

# Two Year Progress Report

## Bachelor of Accounting and Financial Management (BAFM)

### January 2016

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This report summarizes progress and new issues that have arisen since the 2013 review of the AFM program. The reviewers, Professor Teri Shearer of Queen's University and Professor David Stangeland of the University of Manitoba visited in January of 2014.

We begin with the four recommendations made by the program reviewers.

1. Strive to incorporate international experiences into the program.

The School of Accounting and Finance has only a small number of international students because of its mandatory co-op structure. Domestic employers have been reluctant to hire foreign students and the School has been successful in filling its spaces with Canadians and permanent residents. Additionally, until relatively recently Generally Accepted Accounting Principles (GAAP) were country specific, and there remain country specific institutional elements that make a Canadian education less relevant for some international students. Nevertheless, the School has endeavoured to bring in more international opportunities for its students. We are working with our student society the Accounting and Finance Students Association (AFSA) and interested students to develop and promote international opportunities. There are three avenues that we have opened - curriculum, exchanges, and international co-op. First, we have now created program space within our curriculum for students to be able to take the International and Global Experience Certificate or a comparable international minor should it be created. We are exploring the possibility of creating an International Study Tour course common at business schools that could be part of the certificate or a minor. We are working to encourage more international exchanges and now have some students taking these opportunities. We have more than thirty students expressing an interest in international exchanges this year. Rather than forming our own specific exchange arrangements with other universities as suggested in the plan, we and our students are working through Waterloo International to find placements across the range of University partnerships.

We have been most successful in generating international co-op placements. We have increased the number and the proportion of students seeking or willing to consider international co-op relative to earlier years. Historically this was due to the difficulty in matching international students with Canadian-based roles and international positions not being acceptable for professional accounting work experience with CPA Ontario. More students can now consider international co-op work opportunities because CPA-bound students can now accumulate accredited practical experience outside of Canada. Cost remains a problem. Additionally, the School has more graduates who aspire to move directly into finance and financial management positions for which international experience is valued. In particular, many seek out well paying positions in the U.S. financial services sector. We have begun to approach alumni working abroad in an attempt to grow the pool of high quality paid roles in countries where the labour market supports paid student work. The chart below shows the marked increase since 2010 in international job matches. Importantly, through 2011 students found international jobs on their own, but in 2014 only 27% of students found the international position on their own. The number of positions formally posted and found through our co-op system has risen significantly.

	2014	2013	2012	2011	2010	2009	2008
International Job Matches for-credit matches	37	39	46	34	18	21	8
total matches in year	1,390	1,167	1,300	1,198	1,024	886	806
international matches as percentage of total	3%	3%	4%	3%	2%	2%	1%
# of first time 'found own job' (ES,EJ)	10	15	14	22	16	19	8
first time found own international job as % of all international	27%	38%	30%	65%	89%	90%	100%

The School plans to continue to work to expand the number of exchange opportunities and the number and variety of international co-op placements. We also hope to encourage students to take the Certificate and create more international curricular opportunities for students.

The School has created the partnership noted in the review with the University of Texas at Austin for our Center for Taxation in a Global Economy. The first biennial conference was held in Austin Texas in 2014; the second will be held in Waterloo this September.

2. Strive to strengthen the Finance side of the AFM program.

The School has been working at this for a period of time, and we have made additional progress since the review. We note that philosophically, the School expects all of its students to have a strong grounding in each of accounting and finance. We have strengthened our course offerings, our extracurricular activities, have developed more co-op positions in finance and turned the Student Investment Fund into a series of one quarter credit courses (AFM 328, 329, 428, 429) that can be taken at succeeding higher levels.

This investment fund structure fits well with our co-operative structure and has the significant benefit that many more students are able to participate than at investment funds at most business schools. Students begin as junior analysts in their first term in the fund, return as senior analysts, then as portfolio managers, and finally as fund managers. Combined with our expanded and enhanced course offerings and extra-curricular activities, students are developing significant finance knowledge.

The course offerings have been revised and better integrated. This applies to the three course opening sequence of AFM 121, AFM 273, and AFM 274. A new fourth course AFM 373 has been introduced to integrate using cases. We have revised our fixed income (AFM 425) course, our derivatives (AFM 322) course, and our equity investments (AFM 424) course, and created another new course that combines elements of derivatives and investments into a case course for CPA bound students. Additional courses that we offer that were not available before 2013 include International Finance, Mergers and Acquisitions, Private Equity Finance, Quantitative Foundations for Finance, and Topics in Financial Econometrics.

We have a major internal investment competition and our students participate in several external competitions, including the prestigious CFA investment competition. The School has won the Ontario division of the CFA competition four of the last six years beating MBA and Masters of Finance teams from other universities in the process. In one of those years we advanced to the final four of the Americas.

The School will be opening a new finance and analytics lab in March of 2016. Patterned on the Rotman lab which is considered to be the best in North America, the lab will be used for teaching classes and seminars and be available to students at other hours for assignments, projects, competitions and other endeavours. The lab should feature the availability of a complete set of data bases and software that is as good or better than those available at competing business schools. We are currently working to finalize arrangements with Thomson-Reuters to place their Eikon product at every terminal.

Both co-op and permanent placements in financial services have improved in number and quality. We are now placing students directly into sought after positions in the financial services industry in investment banking and financial analysis. We have placed students with Goldman Sachs, Jarislowsky Fraser, JP Morgan Chase, Manulife, Onex, RBC Capital Markets, and many others. The number of financial services co-op terms has risen from 203 in 2013 to 290 in 2014. This results from our program combining opportunities for application with strong theory and integration with accounting.

The School is still working with the Department of Economics and IAP on the possibility of a Masters of Finance and Economics. We need to resolve some resource issues, especially space. The School is endeavouring to expand the number of domestic PhD students in accounting. At present we are not pursuing a PhD focused on finance although Finance faculty members contribute to our Accounting PhD program and PhD programs in the Faculty of Mathematics. We would like to expand our PhD program to cover finance; however, this will take additional resources and we would also need to expand the external recognition of the School as a leader in finance as well as accounting.

### 3. Consider decentralizing the Coop structure

As described in the Director's Response to the Report, the University would not entertain a decentralized co-op structure. The School has two staff who work well with Center for Co-operative Education and Career Action (CECA) in building a strong variety of co-op opportunities for our students. Our staff share responsibility for engaging and managing employer relationships and ensuring that all of our students can secure appropriate co-op positions.

The reviewers mentioned that students perceived that the centrally offered for-credit mandatory professional development components of the Co-op program lacked value because they were not tailored to Co-op placements for students in the SAF. This refers to the professional development courses offered by WatPD that tend to be general in nature. It would likely be difficult and costly for WatPD to produce courses tailored to specific departments; however, while tailored courses might have more value, we think that the general courses retain value and as well they are currently a necessary part of the University co-op structure. The School is revamping its work term reports to make them more meaningful to students.

#### 4. Consider tracking final job placement outcomes

We are working with our alumni people and CECA to strengthen our knowledge of final placements. This task is ongoing since the emphasis historically was on co-op and there was a presumption that co-op jobs became permanent ones. Given the greater diversity of our placements this is no longer true. Both the School and University need to devote more resources to securing and tracking permanent placements. The School is developing a survey for alumni that will provide us with a better base of information on permanent jobs. We are also working to enhance the value of the alumni association so that more alumni volunteer contact information. While the School is doing its best in this regard, a complete tracking of placements requires University leadership.

Other issues commented upon in the report.

#### 1. The School Learning Model

The reviewers commended the School on its learning model that integrates functional competencies, learning to learn, thinking and problem solving, leadership and collaboration, ethical conduct, and communications to provide students with the professional qualities they need to succeed. The School continues to have courses that emphasize the model and encourages all instructors to integrate the model into specific courses. We have a new Learning Outcomes Committee that will look at identifying, managing, and then measuring the achievement of important programmatic goals. Employers report that School students are more well-rounded and better prepared; however, the School needs to continue to reinforce these values with our faculty members and students by working with faculty members to integrate them into their courses and our extra-curricular activities.

#### 2. Admission Requirements

The reviewers were satisfied with the admission requirements. The School continues to evolve and adjusts its admission requirements accordingly. We have instituted an interview for 2016 to accompany the high school grades and the applicant information form. We are looking for students capable of communicating well, collaborating, and thinking creatively, and who are excited about careers in accounting and finance. Last year we raised the minimum acceptable grade on the three required courses English and two Mathematics courses to 75%. We are monitoring performance at the University and comparing it with performance on our application criteria.

### 3. Program Structure

The reviewers identified the tight structure, whereby many courses are offered only in one term, to be a problem for students wanting to do international activities, explore co-op alternatives, or because the student failed or for another reason fell out of sequence. We have instituted greater flexibility in selecting work terms for work terms two to four following the end of the second academic year. Accompanying this we now offer important courses in more than one term to facilitate students' ability to choose work terms and international experiences. We have also increased the number of elective courses available. All of the above enhance the students' educational experience; however, there are incremental costs attached to offering more course-sections overall.

### 4. Program Content

The reviewers expressed concern that the program offered insufficient opportunity to move outside the accounting and finance requirements and that the program may be too technical. Our commitment to the learning model described above has led us to improve gradually the professionally necessary, but less technical, abilities of our graduates. The reviewers' feedback also commented that we appeared to have a good plan in place to respond to the changes in professional education. We comment on the eventual outcome of this below.

We have made program changes that have increased the number of electives. In particular, we have made it possible for students to consider minors, and we are encouraging students to create an international focus or a focus in entrepreneurship. The structure that we envision would also permit students to take more traditional Arts electives or minors. In this regard, Arts minors currently require eight courses, four of which can be double counted. The ability of our students to take a more traditional Arts minor would be significantly enhanced if this could be changed to six courses, only two of which could be double counted. Obviously, this decision would be up to the Faculty of Arts and require balancing the maintenance of the integrity of minors with making Arts' minors more feasible.

The committee noted that we were at the time responding to the significant changes in professional accounting education following the unification of the three national accounting professional groups. In improving opportunities for diversifying students' educations, we need to insure that our graduates benefit from our comprehensive and integrated approach to financial management education and will be successful in professional positions during co-op and subsequent permanent positions, and in professional examinations. The School's redesign of several courses to meet the new

professional competencies faced a significant test this past fall when the first Common Final Exam of CPA Canada was written. The School's graduates did exceptionally well with 179 successful students and 11 honour roll students. Our students made up 22.5% of all passes in Ontario and 55% of all Ontario honour roll graduates.<sup>1</sup>

#### 5. Assessment of Teaching and Learning

The reviewers thought that the School was making acceptable progress with this issue. We continue to progress. We have revised our Learning Outcomes Committee to focus more on defining our most important learning goals and then providing reliable measurements. We are providing more support for teaching including peer support and are encouraging the use of teaching dossiers and taking greater advantage of opportunities with Center for Teaching Excellence (CTE). A recently retired faculty member returns for two terms per year to help faculty members with improving teaching and linking the Learning Outcomes Committee with teaching.

#### 6. Resources

The reviewers supported the creation of the new finance lab, additional breakout and study space, and predictable, transparent, and sufficient resources. The lab should be opened this March. The School building was built for a much smaller number of students, and space including adequate classroom space is a concern, especially given the expectations of students paying a premium tuition. The School currently operates under a pilot activity-based direct funding model that will be replaced by the new resource allocation model. It is difficult to plan absent any details on this new model, other than that the funding will no longer be direct.

#### Conclusion

The School has managed significant changes, both internal and external, over the past two years. The unification of the accounting profession with new professional competencies; a significant strengthening of our capacity to service the financial services industry; an economy that is both sluggish and changing rapidly; much more competition from other business schools in our original core area of accounting, especially with respect to professional accreditation; a shrinking demographic entering university accompanied by aggressive competition among different faculties and from external

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<sup>1</sup> CPA Ontario prohibits the publication of pass rates by University. While we cannot provide a statistic, all School members were very proud of the success of our graduates

business schools. Given our high tuition, the School must excel to continue to attract students and maintain its position as a leader in accounting and finance.

Our progress on the issues identified above indicate that thus far, we are succeeding in continuing to provide excellent programs, outstanding research<sup>2</sup>, and contributing financially to the University. In addition to the actions described above, our most pressing issues are sufficient space given the expansion in the number of students, a fair and reliable funding process that facilitates planning and delivering on our expected contributions, and the ability to establish a School brand that resonates with our external constituencies and allows us to compete effectively with major business schools.

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<sup>2</sup> In the most recent Brigham Young University accounting research rankings the School is ranked sixth globally.





**Two year report for the Accounting and Financial Management Program of the School of Accounting and Finance in the Faculty of Arts**


**Date of next program review: July 1, 2019**

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**Signatures of Approval:**

  
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Chair/Director Thomas Scott January 29, 2016  
Date

  
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Faculty or Administrative Dean 2/11/16  
Date

  
\_\_\_\_\_  
Associate Vice-President, Academic Feb 5, 2016  
Date  
(For undergraduate and augmented programs)

\_\_\_\_\_  
Associate Provost, Graduate Studies Date  
(For Graduate and augment programs)