



B A Ψ Courier

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Issue 7

Beta Alpha Psi
Iota Lambda Chapter
Superior Chapter Since 1998

Lubin School of Business
Pace University

<http://webpage.pace.edu/BetaAlphaPsi>

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President's Address

Rongchen Chen

Although the spring semester is always shorter than the Fall semester, it doesn't make my experience working with the Executive board in spring any less than in the fall. I would have to say that we've accomplished more this semester. The professionalism of the members and their willingness to give back to the community kept me energized and kept me wanting to bring more to the chapter. At the end of my presidency, I would say I am very honored and proud to be the president of such a wonderful organization.

We started our semester with heavy in-class promotion and we attracted many interested accounting and finance students. Once they became pledges, we helped them to fulfill their hour requirements through many professional and community service events we catered for them. Besides the regular professional meetings, we had office visits to different firms so they could see what the real

working environment is like. This semester, we continued with one of our most successful professional events, Meet the Firms Night. This event provided a great opportunity for not only our members but also other students at Lubin School of Business to network with the recruiters from many different accounting and finance firms and to explore an internship opportunity with these firms. In addition, we also collaborated with NABA to have a Lunch N' Learn session. Four successful professionals from firms such as MorganStanley and PricewaterhouseCoopers shared their experiences in the corporate world with the students. They gave valuable advice on what we, the college students, should be aware of when we start our career, what we should do if we want to succeed in the future and what some of the ethical dilemmas they face in their careers. Another great event we tried this year was the professor debate on Corporate Social Responsibility. Dr. Tinkelman and Dr. O'Callaghan from the Accounting

Department gave us a very interesting debate on "Should Corporations Be Held Socially Responsible as Individuals?" The debate really provoked some critical thinking among the members over the topic of corporate social responsibility.

Besides developing their professionalism, our members continued to give back to our community through various community service events. One of the most fun community service events of this semester was the ARTrageous Carnival we helped out at. The carnival helps raise funds for foster kids by selling off the art works created by the artists and the kids. This was the third year our chapter was involved in this event. We took a much more important role in helping the artists work with foster kids at the carnival. Members not only felt the fulfillment of helping others, they also had tons of fun.

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Regionals Recap

Amy Ching

Every year, the National Beta Alpha Psi Board holds a Regional and National conference for all chapters. This year, the Beta Alpha Psi Atlantic Regional was held in Brooklyn from March 30th to March 31st. At this conference, there is a Best Practices competition among the chapters in the Atlantic Coast Region. The Best Practices competition encourages chapters to create and execute innovative ideas. Each chapter has the opportunity to present their plans and techniques on how to execute the best practice of a given topic. During the event, prizes are distributed to the first, second, and third place winners.

Over 20 members and pledges from the Iota Lambda chapter at Pace University attended this conference.



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Regionals Recap (continued from page 1)



Good friends Amy Ching and Eddie Tabile are proud presenters at our Regional Conference!

Schools from Baruch College, Fordham University, Hofstra University, New York University, Penn State, Rutgers University, SUNY Buffalo, University of Pittsburgh, Virginia Tech, etc all attended to compete in the Best Practices competition. During the Regional conference, our chapter also commingled with other chapters at the Interactive Social; and on the day of the Best Practices competition, members were awed by the keynote speaker, Dr. Annalisa Sacca (Head of the Foreign Language Department at St. John's University), who gave an inspirational speech about her life, business, and everything in between.

This year's Best Practice Topics were: Sustained and Recognized Service to the University Community and/or Civic Community; Corporate Social Responsibility (CSR); and Involvement in Professional Organizations. The Best Practices competition involved the best practice in increasing awareness of Corporate Social Responsibility and in educating/encouraging/promoting student involvement with professional organizations.

Pace University's chapter competed in two categories: Corporate Social Responsibility and Involvement in Professional Organizations. In the Corporate Social Responsibility competition, Amy Ching, Shirley Lau, Lorynn Riley, and Benjamin Wong were the selected representatives. Helen Dong, Pjeter Dushku, Elizabeth Lenny, and Edward Tabile were the representatives for the Professional Organization category, and presented on the chapter's involvement with the NYSSCPA.

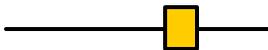
Prior to the day of the competition, each team in our chapter met months before to prepare for the Regional presentations. Members and pledges aided in the preparation process also. The members and pledges gave valuable input to the events related to CSR and the NYSSCPA by filling out surveys, offering advice, and giving words of encouragement to both teams. Many members, who attended the Regional Conference, even went as far as staying up with both teams the night before the competition. This support and encouragement helped build team confidence among the

presenters. In addition to helping each other practice for the competition, we shared many laughs and smiles, which fueled our chapter's vivacious spirit even higher! This team building made us all feel confident and well prepared when it came time to present in the actual competition.

After experiencing the heat of the competition, I am proud to say that our chapter won 1st place in the Corporate Social Responsibility category and 2nd place in the Involvement with a Professional Organization at the Atlantic Regional. Each team worked very hard in researching and putting together their presentations. The first place winners will now be competing with other Beta Alpha Psi chapters from schools around the nation. This year's National Beta Alpha Psi conference will be held in Chicago from August 2nd to August 4th. Of course, this was more than just a team effort. None of this would have been possible without the help of the entire Iota Lambda chapter, the Pace community, and especially under the guidance of Dr. Tinkelman.

My Personal Experience at Regionals

Matthew Saul



Matthew Saul, Dr. Tinkelman, and Rongchen Chen show their support for the Iota Lambda Chapter at our Regional Conference.

I attended my first Regional Meeting at the end of March as a chapter member. I found that I grew closer to the e board as well as the other members of our chapter. I encourage more chapter members and pledges to attend next year's Regional Meeting. Pace was the most professionally dressed of all the schools in attendance and we brought a large number of students to the meeting compared to the numbers of students other schools brought to the conference. I assure everyone that next year we will not only be the best dressed but, also have much greater participation from our membership.

The event was held at the beautiful Brooklyn Marriot Hotel, where many of our members stayed overnight. The two-day conference consisted of many informative lectures, socializing and networking opportunities and of course the

competitive Best Practice Presentations. As a newcomer to Regionals I was amazed at the size of the event. There were hundreds of students from all over the Northeast Atlantic Coast. It was a wonderful opportunity to network with students as well as professionals who many of us will soon be working with after we leave school and enter the workforce. At the event I met many like-minded students with similar career goals that I've remained in contact with.

As an athlete and competitive person all my life, I was impressed by the tenacity that many schools demonstrated presenting on Best Practice Topics such as Corporate Social Responsibility (CSR), Involvement within a Professional Organization such as the New York State Society of CPAs (NYSSCPA), and Sustainable Community Service. Our chapter worked tremendously hard to

prepare their presentations for the panel, finishing first and second place respectively. Their efforts are to be commended for they represented our Chapter with much prestige. The entire chapter worked as a team the evening before to polish off Pace's presentations. The presenters and other members worked together late into the night and built a great sense of camaraderie.

I feel that chapter members can greatly benefit by attending events such as Regionals. I've become closer to the e-board and other heavily involved members. I encourage our chapter to have a larger turn out at next year's Regionals through more participation from both chapter members and pledges.

Data Security

Jenny Urena

One of the biggest concerns facing corporations all over the world is data security. Failure to secure data triggers an outstanding risk of theft, compromise, abuse or misuse of data, and non-compliance with data protection laws. In addition, as catastrophes occur, continuous data protection enables companies to recover data faster. Information has become a very expensive commodity in this information age and, to some, an asset so critical that its loss would be detrimental to the existence of the business. However, as technology advances, safeguarding these valuable assets imposes the challenge of continuously re-assessing risks and monitoring security controls. This constant change in technology is compelling companies to change the way security has been previously viewed and managed.

Today, businesses must protect information regardless of the manner in which it is administered, transmitted or stored.¹ Data security must attend to overall threats, benefits and processes that affect all sources of information.²

Threats to information security may be intentional or unintentional, and can come from internal or external sources.³ Furthermore, as Parker, Horton and Grand detailed in their article "Building, managing, and auditing information security," these threats can originate from "technical conditions (program bugs, disk crashes), natural

disasters...environmental conditions (electrical surges), human factors (lack of training, errors), and unauthorized access (hackers, viruses)."⁴ Data security can be breached by internal sources, for example employees, former employees and business partners, or external sources such as competitors or strangers.

Maintaining weak security controls can produce extremely adverse conditions and consequences for an organization. The effects of lost or tampered data as a result of poor security controls may generate billions of dollars in losses for corporations. Losing data can cause an organization to lose income from existing customers, lose business opportunities from potential customers, and lose financing from investors as their confidence plunges. Moreover, companies may incur unanticipated expenses in investigations and even lawsuit settlements. Data protection laws, such as the Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act, impose penalties for not complying with its information security clauses.

Enterprises may not be able to recover data from a business disruption if the information lost from such interruption is not properly secured. "Applications and data critical to the operations of the business, such as transaction-intensive databases, ERP [Enterprise Resource Planning] and CRM [Customer Relationship Management] systems, may need

almost instant recovery to keep the business running."⁵ Technologies such as Wide-Area File Services (WAFS) and Continuous Data Protection (CDP) enable organizations to constantly back up and protect key data allowing for faster recovery.⁶

Due to the continual growth of new security risks, management must recurrently evaluate and prioritize vulnerabilities and mitigate them at reasonable costs. Executives must integrate the entire organization into this endeavor. Beginning with Executive Management, every employee should be trained and appropriate management should be held accountable for the security of the information they manage. Information Technology Governance should be established and a control framework followed.

By implementing IT Governance within the company, issues such as information security will be addressed on an enterprise-wide scale. This approach will optimize the "allocation of limited security resources" and control security risks and effective information security policies.⁷ According to David Cieslak, CPA, CITP, GSEC and chairman of the AICPA's Information Technology Executive Committee, "[g]iven the continued vulnerability of the IT systems of our clients and employers to the human element, ensuring the integrity of the data housed in our systems will always be a fundamental concern to CPAs."⁸

1 Brothby, W. K. (2006). Information security governance: Guidance for board of directors and executive management (2nd ed.). USA: Information Technology Governance Institute. Retrieved June 18, 2006, from IT Governance Institute Web site:

http://www.itgi.org/template_ITGI.cfm?template=/ContentManagement/ContentDisplay.cfm&ContentID=24384

2 Ibid.

3 Parker, X. L., Horton, T. R., & Le Grand, C. H. (n.d.). Building, managing, and auditing information security. The Institute of Internal Auditors. Retrieved July 8, 2006, from The Institute of Internal Auditors Web site:

http://www.theiia.org/index.cfm?doc_id=3061

4 Ibid., p.57

5 Connor, D. (2006, May 8). The new face of disaster recovery. NetworkWorld, 1-5. Retrieved July 21, 2006, from NetworkWorld, Inc. Web site: <http://www.networkworld.com/research/2006/050806-disaster-recovery.html>

7 Ibid.

8 Brothby, op. cit., p.13

Security issues continue to dominate in AICPA top ten technologies. (2006, March/April). Leader's Edge, 1-2.

Retrieved July 30, 2006, from AllBusiness Web site: <http://www.allbusiness.com/periodicals/article/881250-1.html>



Compliance with International Accounting Standards

Elizabeth Lenny

“Compliance with IAS is voluntary, but the accounting profession may not be too far away from a set of acceptable “world class” accounting principles.”

Over the past few decades, there is a steady increase in the number of multinational firms around the world that started to comply with the International Accounting Standards (IAS). Since it is not mandatory for these firms to adhere to IAS, what are some of the motivations that encourage companies to comply with the standards? The article “An Empirical Investigation of Multinational Firms’ Compliance with International Accounting Standards,” by El-Gazzar, Finn and Jacob, examines these motivations as well as provides merits of mandating IAS.

International Accounting Standards are a set of accounting rules that are universally acceptable and is not mandatory for companies to comply with. Without IAS, locally prepared financial statements in terms of accounting standards and scope of disclosure might have to be restated in accordance with host country GAAP and the United States’, as well as provide reconciliation between host country and the local country GAAP. Also firms that list securities on multiple stock exchanges need to produce multiple financial statements in order to accommodate different country’s GAAP.

The International Accounting Standards Committee (IASC) was formed in 1973. Later, a global body of securities regulatory agencies and security exchanges to ensure better regulation of security markets and to establish standards and effective surveillance of international security transactions formed International Organization of Securities Commissions and Similar Organizations (IOSCO). In 1999, IASC and IOSCO collaborated to get financial statements prepared in accordance with IAS being acceptable for most foreign stock exchanges, which reduce cost and confusion resulting from different reporting requirements and increases substantially the amount of cross border financing and stock exchange listings.

Based on the study, firms

are motivated to comply with IAS as a response to their operating and finance environment, such as international market dependency and access to foreign markets. Firms competing for foreign suppliers, customers, and capital growth tend to expand their financial and accounting disclosure, because they help to reduce the foreign resource providers’ uncertainty about transactions with the firm, and in turn, enable the firm to obtain resources at lower costs. Financial disclosures prepared in compliance with IAS can facilitate comparison across firms of different nationalities as well as being indicative of more reliability. Reducing uncertainty of disclosures through compliance with IAS makes a firm more attractive to a foreign investor because there are fewer risks because the investor can understand the financial position of the firm.

The first hypothesis is: a positive correlation between the percentage of foreign sales and the likelihood of a firm’s adherence to IAS. Adherence to IAS may help reduce chances for misunderstanding and misinterpretations. Also there are indirect benefits accrued from foreign stock listings like increased publicity, this shows a firm is more serious and committed to their country and encouraging sales. The second hypothesis is: a positive correlation between the number of foreign stock exchanges a firm is listed on and its likelihood of adherence to IAS. Multinational firms invest abroad to gain more capital at lower costs, and achieve hedges against fluctuations in foreign countries. Capital suppliers usually require reliable financial information to assess the foreign investee’s worthiness. Many stock exchanges require foreign firms wishing to list their securities to conform financial statements to local accounting principles or IAS. The third hypothesis is: firms with lower debt ratios tend to adhere to IAS, this suggests a negative correlation between debt financing and compliance with IAS.

Companies with low levels of debt financing tend to depend heavily on equity financing, which could encourage investor demand for information. The fourth hypothesis is: firms of EU countries are more likely to adhere to IAS, a positive correlation between EU membership and adherence to IAS. Some countries, such as Italy, have adopted IAS in cases where their own accounting standards are silent. Compliance with IAS means these countries can disclose more important information to their foreign investors. The professor then compiled information from 87 companies that comply with IAS and 87 comparable companies that do not comply with IAS. Data was collected, and all four hypotheses were proven true. In firms that comply with IAS have a lower debt to equity ratio, have more foreign sales, have more stock on foreign exchange markets, and are more likely a member of the EU.

Firms are motivated to voluntarily adopt IAS in order to enhance their exposure to foreign markets, improve customer recognition, and to secure foreign capital. As more firms voluntarily adopt IAS decrease the uncertainty previously associated with attempts to universalize accounting standards. Compliance with IAS is voluntary, but the accounting profession may not be too far away from a set of acceptable “world class” accounting principles.

| Variable | Mean |
|-------------------------|-------|
| IAS Firms | |
| Debt to Equity | 1.09 |
| Foreign Sales | 49.98 |
| Foreign Stock Exchanges | 2.42 |
| EU Members | 0.41 |
| Non-IAS Firms | |
| Debt to Equity | 1.51 |
| Foreign Sales | 28.05 |
| Foreign Stock Exchanges | 2.06 |
| EU Members | 0.20 |

Wal-Mart, a Nobel Laureate?

Varun Ahuja

“Wal-Mart might be single handedly responsible for bringing about 38,000 people out of poverty in China each month”



From Henry Dunant, founder of the Red Cross, who shared the first Nobel Peace Prize in 1901 to Muhamman Yunnus of the Grameen Bank who won the prize in 2006, there has been an underlying desire of Nobel laureates to better society. What more noble of a way to do so than by eradicating the world's poverty? That is exactly the approach that the absolutely worthy Muhamman Yunnus took. Yet one cannot help but question his efficiency. In his October 17, 2006 editorial, John Tierney of the New York Times makes a compelling argument for awarding a Nobel Peace Prize to Wal-Mart, for its efficiency in bringing about economic welfare in the world's poorest corners. Though Tierney takes the "Wal-Mart Effect" to new heights I cannot help but agree with the overwhelming evidence in support of Wal-Mart as a philanthropist. It is hard to come up with a more effective anti poverty organization than Wal-Mart. While critics to the superstore giant abound, the numbers nonetheless are quite staggering: Accounting for "an estimated \$23 billion in Chinese exports in 2005, out of a total \$713"ⁱ Wal-Mart is undoubtedly a major Chinese shopper. While this can be seen as Wal-Mart taking advantage of the new age of international business and free trade, it must also be seen for what it is: a retail giant going into a country for obvious cost savings and leaving behind a less populous poor in the process. With approximately 70% of Wal-Mart's products made in the world's most populous country, "Wal-Mart might be single handedly responsible for bringing about 38,000 people out of poverty in China each month, about 460,000 per year."ⁱⁱ This externality of Wal-Mart's shopping cannot be ignored when considering efforts to

alleviate third world poverty.

Wal-Mart is no stranger to criticism; in fact the retail giant is inundated with it on a daily basis. So when it comes to their business in China it is no surprise to hear about worker treatment and standards of living. Obviously Wal-Mart's globalization is taking advantage of China's cheap labor. But as Tierney argues "most 'sweatshop' jobs - even ones paying just \$2 per day - provide enough to lift a worker above the poverty level, and often far above it, according to a study..." What is 'sweatshop' like to the developed world is a beacon of prosperity to peasants. "When a Mongolian student at a U.S. workshop on globalization heard U.S. college students denounce sweatshops, he shouted: "Please give us your sweatshops!"ⁱⁱⁱ There is no hiding the fact that Wal-Mart's profit does benefit from globalization; likewise there is no hiding the fact that the biggest beneficiaries are the poor of third world countries. While it is fair to scrutinize Wal-Mart to better live up to its corporate social responsibility and come to realize its place as a corporate citizen of the planet, it is not fair to unjustly criticize it as an evil when in reality it allows so many people economic growth.

Wal-Mart's international business brings criticism here in the homeland as well. Recent memory has seen the retailer's image tarnished by news of its labor practices, its social dislocations and its effect on competitors among a plethora of other arguments. This is all debatable and quite simply undone by facts such as: "A 2002 McKinsey study...found that more than one-eighth of U.S. productivity growth between 1995 and 1999 could be explained 'by only two syllables: Wal-Mart'".

When considering the noble cause of eliminating poverty one cannot be so myopic as to only think within our shores; because "this argument makes moral sense only if your overriding concern is saving the jobs and protecting the salaries of American workers who are already far better off than most of the planet's population."^{iv}

In our goal of alleviating global poverty we must look at the maximum good for the maximum number of people. Can we honestly say anyone has done more good - even if it may be unintended- than Wal-Mart? In a period of fifteen years Wal-Mart brought out five million or so out of poverty. Not through micro loans but through no other means but economic growth; a chance to tap into the expansive pipeline of wealth; a chance to taste the fruits of globalization. If the eradication of poverty from the face of the earth is to be achieved, it must be done through the power of globalization; the power that only Wal-Mart can bring to people. "Without Wal-Mart, about half a million of these people each year would be stuck in rural poverty that is for most of them, far worse than sweatshop labor."^v

Thus what becomes apparent is the unintended result of Wal-Mart's globalization: lifting people out of poverty through economic growth and vitality. Sure Wal-Mart needs be reminded of its corporate social responsibility, but let's not forget the true chance at prosperity that Wal-Mart provides to so many. Therefore it becomes less unimaginable to hear Wal-Mart and Nobel Peace Prize in the same sentence, and more imaginable to see Wal-Mart taking globalization to the doorstep of those who need it the most: the poor.

i Strong, Michael. "Forget the World Bank, Try Wal-Mart." TCS Daily, August 22, 2006.

ii Tierney, John. "Shopping for a Nobel." New York Times, October 17, 2006.

Iota Lambda Chapter's Second Annual Financial Literacy Program

Shirley Lau

"One student said he found the event very valuable for his future."

On Saturday, March 3, 2007, the Iota Lambda Chapter of Beta Alpha Psi hosted its second annual Financial Literacy Program for high school students because it was such a big success last year. The purpose of this event was to teach the basic concepts of financial management. We invited high school students from the Academy of Finance.

The event was structured to be educational and interactive, with the goal of making the event a fun learning experience for the students. The event was composed of the traditional conference style structure, where participants took part in the welcome, breakout, general, and closing sessions. Each session had its own style and was instructed by three members, Varun Ahuja, Edward Tabile; Benjamin Wong headed one of the two breakout sessions "Credit Cards 101." They taught the advantages and the disadvantages of using credit cards, how to build credit, and an introduction to identity theft. Their session included a simulation game, which involved choosing and applying for a credit card, making purchases and paying off credit card debt.

The other breakout session, Rongchen Chen, Pjeter Dushku, and Helen Dong headed "Financial Management". The students were taught important concepts such as how to budget, write a check, balance their checkbook, and the importance of saving money.

Hugo Santillan, Lorynn Riley, and Amy Ching headed "Financing for College." They expressed the importance of setting priorities and knowing the different parties involved, such as their parents, when it comes to financing for their college education.

The event coordinators, Elizabeth Lenny and Laura Elliott, headed the welcome and closing session. Both sessions involved interactive discussions with the students. The trivia game during the closing session was composed of questions related to the sessions the students participated in. Thanks to all the firms that donated items to the event, we had the opportunity to hand out prizes at the sessions and to the winning team of the trivia game in the closing session. In addition, we were able to create small gift bags for the students.

During the students' lunch hour, the students had the opportunity to socialize with our members and alumni as well as other Pace students. There was a Career/Activities Fair, which gave them an opportunity to explore higher education at Pace University and National Association of Black Accountants. The event was a big success. We had approximately 30 students participate in the day's event. Students represented six different schools from across New York City.

Thirty-six Beta Alpha Psi members and pledges volunteered as well as six alumni. Members and alumni participated in the event by being group leaders and mentors for the students. The students, members, and alumni had a wonderful and memorable time. One student said he found the event very valuable for his future. Another student stated that the event provided her with information that will help her in college. We look forward to continuing the program in the years to come.



High School students attentive and ready to learn how to manage money at our Financial Literacy event!!



Members and Pledges all showed enthusiasm when advising high school students!

Life without BAP is Just So Empty

Jacqueline Chen

“Each and every member possesses high respect, integrity, and the passion to grow personally as well as professionally.”

Among the array of responsibilities a college student faces, it is common to think that joining an extracurricular activity or club would be time consuming. From a macro viewpoint, balancing classes, establishing enough time for projects, presentation, papers, and perhaps even taking on an internship throughout the year is already a big enough challenge. However, an individual's ambition never cuts short of what they believe can be achieved.

As a business major at Pace University, joining the most prestigious honors society, Beta Alpha Psi (BAP), gave me an invaluable inspiration and experience that I would not get anywhere else. Educating their members by working in conjunction with professionals who are current employees in prominent accounting and finance firms allows the students to gain the needed guidance of what should be expected once a student graduates from college. Not only are these professionals friendly and approachable, but they are also eager to answer any probing questions about entering the workforce environment. Beta Alpha Psi also provides its students with an abundance of opportunities for new members to interact with current members who may be in the same field of study as they are. This interaction is significant for personal growth and professionalism, which is what its members stress to increase.

In addition to interacting amongst peers and professionals, members and pledges can participate in many voluntary activities, which allow members to teach others what they have learned throughout the year. For example, this past semester, Beta Alpha Psi held a “Financial Literacy” event held at Pace University, where current Beta Alpha Psi members taught various students in the New York City - Academy of Finance - high school program about budgeting their finances, avoiding

bad credit, and learning how to pay their bills properly. The teamwork built with these high school students was such a rewarding experience because, as college students we were the group leaders, teachers, and representatives of Beta Alpha Psi, and Pace University as a whole. It was an abrupt switch of roles – from being a college student one day, to teachers the next – in educating these students. This gave the Beta Alpha Psi members the opportunity to try something new and challenging. This certainly opened my eyes to the opportunities Beta Alpha Psi has to offer to its members and the entire New York City community.

So, by now, you must be thinking “Of course, this all sounds fantastic and absolutely amazing to do if someone had the time to do all these things,” well, you definitely have time to do it; it's all in the matter of having the passion and drive.

From a personal standpoint, I was a bit hesitant about joining Beta Alpha Psi because I, like many other students, did not believe that I would have time to do it. I was taking intense business classes, working 20 hours a week, and on top of that, taking care of my younger siblings at home while trying to just be a normal college student.

Yet, with all that said, I still felt something was missing in my life. My friends were constantly having discussions about the next Beta Alpha Psi meeting, upcoming events, and exciting networking opportunities. Their passion, eagerness, contribution, and convincing made me think about giving Beta Alpha Psi a chance. But, it was my own personal ambition to better myself that drove me to join.

I wanted to be surrounded by a group of people who shared the same ambitious zeal as I did, and in addition, have support and guidance if there was ever a problem I needed to fix. I

knew Beta Alpha Psi had people I could rely on with an abundance of guidance. I remember being frustrated over a homework assignment and within seconds of calling up a friend from BAP, the method of solving the problem became clear. It is the willingness members provide you with that make them so unique. Similar to the concept behind speed dating or “speed recruiting,” an interesting idea implemented by one firm at its second round interviews, an interviewer will draw certain conclusions about you before you even say a word which makes the way you are dressed, your facial expressions, your hand shake, and even the way you *smell* very important to the success of an interview.

We work together, learn together, laugh, share memories with each other and most importantly respect and support each other. We were, and still are, in constant contact with each other. If there was ever someone who felt unmotivated, collaboratively we made sure they were not giving up on what they have achieved thus far.

Each and every member possesses high respect, integrity, and the passion to grow personally as well as professionally. It is truly a worthwhile experience, especially witnessing how much you personally grow within a semester's time. This semester alone, I became more confident in myself and my abilities. I knew through the experience I had with Beta Alpha Psi that I am capable of being a great team leader because I learned how to be a great team player first.

I truly feel fortunate to have joined Beta Alpha Psi and hope to learn even more with the coming semesters I have with them. The prestige of this chapter has established a trajectory of success for all its members and I am indebted to them for making me who I am today.



Auditing CSR Reports

Varun Ahuja

“How will the public know that the company is actually doing what it said it did?”

Traditionally society has been interested in the reliable and relevant reporting of the financial positions of publicly held companies; where it has been the accountant's job to provide assurance on that financial position. However in today's age of major multinationals where companies are larger than some governments, society has come to demand more than just a report on the company's financials. Society is demanding a report on the contributions of a company to society.

What is of interest to auditors is: who will judge the accountability? How will the public know that the company is actually doing what it said it did? Just as accountants verify and provide assurance on a company's financial statements, auditors are being asked to do the same for CSR reports. As accountants have standards and principles upon which they base their judgments of financial statements, similar principles are being developed for responsibility reports.

Just as increased corporate governance is putting greater scrutiny on companies' financial statements; increased corporate governance is contributing to increased CSR reporting. In fact the two concepts: corporate governance and corporate responsibility are inextricably linked. According to a KPMG survey a majority of the responsibility reports (61%) include a section on corporate governance; while 6% of the reports specifically tie Sarbanes-Oxley to corporate responsibility.

What's interesting is that while this link between corporate governance and corporate responsibility is mentioned in so many reports, only a fraction of the reports discuss the approach to CR within the company. This is where auditing comes in. There is a need to audit these reports not only to attest to them but also to help the company preparing the report where there is room for further improvement, in relation to the manner in which corporate responsibility is embedded within the broad organizational framework. Just as auditors tell companies where their internal controls are lax, auditors can advise on where responsibility is lax. "For example, of the one in five reports (18 percent) that include policies for bribery or corruption, few elaborate on how such commitments are put into practice" (KPMG). Auditors are needed here to bring this deficiency into the light and make investors aware of this deficiency in corporate governance.

As more investors begin to realize that how companies approach corporate social responsibility will affect their earnings and subsequently their stock price, they will demand external assurance to be provided on the reports. And that is why we are seeing the trend already with companies such as Starbucks. If these reports are going to be important to investors they need to be credible; that reliability can only be provided by standardized reporting and external auditing. Auditors will do what they do best: verify the accuracy of reported

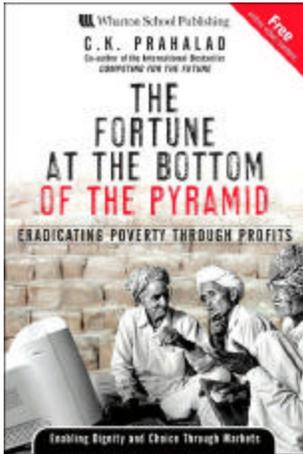
information along with the systems and practices from which that information is derived. As Dr. Brian Ballou, CPA, puts it, "As with any information an organization reports, the lack of an accompanying independent assurance report reduces the quality and informational usefulness of a CSR." As CSR reports become more quantitative and verifiable the reports will become reliable metrics for all stakeholders.

Today so many companies are issuing these reports that the list is endless: Gap, Genecor, Intel, IBM, International Finance, International Paper, Johnson & Johnson, Kimberly Clark, and McDonald's, just to name a few. Tomorrow this list will be as long as the list of companies having their financial statements audited. That fact in itself has tremendous implications for CPAs. If CPA's are going to step up to these tremendous opportunities they must become knowledgeable about them now; for if they don't, they will surely miss the boat on one of the biggest boons in the industry since Sarbanes Oxley.



Book Review

Pjeter Dushku



In a world in which corporations are constantly looking for new opportunities and markets in which to expand the scope and size of their businesses, C.K. Prahalad's "The Fortune at the Bottom of the Pyramid" offers some exciting, new, and ambitious alternatives. Through a series of case studies in developing nations such as Brazil, India, Peru, and others, Mr. Prahalad explores what some businesses are doing to help the Bottom of the Pyramid (BOP) while making a profit!

The thesis of the book is that pooling the investment capacity, scale, and scope of large, multinational firms along with the knowledge and commitment of Nongovernmental Organizations and local businesses; corporations can play an active role in eradicating poverty. Throughout the book Mr. Prahalad explores businesses, such as Hindustan Level Limited (HLL), a subsidiary of Unilever N.V., which are accomplishing these goals and have been successful in marketing to the BOP while turning a sizable return on capital employed; in the case of HLL, a 93 percent ROCE.

Mr. Prahalad is especially good at providing case study analysis that proves beyond a shadow of a doubt that servicing a global market estimated at four to five billion people with an accrued spending power of \$12.5 billion makes good business sense. In fact, Mr. Prahalad spends the first part of his book discussing the viability of the BOP as a market in its own right. In particular, I appreciated his

examination on the common mistakes made by multinational corporations in taking existing product mixes originally created for the upper pyramid and diluting them to service the BOP. The end result, as many corporations have discovered after unsuccessfully implementing such strategies, is that the BOP is a unique market and should therefore be treated as one with its own innovative ideas, business models, and the like.

After identifying the BOP market, Mr. Prahalad's second point is that only through a genuine innovation of products, services, and business models can businesses expect to succeed. For example, ICICI Bank, the second-largest banking institution of India, serves as a primary innovator in the financing and lending process by helping those in India who live on less than \$1 per day (nearly 400 million people – greater than the population of the U.S.). Rather than lending to individuals as is typically done in the rest of the world, ICICI Bank created Self-help Groups (SHG) where small community clusters of less than 20 people would receive funds from the Bank and essentially decide among themselves how the money should be distributed and invested. The Bank trains rural women to work as SHG creators in remote villages and it often becomes their responsibility to ensure the creditworthiness of the members. The women then become guardians of the loan by ensuring the investments add value to the community and that in the end the loan will be paid back; the job of

these women is to create as many SHG as they can and thus the success of all of the SHGs is of utmost importance. What these loans accomplish, then, is that they empower the rural community and at the same time convert the poor into customers. More important for ICICI Bank, perhaps, is the subsequent transfer of risk to the women; the Bank enjoys the benefits of lending without the danger of defaults.

"This is not about philanthropy and notions of corporate social responsibility," Mr. Prahalad writes, "these initiatives can take the process of engagement between the poor and the large firms only so far." The goal, according to Mr. Prahalad, is to work with the BOP to empower its members and encourage entrepreneurialism in the third world. By having corporations innovate to serve the BOP not only will the BOP benefit but so too will the firm; innovation will ultimately lead to bursts of creativity and greater overall efficiency.

In the end, nonetheless, Mr. Prahalad does a great job in opening the minds of his readers to not only consider the changes he proposes but to also come up with their own. "The Fortunes at the Bottom of the Pyramid" will leave you asking more questions than one book can possibly answer. Perhaps that is Mr. Prahalad's intention for we cannot expect the solution to such a wide-spread dilemma to be straight forward. The answer may just lie in a radical transformation of how we do business and, more importantly, how we see business.

Appreciation and Farewell to a great Faculty Advisor



This is the third year Dr. Tinkelman has been advisor to BAP. He is in his eleventh year at Pace, where he has taught accounting, auditing, and financial statement analysis. He is a CPA, and occasionally consults on litigation matters. Prior to joining the Pace faculty, he worked at WPP Group and at Arthur Andersen & Co.

Dr. Tinkelman has been a wonderful advisor to our chapter and the executive board. We want to thank him for his guidance and support.

Reaching Out

Laura Elliott



Every semester the Iota Lambda Chapter allows its membership to take part in a wealth of community service events. This semester featured the following:

Financial Literacy – March

Volunteers got together for the 2nd annual Financial Literacy event to teach financial literacy topics to high school students. BAP members lectured on topics such as financing for college, credit card 101, and Budgeting. In addition, BAP members as well as BAP alumni were paired with the high school students to be their “buddy” for the day. The event was a huge success once again.

ARTrageous Carnival- March

Volunteers went to the 6th Annual ARTrageous Children’s Day Carnival, benefiting Edwin Gould Services for Children & Families (EGSCF). We assisted the artists with their collaborations with the children. The artwork will go on to a benefit gala in May, where it will be auctioned off to raise money for the Edwin Gould Foundation. Both the children and our members at the carnival had a memorable day. It was great being able to brighten the day of NYC’s foster children.

VITA – February-April

Our Volunteer Income Tax Assistance Program is our largest service effort. Our volunteers

began by completing a training program and certification test administered by the IRS in January. From February through the deadline in April, volunteers prepared federal as well as state income tax returns for fellow students and low-income families in the community.

MS Walk – April

The Iota Lambda Chapter will be volunteering for the first time at the Multiple Sclerosis Walk. We will be greeting walkers and helping them check in, register, and process donations.

President’s Address (continued from page 1)

Another great community program we did this semester was the VITA (Volunteer for Income Tax Assistant) program. VITA has been an important part of our chapter operation. We trained over 150 volunteers, of which 50 passed the IRS test and became a certified VITA volunteer. The volunteers helped the general public from the New York and New Jersey areas prepare their tax returns for free. The VITA program also helped a lot of international students at the Pace and New School University. The program had another successful year, and I am sure it will continue to be a successful program for many years to come.

The whole semester has been a wonderful experience for me. If I had to pick, I would say my best experience of the semester was working with the Executive Board shadows. This year, we have many capable, active, and dedicated shadows running for Executive Board positions. It’s my pleasure to work with them and to see how involved they were with the chapter. I believe one of the important roles of an effective leader is to develop future leaders, and through the shadowing process,

I felt the current E-board was able to give people who want to grow a chance to step up and take charge. The shadowing process not only helped the shadows to grow but also taught me a lot on how to become a more effective leader developer. It was an absolute learning experience for me.

But my proudest moment of the semester was when our chapter won the first and the second place of the two Best Practice Competitions at the BAP Atlantic Coast Regional Meeting. Every spring semester, our chapter participates at the BAP Atlantic Coast Regional Meeting. This year, we continued our tradition of being the best-dressed group at the meeting. Many shadows attended the meeting with the current E-board members and a few other chapter members. Among those shadows, eight of them took initiatives to present at two Best Practice Competitions: 1) Corporate Social Responsibility and 2) Involvement with Professional Organization. We won the First Place for CSR and the Second Place for Involvement with Professional Organization. The first place winning team will be competing at the national meeting

in Chicago this August, and they will present their case in front of 400 people. But more importantly, everyone who attended the meeting had a great time working with the fellow members, and they all realized that the core value of our chapter is teamwork.

I’ve enjoyed every moment working for this chapter and working with a group of smart and determined people. Without this group of people, our chapter would have not achieved such great success. I would like to thank them for supporting me, helping me and teaching me this past year: Varun Ahuja, Fatime Ardolic, Catherine Dauscher, Laura Elliott, Shirley Lau, Elizabeth Lenny, and Hugo Santillan. In addition, I would like to give a special thanks to our wonderful faculty advisor Dr. Tinkelman. He has done a tremendous job as faculty advisor. I thank him for his guidance and unconditional support to the board. Looking forward to the future, I believe the new board will lead the membership into another year of great success, and I will be there providing full support as a proud alumni of the Iota Lambda Chapter.



To all our members who have accepted full time jobs or internships: Congratulations!
Your hard work has paid off. We wish you the best of luck in everything you do!

| Full Time Position | | Summer Internship Position | |
|--------------------|----------------------------|----------------------------|--------------------------------------------|
| Name | Company | Name | Company |
| Fatime Ardolic | KPMG LLP | Gobind Basur | KPMG LLP |
| Varun Ahuja | PricewaterhouseCoopers LLP | Mags Casteneda | JPMorganChase |
| Rongchen Chen | KPMG LLP | Jacqueline Chen | Lehman Brothers |
| Catherine Dauscher | McGladrey & Pullen LLP | Nipunee Dayananda | KPMG LLP |
| Laura Elliott | Deloitte & Touche LLP | James Desrouleaux | NYC's District Attorney (Financial Bureau) |
| Janet Louie | BDO Seidman LLP | Helen Dong | Lehman Brothers |
| Hugo Santillan | Lehman Brothers | Patty Dong | Lehman Brothers |
| | | Pjeter Dushku | Smith & Barney |
| | | Marissa Elkins | BDO Seidman LLP |
| | | Angela Katsizna | Amper, Politziner, & Mattia |
| | | Anna Kupastina | PricewaterhouseCoopers LLP |
| | | Shirley Lau | PricewaterhouseCoopers LLP |
| | | Kateryna Legkoduikh | Merrill Lynch |
| | | Elizabeth Lenny | JPMorganChase & Deloitte & Touche LLP |
| | | Jei Obispo | Deloitte & Touche LLP |
| | | Rishabh Parikh | Mahoney Cohen |
| | | Danielle Percoco | Meaden & Moore |
| | | Samreen Qureshi | Deloitte & Touche LLP |
| | | Lorynn Riley | JPMorganChase |
| | | Benjamin Wong | BDO Seidman LLF |

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Jenny Urena

Faculty Advisor
Dr. Daniel Tinkelman





Our members and pledges were all smiles as they spent the day helping artists create masterpieces!



Beta Alpha Psi members were all very enthusiastic about lending a helping hand at the ARTrageous Carnival!



Members are very excited about attending the Regional Conference!



These lovely members show their support for the Iota Lambda chapter at our Regionals conference.



Presenting about students getting involved in professional organizations, this team took **second place!**



Presenting about analyzing corporate social responsibility, this team took **first place!**