Welcome to the inaugural issue of the annual Accounting Department newsletter that seeks to update you on department activities and encourage you to participate. We thank Jim Largay for preparing this newsletter and Ernst & Young for covering printing and mailing costs.

A strong curriculum, outstanding faculty, and talented students make Lehigh's Accounting Department a key source of professionals for "Big Four" public accounting firms and many other global and financial services firms. Our program offers courses that are comprehensive in technical coverage, integrated, reflect real-world developments and advances in technology, and provide critical success skills for students. Three recent external developments in accounting presented both opportunities and challenges to the department:

- Corporate scandals such as Enron and WorldCom
- Increased educational requirements for Certified Public Accountants (the “150-hour rule”)
- Wider range of employment opportunities for accounting students

Let me update you on our response to these developments.

**New Course Content.** Courses in corporate financial reporting, systems, and auditing highlight the negative consequences of these scandals, the ethical and governance issues involved, and regulatory responses such as new accounting standards and the Sarbanes-Oxley Act of 2002.

**Masters Degree Program.** Importantly, the “150-hour rule” confirms what we have known for a long time—the breadth and depth of education needed to function effectively in the accounting profession can no longer be fully accommodated in a 124-credit undergraduate program. In Fall 2001, the Accounting Department implemented a new M.S. program in Accounting and Information Analysis (MSIA) that uses innovative educational materials to better prepare professionals and satisfy the new requirements. For admitted students who completed the prerequisite courses as undergraduates, this masters program provides a seamless interface. The 2005-2006 MSIA class will enroll 30 full-time students; 40 percent of those are from outside Lehigh.

**Revised Undergraduate Major Program.** In response to the various employment opportunities now available to students, and to make the strong accounting background we provide attractive to more students, the department now offers a flexible undergraduate major consisting of:

- Core courses taken by all accounting majors—intermediate financial I and II, cost, and systems
- Tracks that support employment in public accounting, financial services/corporate accounting, or information systems. Two of the tracks include courses in other business fields. The flexible revised major replaces the former "one size fits all" program.

**Accounting Major Popular Nationally.** Both Accounting Web.com and the Job Outlook 2005 Survey report that accounting is the No. 1 major on college campuses. Since employers demand more students with an accounting background, the flexibility of the new major increased the number of students enrolled in accounting major courses in Fall 2005 by 20 percent over Fall 2004.

**Extracurricular Activities.** These outside-of-class activities, that make students aware of important issues facing the accounting profession, complement Accounting Department courses:

- Our unique weekend-long “Conference on Accounting Professionalism” exposes students to critical success skills and issues facing the profession, practicing professionals, accounting faculty members and fellow students.
- The Accounting Club introduces sophomores and juniors directly to sources of employment through trips and other activities.
- Beta Alpha Psi, the accounting honor society, brings professionals to campus to speak on important technical topics.
- Segal Speaker Series: Established in 2003 by William N. Segal and Andrew P. Segal ’67, this event brings to campus leaders in the accounting profession who discuss current topics and interact with students and faculty. Previous guests were Douglas Carmichael, Ph.D., Director of Auditing Standards, Public Company Accounting Oversight Board (2004), and Trevor Harris, Ph.D., Managing Director of Accounting Policy, Morgan Stanley (2003).

**Internships and Placement.** "Big Four" recruiters designated the department as a “key school,” and use summer and winter leadership programs and externships to acquaint sophomore students with career opportunities. Nearly 70 percent of junior accounting majors and MSIA students get well-paid summer internship programs that lead to employment upon graduation. The five-year average of students self-reporting their post-graduation plans approaches 100 percent employment, the best on campus. Virtually all MSIA students graduate with jobs.

**Successful Alumni.** Lehigh accounting alumni hold leadership positions in numerous careers, including partners at international CPA firms, chief financial officers at major business firms, management consultants, investment bankers and analysts, and owners of their own businesses.

**Faculty Additions.** Two tenure-track faculty join us in Fall 2005.

They are:

- Heibatollah Sami, Professor: after a distinguished 20-year career at Temple University, “Sami” has a long record of regularly publishing empirically-based research studies in prestigious journals. His research and teaching interests are in financial accounting.

- Erin Moore, Instructor: currently completing her Ph.D. dissertation at the University of Massachusetts, Erin has research and teaching interests in financial accounting.

Other recent faculty additions:

- Paul Gordon, Professor of Practice: Paul joined us in 2003 after a long career with KPMG; he teaches introductory financial accounting, and consulting in the MSIA program.

- David Hinrichs, Lecturer: with extensive managerial experience in accounting, information technology and planning, Dave will be teaching managerial accounting in the MBA program.
Meet the Faculty

The current accounting faculty consists of both new faces and colleagues with long service at Lehigh. Here are brief “snapshots” of our current full-time faculty and their interests, compiled by Jim Largay. Photos will appear in a future issue of this newsletter.

Karen M. Collins, Ph.D. (Virginia Polytechnic Institute), CPA, Associate Professor, joined us in 1990. Karen studies behavioral- and gender-related accounting issues, teaches intermediate accounting, and coordinates and teaches the core Introduction to Business course required of all freshmen. Articles by Karen appear in Accounting, Organizations and Society, the Journal of Accountancy, and the Journal of Vocational Behavior. She is currently developing a multimedia Introduction to Business text for Prentice Hall.

Paul N. Gordon, MBA (University of Wisconsin), CPA, Professor of Practice, joined us in 2003. The University created the Professor of Practice (PoP) rank, intending it to be used sparingly to attract individuals with distinctive skills and experiences, not scholarly research. When we were authorized a PoP, we were pleased to attract Paul, who retired in 2002 after a distinguished career as an audit and consulting partner with KPMG. Paul teaches the consulting course in our MS program and introductory financial accounting.

Parveen P. Gupta, Ph.D. (Pennsylvania State University), Associate Professor, came to Lehigh in 1987. Parveen’s research focuses on corporate governance, and internal auditing issues. His articles appear in Behavioral Research in Accounting, the Administrative Science Quarterly, and Accounting, Organizations and Society. Parveen also authored two research monographs on enhancing the internal audit function. He teaches the corporate governance and risk management course in our MS program and team-teaches the accounting/finance course in the MBA program.

James A. Hall, Ph.D. (Oklahoma State University), Associate Professor, joined Lehigh in 1979. Jim’s research interests are in accounting information systems (AIS), where he authors a best-selling textbook. He also co-authors Information Technology Audit and Assurance. Jim’s articles appear in the Journal of Management Information Systems and the Journal of Accounting, Auditing & Finance. Jim teaches the undergraduate AIS course, a systems auditing course in the MS program, and is co-director of Lehigh’s new Computer Science and Business program.

David J. Hinrichs, MS in Management of Technology (Lehigh University), Lecturer, came to Lehigh in 2004. A limited number of Lecturer positions exist and we are pleased that after a long career with Bethlehem Steel Corporation, Dave joined us to team-teach “Managing Information” in the MBA program, and introductory managerial accounting to undergraduates.

James A. Largay III, Ph.D. (Cornell University), CPA, Professor, came to Lehigh in 1980. His research interests are in cash flow reporting, derivative financial instruments, and special purpose entities. Jim served as editor of Accounting Horizons from 2000-2003, co-authors an Advanced Financial Accounting text and has articles in The Accounting Review, the Journal of Business Finance & Accounting and Accounting Horizons. He teaches advanced financial accounting and analysis of financial statements to undergraduates, and accounting theory in the MS program.

Stephen L. Liedtka, Ph.D. (University of Maryland), CPA, Assistant Professor, joined Lehigh in 1999. Steve’s main research is in corporate performance measurement and strategic decision-making. His studies appear in the Journal of Management Information Systems, the Journal of Business Finance & Accounting and Cost Management. He teaches undergraduate and graduate courses in income taxation and served as coordinator of the annual Lehigh University/PICPA Tax Forum.

Erin A. Moore, MBA (Fairfield University), CPA, Instructor, comes to Lehigh in Fall 2005. Now completing her Ph.D. at the University of Massachusetts, Erin’s research interests are in financial accounting and reporting. She will initially be teaching introductory and intermediate financial accounting to undergraduates.

Jack W. Paul, Ph.D. (Lehigh University), CPA, Professor, joined the Lehigh faculty in 1978. Jack’s research interests focus on the use of accounting data in business decisions, and public accounting practice. His articles appear in The Accounting Review, the Journal of Information Systems, and The CPA Journal. Jack teaches introduction to management accounting to undergraduates. He also serves as director of the MS program and teaches the program’s “capstone” course on how sound analysis of accounting information produces business solutions.

Heibatollah Sami, Ph.D. (Louisiana State University), joins us as the Mercy Professor in Fall 2005, after serving on the Temple University faculty since 1984. Sami’s research interests are in financial accounting and reporting, international accounting, and auditing. He has published numerous empirically-based accounting studies in journals such as The Accounting Review, Contemporary Accounting Research, and Advances in Accounting. Sami will initially be teaching intermediate and advanced financial accounting to undergraduates.

Kenneth P. Sinclair, Ph.D. (University of Massachusetts), Professor and Chair of the Department, known around the campus as “Mr. Lehigh,” came to Lehigh in 1972. Ken’s research interests are in managerial accounting, leading to articles in the Journal of Managerial Issues, the Journal of Cost Management for the Manufacturing Industry, and Accountancy. He teaches the much-feared cost accounting course to undergraduates, and directs the re-accreditation efforts of the Accounting Department and the College of Business and Economics.
From the Accounting Program Advisory Board . . .

by Sarat Sethi ’92

In my current position as chair of the Accounting Advisory Board, I am pleased to be part of a program that is both energized and forward thinking. Over the past three years, the Advisory Board worked diligently with the faculty to re-examine the goals and mission of our accounting program. Current members of our Advisory Board include partners in Big Four accounting firms, CFOs of publicly-traded companies, and money managers.

Our board and the accounting faculty continue to explore new ways to improve the educational experience for Lehigh’s accounting students, in and out of the classroom. We are excited that the new MS program, now in its fifth year, has reached its target of 30 full-time students. And together, we made some exciting and long-overdue changes to the undergraduate accounting curriculum. The principal change establishes a “core/track” major that allows students to use a core of 12 credits of intermediate financial accounting I and II, cost accounting, and systems as the base for specializing in one of three tracks: public accounting, financial services and corporate accounting, and information systems. A key feature of the latter two tracks is that they involve courses taken outside accounting, either in finance or business information systems, respectively.

Our goal in both the undergraduate and masters programs is that our students receive a solid grounding in accounting principles and practices, and that they be prepared for challenging careers in an ever-changing field. A Lehigh accounting degree provides students with a strong foundation for a career in professional accounting and skills that easily transfer to a number of other business fields.

Finally, both board and faculty members recognize that a much stronger presence in accounting research is required for our accounting program to obtain the national recognition it deserves. We are all working to generate the additional financial resources needed to enhance the research environment with graduate research assistants, and new databases and software packages.

All of us encourage our accounting alumni to stay in touch with the department. We want to hear from you about how the accounting skills you learned at Lehigh helped to further your career.

2005 – 06 Advisory Board Members

Timothy Armstrong ’91
Vice President—Accounting Policy
Freddie Mac

Bob Brown ’78
Partner
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Allan Frank ’76
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Christopher Lovasz ’94
Senior Manager
Deloitte & Touche LLP

David Martin ’69
Partner
KPMG LLP

Robert Parry ’79
Professor of Accounting
Indiana University

Sarat Sethi ’92
Portfolio Manager/Equity Analyst
Douglas C. Lane & Associates

Stephen Smith ’81
Executive Vice President/CFO
Elizabeth Arden

Bob Watters ’85
Partner
Ernst & Young LLP

Janet Williams ’85
Personal Products Co. Franchise Controller
Johnson & Johnson Consumer Products Co.

Masters Program Course Wins National Award

Proud as we are of our new masters degree program—M.S. in Accounting and Information Analysis (MSAIA)—we were thrilled to learn in June just before going to press that Professor Parveen Gupta’s MSAIA course, “Corporate Governance and Business Risk,” received national recognition. The American Accounting Association’s annual Innovation in Accounting Education Award will be presented to Parveen in San Francisco at the association’s annual August meeting.

This important award recognizes significant programmatic changes or a significant activity, concept, or set of materials. It is a great compliment to Parveen’s creativity and dedication in developing and teaching the course that vividly exemplifies the cutting-edge/value-adding content of the MSAIA program.

The next issue will contain more details about this award-winning course and the MSAIA program. It will also feature a section highlighting the other faculty awards and accomplishments that contribute to your Accounting Department’s growing national reputation.
A Note from the 2004-05 Beta Alpha Psi President

by Kevin Ulkloss

As a result of new regulations, the accounting profession is still in a transitory state, learning and adapting to meet the requirements while attempting to regain the trust of the public. With all of this activity, the public accounting firms are again growing and recruiting to keep up with this growth. This resulted in the continuation of Lehigh’s tradition of high placement of its graduating accounting majors, with most of the seniors with job offers already in hand. There are also a large number who decided to stay for the MSAIA Program in order to gain additional expertise and to meet the 150-hour certification requirement that is quickly becoming the standard in the profession.

I just want to take a moment to thank and congratulate the faculty here at Lehigh. Throughout my four years, they have continued to provide stimulating and intriguing challenges in order to encourage everyone to explore their limits. In addition, they have constantly been available outside the classroom for anything from giving career advice to discussing sports. We are very fortunate to have such compassionate faculty who care about seeing us succeed, not only academically, but in everything we do.

Beta Alpha Psi Officers (2005-06)

- President: Matthew Wisser
- Vice president: Janine Katz
- Corresponding secretary: Kristine Galiyano
- Reporting secretary: Jill Menapase
- Treasurer: Laura Spessard
- Editor: Amy Jo Whipple
- Faculty advisor: Professor Karen Collins

Department of Accounting News

Accounting Student Enjoys Unique Internship

by Daniel Sikora, BS ’04, MSAIA ’05

As a junior I learned about the Tauck Scholarship through Professor Sinclair. It is an incredible program sponsored by Lehigh alumnus Arthur C. Tauck, founder of Tauck Tours. The scholarship is open to all business students, and more specifically for juniors. Candidates are required to select the country of their choice, describe their preferred area of interest (such as public accounting or economics), and explain to the selection committee why such an opportunity would contribute to their career aspirations.

Three students are chosen annually from the group of applicants. The scholarship committee uses Lehigh’s extensive network of alumni and business relations to secure the scholars a position in their chosen country and field. It is extremely rare that a match cannot be made. Furthermore, the scholarship covers essentially all the costs of spending the summer abroad.

Scholars are reimbursed for airfare, customs and immigration expenses, housing, meals, weekend touring, job-related transportation, supplies, museum tours, and a small amount of entertainment-related costs are permissible as well. The scholarship is designed to eliminate the majority of the work and worry for both the candidate and the firm. The candidate avoids the exhausting search for a willing employer, while the firm is guaranteed a high-quality intern at virtually no cost or administrative effort.

Last summer I was fortunate enough to intern at PricewaterhouseCoopers in Beijing, China under the Tauck Scholarship program. The experience was incredible. I was able to travel to Shanghai, Guangzhou, and Shenzhen during my stay and worked in all four of PwC’s offices. The accommodations were excellent and it was easy to travel back and forth to work each day. I spent the majority of my time working for PwC China’s Vice President of Human Resources, who was on the executive committee for the entire China practice. I used my Chinese as much as possible while working with my colleagues, but was able to fall back on English when reporting to my superiors.

There is no way I could have matched this experience on my own. Studying in a foreign country is excellent, but a true working experience...
As the Accounting Club’s president, I am proud to say that the Accounting Club was extremely successful this past year. The Executive Board worked tirelessly to provide a variety of different events to help promote the major, increase knowledge in the profession, and help everyone establish long-lasting relationships with the various firms. Our diligent work elicited strong participation from students in various lines of study and their enthusiasm and zeal for the club made this experience an unforgettable one.

Noting that Sarbanes-Oxley has affected the industry tremendously, the Accounting Club decided it would be appropriate to start the 2004-05 academic year with a high-level presentation on this tremendous piece of legislation. PricewaterhouseCoopers came to campus and delivered an interesting and informative presentation that helped the students grasp the gargantuan task that today’s public accounting firms are undertaking.

Throughout the fall semester, the Accounting Club held a multitude of other events. Whether it was an information session by Merrill Lynch, a State of the Profession presentation by KPMG, tailgating sessions by PwC and KPMG, the semi-annual trip to New York City to visit PricewaterhouseCoopers and Merrill Lynch, or the interviewing skills presentation by Dan Black of Ernst & Young, students came away with the feeling that the firms loved Lehigh accounting students. They were aggressively recruited at every turn and the Accounting Club’s active schedule highlighted the strength that is Lehigh’s accounting program.

The Accounting Club remained aggressive through the spring semester with events from Johnson & Johnson, PwC, Rothstein Kass and Company, as well as another trip to New York City to see Ernst & Young and Lehman Brothers. The spring semester’s focus on sophomores helped introduce a new batch of accounting majors to all the possibilities that the program offers. Whether it was leadership or externship programs, students again were bombarded with opportunities to gain experience and network with interested employers.

As president, I hope that through these events the Accounting Club provided an extremely beneficial experience for not only the students, but for the firms and alumni as well. It has been my utmost pleasure to serve as president of this prestigious club. The club would not have had success without the active participation of the Executive Board.

With that said, I would like to thank Eugene Golant, Dan Basca, Justin Shady, Timothy Slavish, and Matthew Corey for the tremendous effort they each put forward. Moreover, we are forever grateful for the hard work and passion that has been provided by our club advisor, Professor Sinclair. His guidance and enthusiasm has been exemplary and the club would not be where it is today without his tireless efforts.

Our most sincere thanks also go to all the firms who participated this academic year. PricewaterhouseCoopers, Merrill Lynch, KPMG, Ernst & Young, Johnson & Johnson, Rothstein Kass and Company, and Lehman Brothers have all given spectacular presentations, and the Accounting Club is extremely grateful for your eager support.

**Accounting Club Officers (2005-06)**

- President: Christine Cianni
- Vice President: Kassia Nelson
- Secretary: Caitlyn Naddaff
- Treasurer: Mary Rita Bustin
- Editor: Karilyn Anderson
- Web Master: Laurie Young
- Faculty Advisor: Professor Ken Sinclair

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**Unique Internship**

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Experience is invaluable. I would recommend the program to anyone with serious international business desires. I have kept in touch with many of the friends I made and we plan to visit each other in the future. I also expect that my experience and contacts will make me a strong candidate for future assignments in China as I begin my career.

The application process is relatively straightforward, and more information can be found on Lehigh's Web site. Candidates who have performed well academically and have at least some language training enjoy a slight advantage. The committee also prefers to bestow this opportunity upon students who have not already visited the country of choice. Given the stature and value of the program, it is shocking how few students apply. If you have any desire to work abroad, this is a chance you cannot pass up.
Mission of the Lehigh University Accounting Program

Recognizing the importance of accounting information to the efficient allocation of resources in the American economy, the mission of Lehigh’s Accounting Program is:

To provide rigorous accounting education that prepares high-quality undergraduate and graduate students with diverse backgrounds for life-long learning and positions of leadership in the business community, and to emphasize faculty research efforts that contribute to the body of knowledge in accounting.

Consistent with the mission of the College of Business and Economics and Lehigh University, the mission of the Accounting Program is offered with the intent of being recognized as one of a select group of programs in the United States where an educational experience of the highest possible quality is obtainable in pursuit of applicable professional requirements.

Upcoming Events

14th Annual Conference on Accounting Professionalism: September 23-24, 2005
This weekend-long conference for junior accounting majors is unique among accounting departments. Students learn about accounting professionalism, career opportunities in accounting, networking with business professionals, and how to improve leadership, team-building, oral communication and interpersonal skills.

You are invited to: the Friday, September 23 reception, panel discussion and dinner
Contact information: Leslie Ladick (ljl2@lehigh.edu; 610-758-6510)

Segal Speaker Series Public Address: October 25, 2005
This year’s guest is Cynthia Cooper, the 2002 Time “Person of the Year” who helped expose the massive WorldCom financial reporting fraud. Ms. Cooper will interact with faculty, students and lecture in various classes.

You are invited to: the October 25 public address: 4:10 PM in Packard Lab Auditorium

New York City Area Accounting Alumni Reception: October 27, 2005
Another first is this year’s New York Accounting Alumni Reception at PwC’s office at 42nd and Madison in Manhattan. We will be joined by approximately 50 junior accounting majors who visited firms in the city during the day. In the evening, you can meet the students and reconnect with other New York City area accounting alumni, and with faculty. Tentative start time is 6 p.m.

You are invited to: the October 27 reception
Contact information: Kathy Smith (kcs0@lehigh.edu, 610-758-3451)
Would You Like To Help?

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. Despite our solid current reputation, did you know that your Accounting Department aspires to be nationally recognized as one of the handful of top professional programs in the United States? To move us to this next level, we worked closely with our Advisory Board and identified two critical priorities beyond continuous improvement in the undergraduate program: (1) enhance the faculty research environment and (2) strengthen the MS 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, big or small, uphold the people and programs that make Lehigh exceptional. Last year, Lehigh launched the $500 million “Shine Forever” campaign, with a focus on building academic endowment and increasing annual Lehigh Fund giving. (Visit http://www.lehigh.edu/giving for details.)

Because continued success of our MS program is critical to becoming nationally recognized, a priority is to financially support exceptional students in the program who will serve as research assistants (RA) for faculty members. It now takes $5,000 to fund a half-time RA for five hours per week over the academic year. We need your help. Contributions to the department of any amount will assist us in becoming nationally recognized and are welcome and 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) do not indicate “restricted,” the gift will not go to the Accounting Department, and we will not even know about it. Gifts of $1,000 and more are recognized with membership in the University’s Asa Packer Society.

Contribution to the Department of Accounting

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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 e-mail, fax, or snail mail to:

Lehigh University
Department of Accounting
Rauch Business Center
621 Taylor Street
Bethlehem, PA 18015-3117
E-mail: Kathy Smith (kcs0@lehigh.edu); Fax: 610-758-6429

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