Dear Lehigh Accounting Alumni and Friends:

Best wishes from the Accounting Department! We had a great and a very successful year. It is my pleasure to present to you our annual newsletter for the academic year ending in 2011. This newsletter provides us with an opportunity to share with you a few of the many accomplishments of our students and faculty along with exciting activities taking place in the accounting programs to enrich our students’ educational experience while at Lehigh. I thank Gopal Krishnan, Professor of Accounting, for serving as the newsletter’s editor and also for managing its production and coordinating its distribution to you all.

Undoubtedly, the 2011 academic year was very busy for everyone in the Accounting Department. Let me start by highlighting some of the key initiatives that we concluded during the 2010-11 academic year. The first one was developing and finalizing the charter and bylaws of our advisory board. As many of you may know, the College of Business and Economics (CBE) and both of our accounting programs, the undergraduate accounting major and the Master’s of Science in Accounting and Information Analysis (MSAIA), are separately accredited by the global Association to Advance Collegiate Schools of Business (AACSB). Thus, like CBE, we have a separate Accounting Program Advisory Board which was established in spring 2001. In 2010 we decided to formalize the board’s operating procedures and the governance. A subcommittee of the board under the leadership of Board Chair, Ms. Janet Williams, ’85, was assembled to develop and present a charter and a set of bylaws to the board for vote. The committee held several conference calls and benchmarked with many peer and aspirational schools before finalizing the charter and a set of bylaws for Lehigh’s Accounting Program Advisory Board. During summer 2010, the board approved its very first charter and bylaws by a unanimous vote. While I served as an ex-officio member of this subcommittee, I thank the subcommittee members, Len Combs, ’92, Cynthia Cooper, Bob Watters, ’85, and Janet Williams, ’85, for their time and effort in setting up an appropriate governance structure for the advisory board. Since the advisory board is an integral part of our department, I deeply appreciate the advice and counsel provided by the board members in the annual meetings and throughout the year. I thank them all for their dedication and commitment to Lehigh’s accounting programs.

The second major initiative completed during the year was the review and approval of our revised strategic plan. We had developed and endorsed our very first departmental strategic plan back in 1996. While the department had always periodically reviewed its strategic plan, reviewing and revising our strategic plan became necessary because both the University and the CBE adopted new strategic plans, respectively, in 2009 and 2010. To review, revise, and update our strategic plan, the accounting faculty and staff held day-long, on-campus retreats on two separate occasions which were followed by numerous discussions in many regularly scheduled departmental meetings. We sought and received extensive feedback from our students, advisory board members, alumni, recruiters, and other interested stakeholders. Some of you may even remember receiving e-mails and telephone calls from me seeking your input on the draft strategic plan. The final version of our revised strategic plan is available on our web site and also appears in this newsletter.

The specific wordings of our mission may be different, but the underlying spirit continues to focus on excellence in teaching, top-quality research, and a commitment to service by our faculty. The following are some of the noteworthy changes in the revised strategic plan:
Chair’s Message

The mission statement includes a clear focus on preparing our students as “socially responsible and ethical business professionals” and emphasis on “cross-disciplinary scholarship.”

2. Revised and updated “guiding principles and shared values” include “diversity” as an integral part of accounting students’ academic and learning experience.

3. Consistent with the University’s and CBE’s strategic plans, we articulate a commitment to facilitate and encourage accounting students in obtaining international experience.

4. Consistent with the University’s front-runner initiatives and CBE’s strategic plan, we commit to growing graduate accounting education through MSAIA and Ph.D. programs in accounting.

5. The accounting department’s 10 goals are revised and updated to incorporate changes in our external environment.

The revision of our strategic plan also ties in nicely with the 5th year Review of the Maintenance of Accounting Accreditation coming during the spring 2012 semester. Maintaining AACSB accreditation is mission-driven with a focus on quality improvement and quality assurance. Thus, it is required that every five years we submit ourselves to a comprehensive review by the AACSB in many areas including our strategic planning process, assurance of student learning, and faculty sufficiency both in terms of quality and quantity. There are specific standards that the AACSB judges us by. Thus, during the 2010-11 academic year, we undertook a comprehensive review of our undergraduate accounting program’s learning objectives. Working with the CBE, we streamlined the accounting major’s learning objectives and further improved the evidence-driven process of assessing the achievement of these learning objectives in both of our accounting programs. These changes have already produced many positive results for our students. The accounting faculty colleagues now get together in small subgroups throughout the academic year to discuss continuous improvements in their courses with the goal of enhancing and providing a consistent learning experience of the highest quality to all accounting students.

The final key initiative related to reviewing and revising the core courses in our MSAIA program. This task was accomplished by the MSAIA Curriculum Committee under the leadership of Professor Heibatollah Sami, Director of the MSAIA Program. The new MSAIA core is scheduled to be formally implemented effective fall 2012. The revised courses in the core are: Professional Issues in Accounting-Ethics; IT Auditing; Corporate Financial Reporting Environment; Forensic Accounting and Auditing; Governance, Risk, and Control; and Accounting for Financial Instruments and Advanced Financial Statement Analysis. With these changes, we will provide our MSAIA students with state-of-the-art knowledge and skills that cannot possibly be crammed into our nationally ranked four-year undergraduate accounting curriculum.

I thank my accounting colleagues for their hard work and commitment, and thank Dean Paul Brown for his support in achieving successful outcomes in all of these important departmental initiatives. We welcome your thoughts on our strategic plan, especially as we strive to determine actionable strategies and related measures to track progress in achieving our mission and goals during this academic year.

Let me now shift my update to other developments and important aspects of the accounting programs. Rigor in the classroom in the form of daily homework, written projects, team presentations, and active class participation remain a “given” in our accounting curriculum. Similarly, we continue the fine tradition of supplementing our students’ classroom learning experience with numerous extracurricular activities. To that end, the department and the two student-run accounting organizations (the Accounting Club and Beta Alpha Psi) work side by side to involve and enrich accounting students’ education at Lehigh by offering field trips to companies, on-campus talks by business experts, and opportunities to interact with senior leadership from a variety of companies recruiting at Lehigh. Also this year the accounting department held two of its most popular annual events with great success: the Accounting Student Professionalism Conference and the Accounting Career Fair. Both events were attended by virtually all accounting students, faculty, and professionals/alumni from various firms and companies. Similarly, the two student-run organizations hosted many programs focused on helping accounting students (1) understand what career opportunities are currently available to them and what career paths they can pursue, (2) develop soft skills (i.e., interviewing, networking, social and business etiquette, team building), and (3)
Department Chair Message

remain abreast of current developments in business and accounting.

One of our annual marquee events is a day-long visit to campus by a prominent accounting professional to interact with students. During this year, we hosted Mr. Robert Herz, the former Chairman of the Financial Accounting Standards Board (FASB). Mr. Herz visited our campus as a Distinguished Segal Speaker. He spoke to the MS in accounting students in their IFRS class and delivered a talk to the CBE students on “Challenges and Opportunities Facing Financial Reporting in the U.S. and Globally.” Similarly, many other professionals/alumni subject-matter experts visited accounting classes during the year to share their knowledge and experience with our students. I thank all the professionals/alumni for visiting our classes as guest speakers. Please read more about these and other activities that we continue to imbed in our accounting programs at Lehigh.

During this academic year, we graduated 103 UG accounting majors and 23 MS in Accounting students. Of the 103 UG accounting majors, 22 were double majors with finance while an additional 7 students chose supply chain management, business information systems, etc. as their second major. A large percentage of our undergraduate and graduate students continue to be sought after by Big 4 and other large public accounting and financial services firms. Based on the feedback from recruiters and alumni, our students continue to excel in their entry-level jobs and compete very well as they progress beyond their initial years. I would like to draw your attention to the section of the newsletter where we celebrate our students’ achievements. We are proud of all of our students and offer our congratulations to the many award winners listed in this newsletter. These are competitive awards; winning them is a testament to these students’ hard work, leadership, and dedication to excellence.

Similarly, the accounting faculty members continue to make their mark by publishing discipline-based thought leadership and interdisciplinary research in internationally recognized journals. They continue to inform policy and practice by presenting their research findings at reputable national and international conferences. Because of their expertise and knowledge of accounting/business issues, many are quoted in the media and many others serve on boards, editorial boards, and important professional committees/panels. Our faculty members also integrate their research into their classrooms by engaging students to objectively examine all sides of tough accounting issues. I invite you to read more about their research and scholarship under “Faculty Activities” and “Faculty Research” in this newsletter as well as at: http://www4.lehigh.edu/business/faculty/accounting.

This academic year, we bid farewell to three long-time accounting faculty colleagues: Professor Karen M. Collins (22 years of service), Professor James A. Largay, III (31 years of service), and Professor Jack W. Paul (33 years of service). Over their long careers, each one of them touched and impacted the lives of many Lehigh students in many positive ways. Their dedication to excellence in teaching, pursuit of high-quality research, and an unwavering service commitment have provided a strong foundation for the future of Lehigh’s accounting programs. We wish them a very happy and a healthy retirement in the company of their grandchildren!

Special thanks to the Accounting students, faculty, staff, alumni, recruiters, and friends for their contributions over this past year. Your support and commitment have made it possible for us to achieve this high level of excellence in teaching, research, and service. Given that the University’s and the CBE’s budgets remain under pressure, your Accounting Department needs your financial help and support now more than ever before. Please see “We Need Your Help!” below for more details on how you can support your accounting program, especially the MSAIA program, by making it more affordable for Lehigh’s undergraduate accounting majors.

Please enjoy the rest of this newsletter as you read about numerous Accounting Department activities. As you can see, these activities provide invaluable learning and networking opportunities for our students, alumni, faculty, and staff.

I will continue to update you through the annual newsletter. If you want to chat with me in more detail about any of the activities and articles mentioned in this newsletter, please do not hesitate to call me directly at 610-758-3343 or email me at ppg0@lehigh.edu. I look forward to hearing from you and seeing you at various events.
Jay D. Brodish, B.S. (Lehigh University), CPA, Professor of Practice; financial accounting and financial statement analysis, forensics and fraud; jdb366@lehigh.edu. Jay served PwC for 14 years as a practice partner and later as national director of auditing. In 2001, he was elected to the Board of U.S. Partners of PwC and to the PwC Global Board and served as chief advisor to the China/Hong Kong firm of PwC.


Karen M. Collins, Ph.D. (Virginia Tech), associate professor; financial accounting and introduction to business; kmc0@lehigh.edu.

David M. Folsom, Ph.D. (University of Iowa), assistant professor; financial reporting and managerial accounting; dmf209@lehigh.edu. Dave’s research examines how conservatism in financial reporting affects firms’ strategic decisions. He is also studying how rules- or principles-based accounting standards influence financial reporting quality. Dave presented his research at the 2010 American Accounting Association annual meeting, the 2010 Accounting Symposium at Brigham Young University, the Sidney Winter Lecture Series at the University of Iowa, and at Drexel University.

Parveen Gupta, Ph.D. (Pennsylvania State University), professor and department chair; corporate governance, financial reporting and audit quality, internal control and risk management; ppg0@lehigh.edu. Parveen coauthored a *Practice Guide, “Auditing the Control Environment,”* that was published by the Institute of Internal Auditors as part of its International Professional Practice Framework. Two other coauthored research papers were presented at the Annual Meetings of the American Accounting Association (2010). He was an invited speaker at the 2010 Deloitte Foundation/Federation of Schools of Accountancy Faculty Consortium and an invited panelist at the 2011 Accounting Program Leaders’ Group/Federation of Schools of Accountancy Annual Joint Seminar and at the 2010 Annual Meeting of the American Accounting Association. Parveen was quoted in the media on topics relating to the constitutionality of the Sarbanes-Oxley/PCAOB Supreme Court case.

James Hall, Ph.D. (Oklahoma State University), associate professor and Bennett Chair; accounting information systems; jah0@lehigh.edu. James is Codirector of the Computer Science and Business Program. The 7th edition of Jim’s widely adopted text, *Accounting Information Systems,* was published by South-Western in January 2010.

David J. Hinrichs, MBA (Lehigh University), lecturer; managerial and financial accounting; djh404@lehigh.edu. Dave is a member of the MBA core team and co-teaches Managing Information in the MBA program. Dave also teaches Accounting Information Systems and Introduction to Managerial Accounting in the undergraduate program.

Gopal V. Krishnan, Ph.D. (University of North Texas), CPA, CMA, CA, CISA, Professor and Perella Chair in Accounting; financial reporting, audit quality, governance and earnings management; gok208@lehigh.edu. Gopal has articles published or forthcoming in the *Journal of the American Taxation Association, Accounting Horizons, Managerial Auditing Journal, International Journal of Auditing,* and *Review of Quantitative Finance and Accounting.* He presented papers at London Business School, Rutgers University, the British Accounting Association’s Auditing and Assurance Conference, and the 2010 Annual Meetings of the AAA.

James A. Largay III, Ph.D. (Cornell University), CPA, professor; financial reporting, financial accounting theory, and statement analysis; jal3@lehigh.edu.

Hye Seung (Grace) Lee, Ph.D. (University of Arizona), assistant professor; financial reporting/capital markets; hsl210@lehigh.edu. Grace’s research interests are primarily centered on the effects of financial and tax reporting on capital markets and the interaction between macroeconomic factors and accounting information. She is working on a study of...
that examines how debt characteristics affect the asymmetric relation between accounting earnings and stock returns. Her coauthored paper “The Impact of Operating Leases on Firm Financial and Operating Risk” was published in the Journal of Accounting, Auditing, and Finance.

Xu Li, Ph.D. (Massachusetts Institute of Technology), CFA, assistant professor; financial accounting; xul310@lehigh.edu. Xu teaches financial accounting at both the undergraduate and graduate levels. Xu’s research examines information asymmetry’s impact on capital markets. One of his papers was published in Review of Quantitative Finance and Accounting in 2011. He serves on several committees, including the MSAIA admission committee.

Yvonne Y. Lu, Ph.D. (Stanford University), CPA, assistant professor; financial accounting; yyl209@lehigh.edu. Yvonne’s research focuses on understanding management discretion in financial reporting. Yvonne teaches intermediate accounting and serves on the College of Business and Economics Strategic Planning Group.

Joseph M. Manzo, MBA (Lehigh University), Professor of Practice; Director of the Rauch Center for Business Communications; jmm6@lehigh.edu. Joseph has worked with Philips Van Heusen, Ann Taylor, Toys R Us, Accenture, and McKinsey & Co., and has held positions in Strategic Planning, Information Systems, and Merchandise Planning. He is also the Series Editor and Excel and Access author for the In Business Microsoft Office series, which is published by Pearson.

Marietta Peytcheva, Ph.D. (Rutgers University), CPA, assistant professor; financial accounting; map608@lehigh.edu. Marietta’s research focuses on audit judgment and decision making, and ethics issues in accounting. In 2011, Marietta published her article “Auditor Professionalism: The Importance of Internalizing Professional Standards and Detection of Severely Sanctioned Professional Violations” in Business & Professional Ethics Journal. She also presented her research at the Midyear Auditing Conference, the Annual Meeting of the AAA, the Deloitte/University of Kansas Auditing Symposium, and the International Symposium of Audit Research.

Heibatollah Sami, Ph.D. (Louisiana State University), Mercy Professor; financial and international accounting; hes205@lehigh.edu. Heibatollah had two papers published and two accepted for publication in Advances in Investment Analysis and Portfolio Management, China Journal of Accounting Research, and Review of Quantitative Finance and Accounting. He presented papers at the 2010 AAA Annual Meeting, 2011 annual Congress of the European Accounting Association, and 2011 Annual Meeting of the Canadian Academic Accounting Association (CAAA). Heibatollah chaired sessions during the 2010 AAA Annual Meeting and the 2011 Annual Congress of the European Accounting Association, and served as discussant during the 2011 Annual Meeting of the CAAA.

Kenneth P. Sinclair, Ph.D. (University of Massachusetts), professor and senior advisor to the dean; cost and managerial accounting; kps1@lehigh.edu. Ken coordinates several Department and College activities, including the College AASCB accreditation. The recipient of many teaching and service awards, Ken was honored in 2008 with the Lehigh University Hillman Award for Excellence in Undergraduate Student Advising, the Lehigh University Intrafraternity/Panhellenic Councils Faculty Advisor Award, and the Chi Phi National Congress Chapter Advisor of the Year Award. He serves as Audit Committee Chair of the Board of Directors of Lannett Company, a manufacturer of generic pharmaceuticals.

Kathleen C. Smith, whom many of you will remember, is our Accounting Department academic coordinator. Kathy exemplifies “service first” and is highly skilled at the multitasking needed for that to happen. All of her efforts focus on making things work for the benefit of all, and always with a smile. Each of us feels indebted to Kathy for the innumerable courtesies she extends to us daily and for the cumulative effect of her caring and doing over 39 years of dedicated service. In 2006 Kathy received Lehigh’s coveted Traditions of Excellence Award.

Editor’s note: The AAA is the American Accounting Association, the professional organization for academic accountants. Some practitioners are also members.
Adjunct Professors

Robert Duquette, CPA, MBA
(University of Maine) teaches Fundamentals of Federal Income Taxation in the undergraduate program and Tax and Business Strategies in the graduate program. Bob is a retired tax partner and practice leader from the Transactions Tax & Mergers and Acquisitions Group at Ernst & Young Philadelphia and Central Pennsylvania. In December he spoke at the Berks County Pennsylvania Institute of CPA and Bar Association and also at Lehigh’s Annual Tax Forum on the federal deficit and its implications on future tax policy.

Lehigh University
Accounting Department
Strategic Plan

MISSION

Lehigh University’s Accounting Department provides outstanding accounting education and networking opportunities that prepare students (1) to enter the accounting profession upon graduation, (2) to assume positions of leadership in the global business community later in their careers, and (3) to be socially responsible and ethical business professionals. We will also advance the profession of accountancy globally to serve the public interest by producing and disseminating original accounting research and cross-disciplinary scholarship. We are guided by the missions of Lehigh University and the College of Business and Economics.

Guiding Principles and Shared Values

To achieve its mission, the Department of Accounting is guided by the following principles and shared values:

- We are committed to be one of the premier accounting programs in the United States, providing undergraduate and master’s in accounting programs through innovative and relevant curriculum, excellence in teaching, and a strong research focus.
- We are guided by the educational philosophy of providing a rigorous classroom learning experience that is supplemented with a cohesive set of co-curricular activities that connect classroom learning with real-world application.
- We are committed to developing our students’ highest levels of technical accounting competency and skills for their long-term success such as critical thinking skills, communication and interpersonal skills, global perspective, and analytical problem-solving abilities.
- We are committed to instilling in our students a strong work ethic and the highest standards of ethical behavior.
- We believe that faculty interaction with students, alumni, and the accounting profession enriches the quality of education and provides faculty perspective for research excellence.
- We are committed to producing and disseminating original, high-quality accounting research and cross-disciplinary scholarship.
- We believe in service to the department, the College of Business and Economics, Lehigh University, and to the accounting profession.
- We are committed to investing in curriculum, students, research, and faculty.
- We value diversity and global orientation as integral parts of our students’ academic experience as learning and adapting to differences in backgrounds, cultures, and thoughts lead to a more comprehensive understanding and analysis of the world around us.
Points of Congruence with Lehigh University’s and the CBE’s Strategic Plans

The mission of the Department of Accounting is consistent with those of the College of Business and Economics and Lehigh University. The common points of interest include:

- Focus on developing accounting students into ethical global leaders by providing them with a distinctive learning experience.
- Focus on creating an effective learning environment for accounting students through classroom teaching, advising, networking, and co-curricular activities.
- Commitment to facilitate and encourage accounting students to obtain international experience through participation in the CBE and the University-wide programs.
- Commitment to advancing accounting knowledge through original research and cross-disciplinary scholarship.
- Commitment to supporting and growing graduate accounting education, and developing a Ph.D. program in accounting.

Goals of Lehigh University’s Accounting Department

1. Undergraduate Accounting Curriculum: To offer an undergraduate accounting curriculum that is innovative, relevant, comprehensive in technical coverage, integrative, focuses on developing professional ethics and global perspective, and uses information technology to provide critical skills for the long-term success of our students and leads to professional certifications upon graduation.

2. Graduate Programs: To offer a Master’s of Science in Accounting and Information Analysis (MSAIA) curriculum that builds on our highly regarded and nationally ranked undergraduate accounting program. To develop and/or participate in new and innovative master’s-level and doctoral program in accounting.

3. Faculty Excellence in Teaching and Research: To attract, develop, and retain faculty that will (1) deliver high-quality and rigorous instruction in the classroom through continuous improvement of their curriculum and teaching pedagogy, and (2) publish original high-quality accounting research and cross-disciplinary scholarship in top-tier accounting and business publications, and disseminate their research through presentations at well-recognized academic and practitioner conferences.

4. Student Recruiting: To attract high-quality undergraduate accounting majors from the CBE student pool and graduate students internationally with diverse backgrounds.

5. Student Placement: To offer career counseling and networking opportunities that result in both undergraduate and master’s in accounting students being placed in internships and challenging, upwardly mobile, full-time professional positions.

6. Faculty/Staff–Student Relationships: To develop and sustain strong and long-term faculty/staff–student relationships through active involvement in our students’ development and growth in the classroom and through one-on-one academic advising and career counseling.

7. Co-curricular Activities and Student Organizations: To complement students’ classroom experiences by offering out-of-class Department, Beta Alpha Psi, and Accounting Club activities and programs that focus on developing global perspective, leadership skills, critical success skills, awareness of accounting professionalism, and personal growth and development in accounting students.

8. Interaction with Stakeholders: To strengthen and sustain, through faculty and staff participation, mutually beneficial interaction and communication with our stakeholders (i.e., accounting alumni, accounting advisory board, accounting and business practitioners, business enterprises, the university, and the local community).

9. Supporting the CBE: To support other CBE undergraduate and graduate programs and related initiatives.

10. Resources: To work with the CBE Dean, alumni, donors, advisory board, and other constituents to ensure availability of resources to achieve departmental goals.
Each year we congratulate many of our accounting majors for achievements recognized by the university and professional organizations. These are summarized below.

Jared Blacker: Jared is a co-winner of the Class of 1904 Scholarship awarded to a senior on the basis of character, scholarship, qualifications indicating promise of future leadership, and extracurricular activities. Jared is from Mount Kisco, NY, and is a member of the university’s varsity swim team, a peer mentor for the dean of students office, a Martindale Student Associate, member of both the Beta Gamma Sigma and Beta Alpha Psi honor societies. He has served on the Student Athlete Council for 3 years, and this year, Jared will play a vital role in leading the freshmen orientation program P.R.I.D.E. This summer Jared joined Ernst & Young in their 2011 internship program in New York City in the Financial Services Assurance practice.

Kayla Frable: Institute of Internal Auditors Student Award (awarded to an outstanding senior who is interested in auditing and has a high scholastic standing and qualities of leadership). Kayla is from Kunkletown, PA, and is a Class of 2011 graduate with a double major in Accounting and Supply Chain Management. During her time at Lehigh, Kayla founded and served as President of the Lehigh University Commuter Club, served as the Vice President of Beta Alpha Psi, and was an Orientation Leader for 2 years. She is pursuing Lehigh’s MS in Accounting and Information Analysis program during the 2011-2012 academic year, and she will be joining KPMG in the Philadelphia office’s audit practice upon graduation from the MSAIA program.

Jared is a co-winner of the Class of 1904 Scholarship awarded to a senior on the basis of character, scholarship, qualifications indicating promise of future leadership, and extracurricular activities. Jared is from Mount Kisco, NY, and is a member of the university’s varsity swim team, a peer mentor for the dean of students office, a Martindale Student Associate, member of both the Beta Gamma Sigma and Beta Alpha Psi honor societies. He has served on the Student Athlete Council for 3 years, and this year, Jared will play a vital role in leading the freshmen orientation program P.R.I.D.E. This summer Jared joined Ernst & Young in their 2011 internship program in New York City in the Financial Services Assurance practice.

Dat Hoang: Nelson Leighton Bond Memorial Prize (awarded to the most outstanding sophomore in the CBE). Dat is from Hanoi, Vietnam. He is currently a junior majoring in Accounting and Finance with a minor in Political Science. He was the president of Global Union during spring 2011. Previously, he was Vice President of Publicity, Vice President of Global Union, and Treasurer of Alpha Phi Omega. He also participated in the Apprentice Teaching Program and was a leader at the GlobalLehigh Prelusion Program. Dat is also involved in Association of International Students and Asian Culture Society. Last summer, he interned at Deloitte Central Europe through the Lehigh in Prague study abroad program, working at its Clients and Markets team. After the study abroad experience, he was part of the Global Village for Future Leaders of Business and Industry—the first Vietnamese to take part in the highly acclaimed program. Next summer, he will be interning at PwC at Financial Instruments, Structured Products and Real Estate group.

Lisa Kaswin: Institute of Management Accountants Senior Award (awarded to a senior who is outstanding in accounting). Lisa is a double major in Accounting and Finance with minors in Political Science and Global Studies. Lisa will be obtaining a MS in Accounting & Information Analysis as a Presidential Scholar. She previously interned at Ernst & Young’s Financial Services Office in New York City and will be interning at Goldman Sachs in the Product Controllers Group this summer. She spent a semester abroad in Madrid, Spain. As an Eckardt Scholar, she researched the association between the risk aversion of a company and the strength of its board of directors.

Jenna Mitchell: Pennsylvania Institute of Certified Public Accountants Award (awarded to a senior accounting major who is outstanding in academic achievement and leadership). Jenna is from Bedford, MA, and served for 2 years as the Accounting representative to the CBE Student Board of Advisors reporting under Dean Zalatan. On campus she is also involved in Leadership Lehigh, the Accounting Club, and has served as the treasurer of the Women’s Club Volleyball team. This past summer she worked as an Audit Intern with KPMG in Boston, and will be joining the firm as a full-time associate in fall 2012. After graduation she will be attending Lehigh’s MS in Accounting and Information Analysis program as the recipient of a President’s Scholarship for academic achievement.

Christopher Schoell: Federation of Schools of Accountancy Award (awarded to the outstanding MSAIA student). Chris graduated with highest honors from Lehigh University in May 2010 with a Bachelor of Science degree in accounting. A recipient of the Dean’s Scholarship, the Elisha P.
Accounting News

Joseph Skelton, a rising junior and an Accounting major with a minor in Entrepreneurial Studies, was awarded the Leonard Pool Prize, a scholarship fund for rising juniors and seniors exhibiting entrepreneurial talents. Joe lives in Pittstown, NJ, and has his own firm, JWS Cycles LLC, which grew out of his interest in riding motorcycles and racing cars. JWS Cycles is a used motorcycle and ATV parts distribution business. Motorcycles are purchased, brought back to the shop, and stripped down to several pieces, anywhere from 30-75 depending on the motorcycle. The items are then photographed and listed for sale. Sales are made through the Internet and over the phone.

Joe’s business was started in 2005 out of his father’s garage. The original intention of the company was to generate income to pay for his first car. After a year of operations and growth that seemed limitless, Joe decided to grow the business. He currently employs 4 people. In addition to serving the domestic market, JWS Cycles has served customers in Russia, Italy, Brazil, Latvia, France, and several other countries.

Joe maintains a highly loyal customer base in the various subdivisions of the power sports community in the United States. The company has also expanded outside of just parts and now offers services such as engine replacements and rebuilding motorcycles. He hopes to begin funding a motorcycle race team to increase consumer awareness of the services and quality offered by JWS Cycles LLC. His long-term goals are to pursue the MS in Accounting and Information Analysis at Lehigh, obtain his CPA license, and join his father’s CPA firm.

Wilbur Scholarship, and the Elizabeth Major Nevius Award, Chris is a member of the Phi Beta Kappa Honor Society, Beta Gamma Sigma Business Honor Society, and Beta Alpha Psi Accounting Honor Society. As a Martindale Student Associate, Chris’ research on Turkey’s credit card industry was published in 2010 in Perspectives on Business and Economics, an annual undergraduate journal published by the Martindale Center. Starting Fall 2010, Chris began working in PwC’s New York Assurance Practice.

Alex Tamm: Tauck Scholarship (awarded to highly motivated juniors and seniors to give them the chance to do international summer internships that will help them in their career endeavors). Alex is from Pittsburgh and a senior majoring in Accounting and Finance with a minor in History. During the past summer Alex spent 6 weeks as an intern with Warth & Klein Grant Thornton in Wiesbaden, Germany. Alex was part of an audit team assigned to a U.S. GAAP project, and he assisted another team working on an international IPO. In his time at Lehigh, Alex has been an active member of the Accounting Club, serving as Vice President of the club during his junior year. Alex has also been involved in the Finance Club, been a Business 1 Assistant Teacher, and will be returning for his second year as a Gryphon.

Accounting Major Recognized for Entrepreneurial Spirit and Running a Thriving Business

Alex Tamm:

Tauck Scholarship (awarded to highly motivated juniors and seniors to give them the chance to do international summer internships that will help them in their career endeavors). Alex is from Pittsburgh and a senior majoring in Accounting and Finance with a minor in History. During the past summer Alex spent 6 weeks as an intern with Warth & Klein Grant Thornton in Wiesbaden, Germany. Alex was part of an audit team assigned to a U.S. GAAP project, and he assisted another team working on an international IPO. In his time at Lehigh, Alex has been an active member of the Accounting Club, serving as Vice President of the club during his junior year. Alex has also been involved in the Finance Club, been a Business 1 Assistant Teacher, and will be returning for his second year as a Gryphon.
Faculty Research

Accounting faculty members are pursuing several contemporary issues. Here is a sample of recent articles authored by our faculty.

Parveen P. Gupta published a coauthored Practice Guide, “Auditing the Control Environment,” as part of the Institute of Internal Auditor’s (IIA) International Professional Practice Framework (IPPF). The Practice Guide provides guidance to global internal auditing practitioners on auditing their organization’s Control Environment either as a stand-alone audit or as part of other routine audits. In addition to clearly articulating the concept of control environment, the Practice Guide covers the following topics: (1) Scope and approach to auditing the control environment, (2) Practical considerations in auditing the control environment, (3) How to audit the control environment, (4) Evaluating the control environment deficiencies, and (5) Communicating the results. A detailed appendix discusses the audit procedures that use 7 basic principles for a broad-based audit that assesses the control environment. The Practice Guide is available to IIA members through the following link: http://www.theiia.org/guidance/standards-and-guidance/ippf/practice-guides/auditing-the-control-environment/.

Gopal Krishnan published a coauthored article titled, “Is There an Association Between Earnings Management and Auditor-Provided Tax Services?” in Journal of the American Taxation Association (2011). Auditor-provided tax services (ATS) are one of the few nonaudit services that are allowed by SOX. Benefits of ATS include cost savings and knowledge spillover. However, such services could potentially impair auditors’ independence. The study looks at loss avoidance, a type of earnings management, and presents two key findings. First, auditor-provided tax services enhance financial reporting quality by constraining loss avoidance. This finding is consistent with knowledge spillover and suggests that there are costs to firms that decouple audit and tax service providers. Second, the results do not indicate that auditor-provided tax services contribute to tax avoidance. These findings have implications for regulators and audit committee members and are relevant to the ongoing debate on whether or not auditor-provided tax services be prohibited.

Grace Lee published a coauthored article titled “The Impact of Operating Leases on Firm Financial and Operating Risk” in Journal of Accounting, Auditing, and Finance (2011). This study examines whether off-balance sheet operating leases (OL) have the same risk-relevance for explaining ex ante cost of equity as a firm’s on-balance sheet capital leases. The study also examines how investors’ risk perception of OL has changed in recent years when off-balance sheet transactions in general and OL in particular have been facing increased regulatory and investor scrutiny. Findings indicate that a firm’s cost of equity is positively associated with adjustments in its financial leverage and operating leverage resulting from capitalized off-balance sheet OL. This study also finds that the positive association between the cost of capital and the impact of OL on a firm’s financial leverage has decreased considerably in recent years, since regulators issued interpretation letters clarifying controversial lease accounting issues.

Hebatollah Sami published a coauthored article “Does the Use of Fairness Opinions Impair the Acquirers’ Abnormal Returns? The Litigation Risk Effect” in Advances in Investment Analysis and Portfolio Management (2010). This article examines the litigation effect of the use of fairness opinions in M&A by acquirers on acquirers’ short-term market performance. The paper is the first to examine how the different level of litigation risk affects the relation between acquirers’ use of fairness opinions and acquirers’ abnormal returns around merger announcements. It is hypothesized that acquirers purchase fairness opinions to reduce their potential litigation risk. The results indicate that acquirers with fairness opinions under perform those without fairness opinions. More importantly, the effect is more pronounced in the groups with higher litigation risk. In addition, acquirers with higher litigation risk are more likely to purchase fairness opinions from investment bankers. The paper raises concern over the value of fairness opinions in M&A.

We thank Professors Largay, Paul, and Collins for their valuable contributions to the Lehigh community and wish them a very happy and healthy retirement.
Former FASB Chair Visits Lehigh

Robert Herz, former Chairman of the Financial Accounting Standards Board from July 2002 through September 2010, was this year’s distinguished speaker in the Segal Speakers Series, which was established in 2003 by William N. Segal and Andrew P. Segal ‘67 to bring accounting leaders to campus to talk with students and faculty.

Prior to joining the FASB, Mr. Herz was PricewaterhouseCoopers North America Theater Leader of Professional, Technical, Risk, & Quality and a member of the firm’s Global and U.S. Boards. He was also President of the PricewaterhouseCoopers Foundation which supports college and university activities. He also served as a part-time member of the International Accounting Standards Board. Mr. Herz is both a U.S. Certified Public Accountant and a U.K. Chartered Accountant and a gold medal winner on the uniform CPA examination.

Herz gave a talk to CBE students on “Challenges and Opportunities Facing Financial Reporting in the U.S. and Globally” on February 28, 2011. The experiences and insights garnered from his 8-year tenure at the board provided a real-world perspective on the importance of developing one set of international financial reporting standards. Herz spoke at length about the rationale behind international convergence, namely the continuing globalization of investing, mergers and acquisitions, trade, and major corporations; the complexity and confusion arising from different accounting languages; and the growing use and acceptance of International Financial Reporting Standards (IFRS).

Herz said that his time as a Chartered Accountant in the U.K. helped him better understand the resistance to one set of global reporting standards. “Different rules suit different environments,” Herz said. “What worked in the U.K. wouldn’t have worked here in the United States.” Ultimately, Herz said, the resistance amounted to simple human nature. “Human beings do not always embrace change enthusiastically,” he said. Herz also talked about the importance of technology in financial reporting and offered his thoughts on accounting and auditing education.

Prior to his public talk, Herz spoke with accounting graduate students in the “International Financial Reporting Standards” class taught by Professor Gupta.

Mr. Herz grew up in Maplewood, NJ, but also lived in Argentina for 3 years and England for 8 years. He is also a trustee, vice chair, and chair of the Finance Committee of the Kessler Foundation, one of the nation’s largest foundations conducting medical research and support for people with severe physical disabilities. Mr. Herz recently joined the faculty of the Columbia University Business School as an Executive in Residence and also serves on the Advisory Board of the Manchester University Business School in England.

**Editor’s note:** This article was adapted from Adrienne Wright’s article on the LU website. Elizabeth K. Colley took the pictures.

2010 Accounting Career Fair

Rauch Business Center was abuzz with activity on September 15, 2010 as accounting students jammed the Galleria for the third annual Accounting Career Fair. The career fair is one component of the career planning support that is provided to our students by the Accounting Department at Lehigh. A significant number of accounting majors took advantage of this unique opportunity which culminated in a networking reception where students were able to continue their discussions with representatives of the visiting organizations. Several organizations participated in the event which provides firms with an effective setting for one-on-one discussions with students and provides firms an opportunity to share important insights about the profession and their own organizations.

Career Services at Lehigh partners with the Accounting Department to provide a broad spectrum of support to our accounting students. During the past year, 96 different employers posted 265 employment possibilities for Lehigh accounting students and 25 unique employers posted 93 jobs that had on-campus interviews.

Accolades and Awards

David Hinrichs

Marietta Peytcheva
Charlotte & Robert L. Brown III ’78 Research Fellowship.

Heibatollah Sami, Hye Seung (Grace) Lee, and Xu Li received a grant from PWC for their research project on the relation between audit fees and conservatism in client’s accounting policy.
Honors Graduates (2010–11)

Highest Honors
Krista Belick*
Kayla Frable*
Adam Howse*
Lisa Kaswin*
Jenna Mitchell*
Thu Nguyen*

Editor’s note: I gathered these names from the 2011 Commencement Program and apologize if I overlooked anyone.

High Honors
Samantha Bello
Brian Casey
Qianbo Chen
William DeMuth
Kelley Higgins
Maxx Kauffman
Daniel Lamardo
Katherine Moulton
Stephen Palmer IV
Steven Polchinski*
Julie Raice
Krista Reinfeldt
Michael Rossi
Aman Sareen
Stephanie Sheldon
Joseph Venables
Jennifer Waughtel

Honors
Steven Balter
Alexander Beck
Meghan Bowen
Anna Contro
Lauren Donateilli
William Goldman
Mary Gonzales
Morgan Haller
Andrew Jervis
Kristen Keenan
Yevgeny Kostin
Christopher Maguire
Daniel Marjonce
Dylan Masi
Christine Masone
Allison Montanye
Hien Nguyen
Ross Parks
Abigail Price
Jane Samuels
Phillip Schwartz
Scott Silberman
Courtney Tamm
Brian Weckes
Geoffrey Yeh
Duncan Zeiders
Avie Zhao
Alexander Ziets

Accounting Student Groups (2010-11)
Beta Alpha Psi and the Accounting Club serve our students by arranging with accounting and business firms to present professional and recruiting-related programs. Beta Alpha Psi is open to junior and senior accounting majors who meet its academic requirements; the Accounting Club targets sophomores and juniors but serves all students interested in accounting. Here are the officers and faculty advisors. The email addresses (in parentheses) are all followed by @lehigh.edu.

**Office**
President
Vice President
Secretary
Second Secretary
Corresponding Secretary
Reporting Secretary
Treasurer
Second Treasurer
Editor
Second Editor
Webmaster
Faculty Advisor

**Beta Alpha Psi**
Michael Rossi (nmc207)
Kayla Frable (kmf411)
NA
NA
Julie Raice (jar211)
Scott Silberman (sps211)
Alexander Ziets (ahz211)
NA
Kristen Keenan (kmk211)
NA
NA
Joseph Manzo (jmm6)

**Accounting Club**
Andrew Klein (adk212)
Alex Tamm (apt212)
Lauren Silberman (lds213)
Maurine Koranteng (mak612)
NA
NA
Christie Dugan (cmd212)
Verenic Gomez (vig212)
Marissa Marra (mlm212)
Allie Greco (alg212)
Dong Shin (dcs212)
Joseph Manzo (jmm6) and Parveen Gupta (ppg0)
Accounting Program Advisory Board Members (2008–09)
The advisory board serves the Accounting Department as an idea generator and sounding board, and works with us on development initiatives and making our case to the university administration.

Tracy S. Benard ’93   Partner, KPMG LLP
Leonard Combs ’92   Partner, PricewaterhouseCoopers LLP
Cynthia Cooper   CEO, Cooper Group
Scan Denham ’94   Partner, Grant Thornton LLP
Richard Koenigsberg ’76   Spielman Koenigsberg & Parker LLP
Taylor Limbert ’93   Partner, Deloitte & Touche LLP
Michelle Scaringella ’90   Executive Vice President/CFO, CBS Television Stations
Stephen Smith ’81   Executive Vice President/CEO, Elizabeth Arden
Bob Watters ’85 (Chair)   Partner, Ernst & Young LLP
Janet Williams ’85   Vice President Finance, Lens Care Division, Bausch & Lomb

Guest Speakers
We thank the following individuals for taking time from their busy schedules to speak before our students on a variety of topics. We strongly believe that professionals, faculty, and students obtain many benefits from interacting and discussing technical issues and the many challenges facing the profession.

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<tr>
<th>Course &amp; Professor</th>
<th>Speaker</th>
<th>Topic</th>
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<td>Joseph Charles, Partner, KPMG</td>
<td>Business Combinations</td>
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<td>Financial Accounting</td>
<td>Bill O’Berg, Senior Manager, KPMG</td>
<td>IFRS</td>
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<td>Heibatollah Sami</td>
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<td>MACC 424: Corporate</td>
<td>Joseph Atkinson, Partner: Advisory Services</td>
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<td>Parveen Gupta</td>
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<tr>
<td>MACC 413: Corporate</td>
<td>Tom Whittle, Partner, KPMG</td>
<td>Revenue Recognition</td>
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<td>Financial Reporting</td>
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<td>Heibatollah Sami</td>
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<td>GBUS 492: Fraud and</td>
<td>David, Sumner, Director, PwC</td>
<td>Forensics</td>
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<td>Jay Brodish</td>
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<td>ACCT 307: Fundamentals</td>
<td>Terry Oleshytsky, IRS</td>
<td>Working for the IRS</td>
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<td>Robert Duquette</td>
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<td>ACCT 398: Applied</td>
<td>James Eberlin, Thomson Reuters</td>
<td>OneSource tax software</td>
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<td>Tax Planning and Compliance</td>
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<td>Robert Duquette</td>
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Gordon Accounting Research Seminar Series
Several accounting scholars have presented their work at Lehigh as part of the Gordon Research Seminar Series. Presentations during the last three years are as follows:

2009
- Gordian Ndubizu, Drexel University, "Earnings Management and Quality of Accounting Amounts in the Rules and Principles-Based Regimes in China"
- Ross Watts, Massachusetts Institute of Technology, "Evidence from Goodwill Non-Impairments on the Effects of Using Unverifiable Estimates in Financial Reporting"

2010
- C.S. Agnes Cheng, Louisiana State University, “Hedge Fund Intervention and Accounting Conservatism”
- Jeffrey Burks, University of Notre Dame, “A Convenient Scapegoat: Fair Value Accounting by Commercial Banks during the Financial Crisis”
- Kathryn Kadous, Emory University, “Jury Verdicts Against Auditors under Precise and Imprecise Accounting Standards”

2011
Events Held in 2011

Annual Accounting Career Fair: September 13, 2011
Third Annual Accounting Career Fair presented career opportunities to accounting majors. For 2012 Annual Accounting Career Fair, contact David Hinrichs (djh404@lehigh.edu).

20th Annual Conference on Accounting Professionalism: October 14-15, 2011
This weekend-long conference for junior accounting majors is unique among accounting departments. Students network with business professionals and learn about the importance of professionalism in accounting, career opportunities, and how to improve team building, communication, and leadership skills. For 2012 Annual Accounting Conference, contact David Hinrichs (djh404@lehigh.edu).

New York City Area Accounting Alumni Reception: October 26, 2011
Alumni receptions are a great way to connect with New York City area accounting alumni and faculty. For 2012 New York City Area Accounting Alumni Reception, contact Parveen Gupta (ppg0@lehigh.edu, 610-758-3443).

Past Segal Distinguished Speakers

2003-04
Trevor Harris, Ph.D., Managing Director, Morgan Stanley Professor of Accounting, Columbia University: “Valuation and Accounting: Opportunities and Risks in a Changing Investment Climate”

2004-05
Douglas Carmichael, Ph.D., Chief Auditor and Director of Professional Standards, Public Company Accounting Oversight Board: “Restoring Trust in U.S. Capital Markets”

2005-06
Cynthia Cooper, 2002 Time Person of the Year; former Vice President, Internal Auditing, MCI; President, Cynthia Cooper Consulting, LLC: “Weathering the WorldCom Storm: Making the Right Decisions During Tough Times”

2007-08
Robert Willens, LLC, former KPMG partner, Managing Director at Lehman Brothers: “How, On Wall Street, The Tax Tail DOES Wag the Dog?”

2008-09
Lynn Turner, former Chief Accountant, United States Securities and Exchange Commission: “Financial Crisis”

2009-10
James Kroeker, Chief Accountant, United States Securities and Exchange Commission, “IFRS: What will SEC Do Next?”

2010-11
We Need Your Help!

We begin by thanking those who responded to our 2010-11 newsletter’s appeal for financial support; we appreciate your generosity. The Accounting Department continues to positively impact the professional lives of students and graduates. We take great pride in the fine education and preparation for professional accounting offered at Lehigh. Strong graduate programs and research prominence also characterize the best professional programs. Working with our advisory board, we identified two priorities beyond continuous improvement in the undergraduate program: (1) enhance the faculty research environment and (2) strengthen the M.S. in Accounting and Information Analysis Program. Accounting Department activities, and the university as a whole, benefit from donations by alumni, friends, and employers. Donations add to the university’s budget allocation and help support faculty and course development by funding travel to professional meetings and research conferences, and databases like COMPUSTAT (financial reporting) and CRSP (stock prices). All gifts, large or small, uphold the people and programs that make Lehigh exceptional. In 2004 Lehigh launched the $500 million “Shine Forever” campaign, with a focus on building an academic endowment and increasing annual Lehigh Fund giving. (Visit www.lehigh.edu/giving for details.) Because the continued success of our M.S. program is critical to becoming nationally recognized, a priority is to financially support exceptional students in the program who will serve as research assistants (RAs) for faculty members. It now takes $7,500 to fund a half-time RA for 5 hours per week over the academic year. We need your help. Contributions of any amount to the Accounting Department will assist us in becoming nationally recognized; these contributions are not only welcome, they are highly valued.

Designating Gifts
When making a contribution to support Lehigh’s Accounting Department, please designate the gift as “restricted to the Accounting Department” on your check, transmittal letter, or on the form below. If you or your employer (matching gifts) does not indicate “restricted,” the gift will not go to the Accounting Department, and we will not even know about it. Gifts of $1,000 or more are recognized with membership in the university’s Asa Packer Society.

Contribution to the Department of Accounting

Name _____________________________________________ Class Year: BS _________________ MS ________________
Street Address _______________________________________________________________________________________
City, State, ZIP _______________________________________________________________________________________
Total Amount of Gift Restricted to Accounting Department: $ ____________________________
Designated for: Faculty Development: $ _____________ M.S. Program: $ ____________ General Dept. Needs: $ ___________
Name of employer for Matching Gift ______________________________________________________________________
Employer Address ______________________________________________________________________________________
Check Enclosed? _____ If not, expected date of payment _______________________________________________________
Credit Card: MC ______________ VISA ______________ Card Number ________________________________________
Expiration Date _____________________________ Name on Card _____________________________________________
Signature ___________________________________________________________________________________________

Again, Thank You Very Much—Your Gift Is Greatly Appreciated!
We’d Like to Hear from You:

Please take a minute to update us on your activities. You may send your information via email, fax, or mail to:

Professor Gopal Krishnan, Editor, Newsletter
Lehigh University
Department of Accounting
Rauch Business Center
621 Taylor Street
Bethlehem, PA 18015-3117
Email: (gok208@lehigh.edu); Fax: 610-758-5992

Name___________________________________________________________________________________________________

Email or snail mail address:___________________________________________________________________________________

News about you and your professional work:_____________________________________________________________________
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Any other comments you wish to share: _________________________________________________________________________
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