College of Business/Accounting — 2009-2010

Mission Statement
The mission of the CPA Track in Accounting is to provide a competency-based education in accounting that qualifies graduates for entry-level positions in public accounting and to provide a foundation for advancement through CPA certification and success in graduate studies. The accounting major seeks to develop students who are both knowledgeable in accounting and prepared to be productive, responsible individuals that can think critically about business issues.

Goals for Student Learning Outcomes

Goal 1
Students should be able to accomplish a minimum competency level in federal income taxation. ...

Student Learning Outcome: 1
1. Students should be able to demonstrate knowledge of federal income taxation of property transactions.

  Taxonomic Schemes: Curriculum
  Areas of Assessment: Student Learning
  Metric: federal income taxation of property transactions
  Responsible Units/Committees: Phil Little
  Source of Data: Assessment question embedded in exam

Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Frank’s automobile (adjusted basis of $8,000) is used exclusively for business and is damaged in an accident. The fair market value before the accident is $10,000, and the fair market value after is $500. If the insurance recovery is $9,500, what is Frank’s adjusted basis in the automobile after the casualty?
   a. $0.
   b. $1,500.
   c. $8,000.
   d. ($1,500).
   e. None of the above.

2. Elvis owns all of the stock of Shadow Corporation. The accumulated earnings and profits of Shadow Corporation at the end of the year are a deficit of $110,000. The current earnings and profits are $0. Elvis’ basis for his stock is $325,000. He receives a distribution of $300,000 on the last day of the tax year. How much gain should Elvis report?
a. $0.
b. $190,000.
c. $215,000.
d. $300,000.
e. None of the above.

3. Cindy purchases a business for $250,000. The fair market value of the assets of the business is as follows:

- Equipment $ 90,000
- Building 135,000
- Goodwill 15,000

What is Cindy’s cost basis in each asset?

a. $90,000 equipment, $135,000 building, $15,000 goodwill.
b. $93,750 equipment, $140,625 building, $15,625 goodwill.
c. $90,000 equipment, $135,000 building, $25,000 goodwill.
d. $100,000 equipment, $150,000 building, $0 goodwill.
e. None of the above.

4. Jay sells property with an adjusted basis of $19,000 to his daughter for $12,000. Daughter subsequently sells the property to her brother for $12,000. Two years later, brother sells the property to Hun, an unrelated party, for $21,000. What is brother’s recognized gain or loss on the sale of the property?

a. $0.
b. $2,000.
c. $4,000.
d. ($2,000).
e. None of the above.

5. A factory building owned by Amber, Inc. is destroyed by a hurricane. The adjusted basis of the building was $400,000 and the appraised value was $425,000. Amber receives insurance proceeds of $390,000. A factory building is constructed during the nine-month period after the hurricane at a cost of $450,000. What is the recognized gain or loss and what is the basis of the new factory building?

a. $0 and $450,000.
b. $0 and $460,000.
c. ($10,000) and $440,000.
d. ($10,000) and $450,000.

e. None of the above.

**Analysis of Results:**
The mean score on all five questions for this SLO was 69%. Thirty one students took the exam in CBAD 439 that had the assessment questions imbedded within in the spring semester of 2010. Fifteen of the thirty students missed only one of the five questions. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

**Use of Assessment Results for Continuous Improvement:**
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the extensive CPA practice exams that they will be exposed to in the Gleim Online study program.

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**Student Learning Outcome: 2**
2. Students should be able to demonstrate knowledge of adjustments and deductions to arrive at taxable income.

**Taxonomic Schemes:** Curriculum

**Areas of Assessment:** Student Learning

**Metric:** calculating taxable income

**Responsible Units/Committees:** Phil Little

**Source of Data:** No Results

**Description of Assessment:**
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Which of the following are deductions for AGI?
   
a. Alimony payments.

b. Property taxes on a personal residence.

c. Charitable contributions.

d. Fines and penalties incurred in a trade or business.

e. None of the above.

2. Which of the following is deductible as a trade or business expense?
   
a. A city coroner contributes to the mayor’s reelection campaign fund.

b. Illegal bribes and kickbacks.

c. Two-thirds of treble damage payments.

d. Fines and penalties.
3. Terry and Jim are both involved in operating illegal businesses. Terry operates a gambling business and Jim operates a drug running business. Both businesses have gross revenues of $500,000. The businesses incur the following expenses.

<table>
<thead>
<tr>
<th>Terry</th>
<th>Jim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee salaries</td>
<td>$200,000 $200,000</td>
</tr>
<tr>
<td>Bribes to police</td>
<td>25,000 25,000</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>50,000 50,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>–0– 125,000</td>
</tr>
</tbody>
</table>

Which of the following statements is correct?

a. Neither Terry nor Jim can deduct any of the above items in calculating the business profit.

b. Terry should report profit from his business of $250,000.

c. Jim should report profit from his business of $500,000.

d. Jim should report profit from his business of $250,000.

e. None of the above.

4. Vera is the CEO of Brunettes, a publicly held corporation. For the year, she receives a salary of $950,000, a bonus of $600,000, and contributions to her retirement plan of $35,000. The bonus was awarded at the December board meeting based on Vera’s threat to accept a better paying job with a competitor. What amount may Brunettes deduct?

a. $950,000.

b. $985,000.

c. $1,550,000.

d. $1,585,000.

e. None of the above.

5. Bob and April own a house at the beach. The house was rented to unrelated parties for 8 weeks during the year. April and the children used the house 12 days for their vacation during the year. After properly dividing the expenses between rental and personal use, it was determined that a loss was incurred as follows:

Gross rental income $4,000

Less: Mortgage interest and property taxes $3,500

Other allocated expenses 2,000 (5,500)
Net rental loss ($1,500)

What is the correct treatment of the rental income and expenses on Bob and April's joint income tax return for the current year assuming the IRS approach is used if applicable?

a. A $1,500 loss should be reported.

b. Only the mortgage interest and property taxes should be deducted.

c. Since the house was used more than 10 days personally by Bob and April, the rental expenses (other than mortgage interest and property taxes) are limited to the gross rental income in excess of deductions for interest and taxes allocated to the rental use.

d. Since the house was used less than 50% personally by Bob and April, all expenses allocated to personal use may be deducted.

e. Bob and April should include none of the income or expenses related to the beach house in their current year income tax return.

Analysis of Results:
The professor in the CBAD 440 class was asked to include the above assessment questions in his exam. He did not comply. Therefore, there are no results to report.

Use of Assessment Results for Continuous Improvement:
A new professor has been assigned to the CBAD 440 class. She will administer the assessment questions in the fall of 2010 and the results will be reported in the 2010-2011 plan.

Student Learning Outcome: 3
3. Students should be able to demonstrate knowledge of gross income inclusions and exclusions

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: gross income inclusions and exclusions
Responsible Units/Committees: Phil Little
Source of Data: No Results
Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Hubert contracted with Silver Company, Hubert’s controlled corporation. Hubert was a medical doctor and the contract provided that he would work exclusively for the corporation. No other doctor worked for the corporation. The corporation contracted to perform an operation for Paula for $1,800. The corporation paid Hubert $1,200 to perform the operation under the terms of his employment contract.

   a. Hubert must recognize $1,800 gross income since the patient obviously wanted him to perform the operation.

   b. Hubert must recognize the $1,800 income because he provided the service.
c. Hubert's gross income is $1,200.

d. The corporation's gross income is $600.

e. None of the above.

2. Joe and Bonnie were divorced. Their only marital property consisted of a personal residence (fair market value of $400,000, cost of $200,000), and publicly-traded stocks (fair market value of $800,000, cost basis of $500,000). Under the terms of the divorce agreement, Bonnie received the personal residence and Joe received the stocks. In addition, Bonnie was to receive $50,000 for eight years.

I. If the $50,000 annual payments to Bonnie will continue after her death (paid to her estate), the payments will not qualify as alimony.

II. Bonnie has a taxable gain from an exchange of her one-half interest in the stocks for Joe's one-half interest in the house and cash.

III. If Joe sells the stocks for $850,000, he must recognize a $350,000 gain.

a. Only I is true.

b. Only I and II are true.

c. I and III are true.

d. I, II, and III are true.

e. None of the above are true.

3. Tim and Janet were divorced. Their only marital property was a personal residence with a value of $100,000 and cost of $40,000. Under the terms of the divorce agreement, Janet would receive the house and Janet would pay Tim $10,000 each year for 5 years, or until Tim's death, whichever should occur first. Tim and Janet lived apart when the payments were made to Tim. The divorce agreement did not contain the word "alimony."

a. Tim must recognize a $30,000 [$50,000 – 1/2($40,000)] gain on the sale of his interest in the house.

b. Tim does not recognize any income from the above transactions.

c. Janet is allowed to deduct $10,000 each year for alimony paid.

d. Janet is not allowed any alimony deductions.

e. None of the above.

4. Sarah, a majority shareholder in Teal, Inc., received a $150,000 interest-free loan from the corporation. Sarah is not an employee of the corporation.

a. Sarah must recognize imputed interest income and the corporation must recognize imputed interest expense.

b. Sarah must recognize imputed interest expense and the corporation
must recognize imputed interest income.

c. Sarah must recognize imputed dividend income and the corporation may recognize imputed interest expense.

d. Neither Sarah's nor the corporation's gross income is affected by the loans because no interest was charged.

e. None of the above.

5. Ted is age 67 and unmarried and his only sources of income are $230,000 in taxable interest and $15,000 of Social Security benefits. Ted's adjusted gross income for the year is:

a. $230,000.

b. $237,500.

c. $242,750.

d. $245,000.

e. None of the above.

Analysis of Results:
The professor in the CBAD 440 class was asked to include the above assessment questions in his exam. He did not comply. Therefore, there are no results to report.

Use of Assessment Results for Continuous Improvement:
A new professor has been assigned to the CBAD 440 class. She will administer the assessment questions in the fall of 2010 and the results will be reported in the 2010-2011 plan.

Goal 2
Students should be able to accomplish a minimum competency level in financial accounting.

Student Learning Outcome: 1
1. Students should be able to demonstrate knowledge of reporting in financial statements.

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: reporting in financial statements
Responsible Units/Committees: Phil Little
Source of Data: Assessment questions embedded in exam
Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Accounting information is considered to be relevant when it

a. can be depended on to represent the economic conditions and events that it is intended to represent.
b. is capable of making a difference in a decision.

c. is understandable by reasonably informed users of accounting information.

d. is verifiable and neutral.

2. Charging off the cost of a wastebasket with an estimated useful life of 10 years as an expense of the period when purchased is an example of the application of the

a. consistency characteristic.

b. matching principle.

c. materiality constraint.

d. historical cost principle.

3. What does the current ratio inform you about a company?

a. The extent of slow-moving inventories.

b. The efficient use of assets.

c. The company's liquidity.

d. The company's profitability.

4. In November and December 2010, Lane Co., a newly organized magazine publisher, received $90,000 for 1,000 three-year subscriptions at $30 per year, starting with the January 2011 issue. Lane included the entire $90,000 in its 2010 income tax return. What amount should Lane report in its 2010 income statement for subscriptions revenue?

a. $0.

b. $5,000.

c. $30,000.

d. $90,000.

5. How do these prepaid expenses expire?

Rent Supplies

a. With the passage of time Through use and consumption

b. With the passage of time With the passage of time

c. Through use and consumption Through use and consumption

d. Through use and consumption With the passage of time

6. When converting from cash basis to accrual basis accounting, which of the following adjustments should be made to cash receipts from customers to determine accrual basis service revenue?

a. Subtract ending accounts receivable.
b. Subtract beginning unearned service revenue.

c. Add ending accounts receivable.

d. Add cash sales.

7. On January 1, 2010, Lynn Company borrows $2,000,000 from National Bank at 11% annual interest. In addition, Lynn is required to keep a compensatory balance of $200,000 on deposit at National Bank which will earn interest at 5%. The effective interest that Lynn pays on its $2,000,000 loan is

a. 10.0%.

b. 11.0%.

c. 11.5%.

d. 11.6%.

**Analysis of Results:**
The mean score on all seven questions for this SLO was 56%. forty three students in CBAD 332 took the exam that had the assessment questions imbedded within in the fall semester of 2009. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

**Use of Assessment Results for Continuous Improvement:**
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the the extensive CPA practice exams that they will be exposed to in the Gleim Online study program.

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**Student Learning Outcome: 2**

2. Students should be able to demonstrate knowledge of selecting appropriate financial accounting and reporting methods.

**Taxonomic Schemes:** Curriculum

**Areas of Assessment:** Student Learning

**Metric:** selecting appropriate financial accounting and reporting methods

**Responsible Units/Committees:** Phil Little

**Source of Data:** Assessment questions embedded in exam

**Description of Assessment:**
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. In a period of rising prices which inventory method generally provides the greatest amount of net income?

   a. Average cost.
b. FIFO.

c. LIFO.

d. Specific identification.

2. The book value of a plant asset is

a. the fair market value of the asset at a balance sheet date.

b. the asset's acquisition cost less the total related depreciation recorded to date.

c. equal to the balance of the related accumulated depreciation account.

d. the assessed value of the asset for property tax purposes.

3. Gardner Corporation purchased a truck at the beginning of 2010 for $75,000. The truck is estimated to have a salvage value of $3,000 and a useful life of 120,000 miles. It was driven 18,000 miles in 2010 and 32,000 miles in 2011. What is the depreciation expense for 2010?

a. $11,250

b. $10,800

c. $18,000

d. $30,000

4. Why is the allowance method preferred over the direct write-off method of accounting for bad debts?

a. Allowance method is used for tax purposes.

b. Estimates are used.

c. Determining worthless accounts under direct write-off method is difficult to do.

d. Improved matching of bad debt expense with revenue.

5. Wellington Corp. has outstanding accounts receivable totaling $6.5 million as of December 31 and sales on credit during the year of $24 million. There is also a credit balance of $12,000 in the allowance for doubtful accounts. If the company estimates that 8% of its outstanding receivables will be uncollectible, what will be the amount of bad debt expense recognized for the year?

a. $ 532,000.

b. $ 520,000.

c. $1,920,000.

d. $ 508,000.

6. If a discount on bonds payable is amortized by the effective interest method, the reported interest expense will
A. Remain the same, while the amount of amortization decreases each period

B. Increase for several years and then decrease

C. Increase over the term of the bonds

D. Decrease over the terms of the bonds

7. Kramer Company’s trading securities portfolio which is appropriately included in current assets is as follows:

December 31, 2010

Fair Unrealized

Cost Value Gain (Loss)

Catlett Corp. $250,000 $200,000 $(50,000)

Lyman, Inc. 245,000 265,000 20,000

$495,000 $465,000 $(30,000)

Ignoring income taxes, what amount should be reported as a charge against income in Kramer’s 2010 income statement if 2010 is Kramer’s first year of operation?

a. $0.

b. $20,000.

c. $30,000.

d. $50,000.

8. Which of the following best describes current practice in accounting for leases?

a. Leases are not capitalized.

b. Leases similar to installment purchases are capitalized.

c. All long-term leases are capitalized.

d. All leases are capitalized.

Analysis of Results:
The mean score on all five questions for this SLO was 67%. Forty three students took the exam in CBAD 332 that had the assessment questions imbedded within in the fall semester of 2009.. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

Use of Assessment Results for Continuous Improvement:
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the the extensive
CPA practice exams that they will be exposed to in the Gleim Online study program.

**Student Learning Outcome: 3**

3. Students should be able to demonstrate knowledge of presenting results in a financial statement format.

**Taxonomic Schemes:** Curriculum

**Areas of Assessment:** Student Learning

**Metric:** presenting results in a financial statement format

**Responsible Units/Committees:** Phil Little

**Source of Data:** Assessment questions embedded in exam

**Description of Assessment:**

Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Accrual accounting is used because
   a. cash flows are considered less important.
   b. it provides a better indication of ability to generate cash flows than the cash basis.
   c. it recognizes revenues when cash is received and expenses when cash is paid.
   d. none of the above.

2. For Rondelli Company, the following information is available:

   Cost of goods sold $ 90,000
   Dividend revenue 4,000
   Income tax expense 9,000
   Operating expenses 35,000
   Sales 150,000

   In Rondelli’s multiple-step income statement, gross profit
   a. should not be reported
   b. should be reported at $20,000.
   c. should be reported at $60,000.
   d. should be reported at $64,000.

3. In 2010, Benfer Corporation reported net income of $350,000. It declared and paid common stock dividends of $40,000 and had a weighted average of 70,000 common shares outstanding. Compute the earnings per share to the nearest cent.
a. $4.43  
b. $3.50  
c. $4.50  
d. $5.00  

4. Stine Corp.’s trial balance reflected the following account balances at December 31, 2010:

Accounts receivable (net) $24,000  
Trading securities 6,000  
Accumulated depreciation on equipment and furniture 15,000  
Cash 11,000  
Inventory 30,000  
Equipment 25,000  
Patent 4,000  
Prepaid expenses 2,000  
Land held for future business site 18,000  

In Stine’s December 31, 2010 balance sheet, the current assets total is

a. $90,000.  
b. $82,000.  
c. $77,000.  
d. $73,000.  

5. In preparing a statement of cash flows, cash flows from operating activities

a. are always equal to accrual accounting income.  
b. are calculated as the difference between revenues and expenses.  
c. can be calculated by appropriately adding to or deducting from net income those items in the income statement that do not affect cash.  
d. can be calculated by appropriately adding to or deducting from net income those items in the income statement that do affect cash.  

Analysis of Results:

The mean score on all five questions for this SLO was 46%. Forty three students took the exam in CBAD 332 that had the assessment questions imbedded within in the fall semester of 2009. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.
Use of Assessment Results for Continuous Improvement:
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the extensive CPA practice exams that they will be exposed to in the Gleim Online study program. Given that the mean score on this SLO did not achieve the minimum acceptable level, the professor in CBAD 330 will spend additional time in class discussing this material.

Goal 3
Students should be able to demonstrate understanding of basic accounting concepts

Student Learning Outcome: 1
Students should be able to demonstrate comprehension of financial, managerial, and international accounting.

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: financial, managerial, and international accounting
Responsible Units/Committees: Phil Little
Source of Data: ETS exam

Description of Assessment:
The ETS business major field test will be administered every semester as a graded requirement of the capstone course (CBAD 478). The goal for the accounting major is to improve ETS exam scores until accounting majors obtain the 80th percentile on the accounting portion of the exam.

Analysis of Results:
Accounting majors scored in the 90 percentile.

Use of Assessment Results for Continuous Improvement:
Accounting majors score well above the desired 80th percentile so no improvement is necessary.

Goal 4
Students should be able to accomplish a minimum competency level in auditing.

Student Learning Outcome: 1
Students should be able to demonstrate knowledge of planning an audit engagement.

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: planning an audit engagement
Responsible Units/Committees: Phil Little
Source of Data: Assessment questions embedded in exam

Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.
1. In the audit risk (AR) model
   a. AR = IR + CR + DR; and IR and DR are inversely related.
   b. AR = IR x CR x DR; and AR and DR are inversely related.
   c. AR = IR + CR + DR; and CR and DR are inversely related.
   *d. AR = IR x CR x DR; and CR and DR are inversely related.

2. The concept of materiality would be least important to an auditor when considering the
   *a. effects of a direct financial interest in the client upon the CPA's independence.
   b. decision whether to use positive or negative confirmations of accounts receivable.
   c. adequacy of disclosure of a client's illegal act.
   d. discovery of weaknesses in a client's internal control structure.

3. The detailed listing of all audit procedures to be performed in an audit area is the
   a. audit schedule.
   *b. audit program.
   c. lead schedule.
   d. detail schedule.

4. All of the following are steps in the general planning of the audit except
   a. identifying related parties.
   *b. preparing a management letter.
   c. assessing materiality.
   d. applying analytical procedures.
   e. All of the above are steps in general planning.

5. SAS No. 84, Communications between Predecessor and Successor Auditors, requires the successor auditor to make inquiries regarding
   *a. disagreements with management as to accounting principles or auditing procedures.
   b. strengths in the internal controls.
   c. collectability of audit fees.
   d. the use of negative confirmations.
   e. All of the above.
Analysis of Results:
The mean score on all five questions for this SLO was 44%. sixty eight students took the exam in CBAD 437 that had the assessment questions imbedded within in the spring semester of 2009. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

Use of Assessment Results for Continuous Improvement:
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the the extensive CPA practice exams that they will be exposed to in the Gleim Online study program. Given that the mean score did not meet the minimum level, the professor in CBAD 437 will spend additional time on this topic area.

Student Learning Outcome: 2
Students should be able to demonstrate knowledge of documenting information to form a basis for conclusions.

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: documenting information
Responsible Units/Committees: Phil Little
Source of Data: Assessment questions embedded in exam

Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. The standards of fieldwork in GAAS include a requirement that
   a. due professional care be exercised in the performance of the audit and the preparation of the report.
   b. informative disclosures in the financial statements be regarded as reasonably adequate unless otherwise stated.
   *c. the auditor shall obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing, and extent of tests to be performed.
   d. the report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.

2. One standard of reporting in GAAS requires that the auditor identify those circumstances where accounting principles have not been consistently observed in the current period in relation to the preceding period. This standard ensures that
   a. an entity has not changed accounting principles from one period to the next.
b. any change is noted in the working papers.

*c. the comparability of financial statements has not been affected by undisclosed changes in accounting principles.

d. the auditor exercises professional judgment in determining whether a particular accounting principle is generally accepted.

e. None of the above.

3. In using the work of a specialist, an understanding should exist among the auditor, the client, and the specialist as to the nature of the work to be performed by the specialist. Preferably, the understanding should be documented and would include all of the following except

a. The objectives and scope of the specialist's work

b. The specialist's representations as to his or her relationship, if any, to the client.

c. The specialist's understanding of the auditor's corroborative use of the specialist's findings in relation to the representations in the financial statements.

*d. A statement that the methods or assumptions to be used are not inconsistent with those used by the client.

4. Which of the following statements about SAS 99, Consideration of Fraud in a Financial Statement Audit, is false?

a. Auditors need to be unpredictable with their audit procedures.

b. Auditors should brainstorm to identify possible frauds within the client.

c. Auditors should encourage whistleblowing from client personnel who may have information about fraud.

d. The standard specifically highlights the importance of professional skepticism when conducting the audit.

*e. All of the above statements are true.

5. The primary reason for an auditor to use statistical sampling is to

a. obtain a smaller sample than would be required by nonstatistical sampling techniques.

*b. allow the auditor to quantify and control the risk of making an incorrect decision based on sample evidence.

*c. meet requirements of statements on internal auditing standards.

d. obtain a sample more representative of the population than would be obtained by nonstatistical sampling techniques.

e. None of the above.

**Analysis of Results:**
The mean score on all five questions for this SLO was 60%. Sixty eight students took the exam in CBAD 437 that had the assessment
questions imbedded within in the spring semester of 2010. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

Use of Assessment Results for Continuous Improvement:
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the extensive CPA practice exams that they will be exposed to in the Gleim Online study program.

Student Learning Outcome: 3
Students should be able to demonstrate knowledge of the consideration of internal controls.

Taxonomic Schemes: Curriculum
Areas of Assessment: Student Learning
Metric: consideration of internal controls
Responsible Units/Committees: Phil Little
Source of Data: Assessment questions embedded in exam

Description of Assessment:
Given that the questions are CPA Exam type questions (which have a very low pass rate), the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome. We used an average of the five items below.

1. Proper authorization, segregation of duties, and safeguards over access to and use of assets and records are an integral part of the entity’s
   a. control environment.
   b. administrative policies.
   c. accounting system.
   *d. control activities.
   e. risk assessment

2. Which of the following factors should be considered when considering an entity’s control environment?
   Audit Committee Internal Audit Function Transaction Authorization
   *a. Yes Yes No
   b. Yes No Yes
c. No Yes Yes
d. Yes Yes Yes

3. SAS No. 60, Communication of Internal Control Structure Related Matters Noted in an Audit,
   a. requires auditors to separately identify and communicate material weaknesses.
   
   b. requires the auditor to suggest corrective action for the client’s consideration.
   
   *c. requires the auditor to report to the audit committee or its equivalent reportable conditions that come to the auditor’s attention during the audit.
   
   d. requires the auditor to perform audit procedures to search for reportable conditions.
   
   e. None of the above.

4. Public reporting on the effectiveness of internal control over financial reporting, as required by the Sarbanes-Oxley Act, includes:
   a. A statement that the public accounting firm that audited the financial statements has provided input on the design of internal controls.
   
   *b. A statement of management’s responsibility for establishing and maintaining adequate internal control over financial reporting.
   
   c. An explicit statement as to whether management agrees with the public accounting firm’s assessment of internal controls.
   
   d. A detailed statement describing changes or additions to the internal control environment that occurred in the current year.

5. The fraud triangle includes:
   a. incentive, justification, and opportunity.
   
   b. pressure, deviation, and justification.
   
   c. stress, rationalization, and deviations.
   
   *d. pressure, opportunity, and rationalization.
   
   e. None of the above.

**Analysis of Results:**
The mean score on all five questions for this SLO was 64%. sixty eight students took the exam in CBAD 437 that had the assessment questions imbedded within in the spring semester of 2010. Given that the questions are CPA Exam type questions, the accounting faculty believe that a 50% overall mean score is an acceptable minimum competency outcome.

**Use of Assessment Results for Continuous Improvement:**
Based on the assessment results for all of the accounting assessment areas and input received from the Accounting Advisory Board, the Gleim
Online CPA Review Course will be used in addition to the normal textbook resources in all of the CPA Track courses. The accounting faculty believe that student learning will be enhanced by the extensive CPA practice exams that they will be exposed to in the Gleim Online study program.

Accomplishments of the Department

New Projects and Initiatives:
1. New CPA Track Developed
2. Formation of Accounting Advisory Board
3. An expanded VITA Program served more 350 people

Grants and other Externally Funded Activities:
None

Scholarly and/or Creative Contributions:
Refereed Journal Articles 7

Community Engagement / Outreach:
13 Engagement Activities