the file, which summarizes the work performed, the findings, the conclusions, and the effect on the auditor's opinion. The fourth segment requires the writing of an opinion on the client's financial statements, which have now been audited. Although the major portion of an auditor's opinion is standardized, the facts of this case require a non-standard, supplemental paragraph to explain a particular issue. The case,

then, gives the students experience both in performing several real audit procedures and in the type of writing that they will actually encounter in practice as an accountant

The students receive a group grade. As they turn in each segment of the case, each team member evaluates the other members on a confidential basis. Immediate feedback of unsatisfactory behavior from the instructor helps to avoid group discontent and alerts the unsatisfactory student to the perceptions of others. If necessary, the student offender receives a grade lower than the group grade. The team evaluations also add development of needed peer evaluation skills.

Essay Exam

The final exam handed out before the end of the semester, consists of the hypothetical situation of a company seeking to hire a new audit firm. The student must act as the staff member assigned to investigate the client, to determine if they are suitable, to consider the available facts and to make a recommendation to the managing partner of the CPA firm. The situation incorporates various topics that have been studied during the semester and that would be important issues in such a situation. The exam is due at the scheduled exam period, at which time the class meets to discuss the various issues.

WRITING AIDS

The students are required to buy writing handbook for use in the course. Chapters are assigned to coincide with the writing style needed for the class meeting. For example, the assignment in conjunction with the start of the research paper is the chapter on research papers. A self-study series in the first six chapters helps refresh their memory of skills learned as many as three years earlier. A short multiple choice exam testing writing skills required to be completed by the end of the first month of class. The use of a writing text allows the students to have examples of good writing that they may refer to as they prepare the various written assignments.

CONCLUSION

The continuing attention to writing technique throughout this course combined with the knowledge that carelessness can reduce the assignment grade by one or two grades results in visible improvement by the end of the semester. There is an almost complete elimination of misspellings and typographical errors and an improvement in writing of sentences and paragraphs. Analysis and organization also improve. Best of all, the attitude of students about the importance of good communication skills has significantly improved because they relate the skills they have learned to "real life" needs.

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