

Dale Flesher Honored with AICPA Distinguished Achievement in Accounting Education Award

The American Institute of Certified Public Accountants announced at Spring Council Meeting in Washington that Dale Flesher, Associate Dean at the Patterson School of Accountancy at the University of Mississippi, recipient of the 2011 Distinguished Achievement in Accounting Education Award.

The Award recognizes full-time college accounting professors who excel as educators and who have achieved national prominence in the accounting profession.

Flesher is a highly regarded professor known for successfully moving the AICPA library, a voluminous history of the accounting profession containing thousands of books, pamphlets and periodicals, from New York to the J. D. Williams Library at Ole Miss.

"Throughout his career as a professor, Dale has made lasting contributions to the accounting profession," said Paul Stahlin, chair of the AICPA, who presented the award at the spring meeting of the Institute's Governing Council. "But his work with the library stands out. His efforts have ensured that this large collection of resources will be preserved for future generations of accounting students and academics."

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Dr. Rick Elam Outstanding Educator



Dr. Rick Elam of the University of Mississippi has been selected as the 2011 MSCPA Outstanding Educator and will be honored during the Annual Business Meeting at Sandestin on June 25. Dr. Elam is the Reynolds

Professor of Accountancy at the University of Mississippi, a position he has held since 1999. As the Reynolds Chair of Accountancy, he teaches and does research in accounting policy and accounting information systems.

He received his BS in Business Administration and Economics from Culver-Stockton College and

MA and Ph.D. in Accountancy from the University of Missouri.

Prior to moving to Ole Miss, Dr. Elam served as Dean of the College of Business at Middle Tennessee State University, one of the largest accredited business schools with 3,000 majors and 111 faculty.

From 1989-95, Dr. Elam Served as Vice-President of Education at the AICPA where he managed three divisions: the Examinations Division, the Academic and Career Development Division, and the AICPA Library. While at the AICPA, Dr. Elam assisted over 30 states in passing legislation to require 150-semester hours of education for new CPAs.

He was Dean of the school of Business at Rutgers – Camden from 1986-89 and was Director of the School of Accountancy at the University of Missouri from 1979-86.

Dr. Elam was recently reappointed to a second five-year term on the Mississippi State Board of Public Accountancy. Dr. Elam is married to Dr. Karen Elam and they have two adult children.

Paul E. Rogers Public Service Award Winner



Paul E. Rogers of Jackson has been selected as the 2011 MSCPA Public Service Award Winner. Paul attended Jackson Public Schools graduating from Murrah High School, Hinds Junior College with an AA with Honors, Millsaps College, BBA, Magna Cum Laude, and

Mississippi College School of Law, JD with Distinction.

He has been in private law practice since 1988.

Paul is Co-founder of the Ridgeland Challenger Baseball League, August 1991, in association with City of Ridgeland Recreation and Parks Department. He currently serves as league co-commissioner, league photographer and team coach. Along with wife/co-commissioner Mandy, two assistant commissioners, 35 coaches and assistant coaches and many volunteers, he assists in the ongoing operation of the league. The league plays 12 games between April and June at Hite-Wolcott Park in Ridgeland. This program is in its 21st year and provides individuals with disabilities an opportunity to play baseball on their own level on real fields with regulation equipment. Currently, there are 135 players on 10 teams, four youth league teams (ages 5-17) and six adult league teams (ages 17+). Most players are from the Jackson metro area but at times players have traveled up to 100 miles for the opportunity to

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DR. DALE FLESHER of the University of Mississippi is presented the 2011 Distinguished Achievement in Accounting Education Award by AICPA Chairman Paul Stahlin during the Spring AICPA Council meeting in Washington. See the story above.



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The CPA Newsletter is the official publication of the Mississippi Society of Certified Public Accountants. The Newsletter invites articles of interest to the profession and gives credit to the author; however, it reserves the right to edit articles for correct spelling, wording and punctuation.

Opinions expressed are not necessarily the official policy of the MSCPA. Advertising is accepted in good faith that the product/services are of value stated.

Welcome New Members

New members include: Jonathon E. Barnett, Cole J. Durant, David Bradley Earwood, Shawn H. Gillenwater, Christopher L. Hatten, Janet Rich Lashley, Kyriaki Jessica Mavromilhalis, Belinda Kay McLain, Yale P. Murphy, Carter P. Smith, Doris R. Triplett, Richard G. Vaughn, and Robert Bryan Wall.

Now completing the membership process are:
Dana Rene Apperson was born in Meridian and received her Bachelor of Accountancy and Master of Taxation from Mississippi State University. She is on the Professional Staff of Watkins, Ward & Stafford PLLC in Philadelphia.

Mark Lawson Brown was born in Starkville and received his Bachelor of Accountancy and Master of Taxation from Mississippi State University. He is a Staff Accountant with GranthamPoole CPAs in Ridgeland.

Donald Colby Carmichael was born in Memphis and received his BA in Accountancy from the University of Mississippi. He is on the Staff of Nail McKinney, PA in Tupelo.

Russell Alan Eldridge was born in Natchez and received his BSBA from the University of Southern Mississippi. He is Director of Audits & Consulting for Silas Simmons, LLP in Natchez.

Heather Clearman Espey was born in Laurel and received her Bachelor's degree from Mississippi University for Women and Master's degree from Mississippi State University. She is on the Staff of Kemp, Williams, Stevenson & Bernard in Meridian.

Jamie Batte Goodwin was born in Jackson and received her BS in Accounting from

Belhaven University. She is Audit Manager for the Office of the State Auditor in Jackson.

Terry Max Halley, Jr., was born in Crossett, Arkansas and received his BS in Accounting from the University of Arkansas and MBA from Louisiana Tech University. He is on the Staff of Silas Simmons, LLP in Natchez.

Lisa Harrell Hammarstrom was born in Morton and received her Bachelor of Accountancy and Master of Accountancy from the University of Mississippi. She is a Senior Accountant with Matthews, Cutrer & Lindsay, PA in Ridgeland.

Harry Carl Hammond IV was born in Grenada and received his Bachelor of Accountancy and Master of Taxation from Mississippi State University. He is a Staff Accountant with Silas Simmons, LLP in Natchez.

Britny Bailey Hester was born in Jackson and received her BPA from Mississippi College. She is a Manager with Harper, Rains, Knight & Company, PA in Ridgeland.

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2011 MSCPA Annual Convention June 23-26, 2011

Sandestin Golf
and Beach Resort

28th Annual Governmental Accounting & Auditing Conference

Thursday & Friday, August 18 & 19, 2011
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\$245 Member Fee Non-Member \$345
16 Hours of CPE

*Members can register online. Anyone can register
by completing the standard CPE registration form
at www.ms-cpa.org*

NEW MEMBERS

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Jennifer M. Hill was born in Cleveland and attended Delta State University earning a BBA in Accounting and an MBA. She is on the Staff of Jackson & Braswell in Cleveland.

Joshua Allen Hutcheson was born in Tupelo and received his Bachelor of Accounting and Master of Taxation from Mississippi State University. He is an Associate with Nail McKinney, PA in Tupelo.

Kelli Landry Lyons was born in Houma, Louisiana and received her Bachelor of Science in Accounting from Nicholls State University. She is an Auditor with Alexander, Van Loon, Sloan, Levens & Favre in Gulfport.

Jon Kevin Pernel, Jr. was born in Greenwood and is applying as an Associate Member. He received an Associate's degree from Mississippi Delta Community College and a Bachelor's degree from Delta State University. He is a Staff Accountant with Nail McKinney, PA in Tupelo.

Lane Marie Poland was born in Tupelo and received her Bachelor of Accountancy from Mississippi State University. She is a Staff Accountant with Franks, Franks and Jarrell, PA in Tupelo.

Morgan Stone Samuels was born in Laurel and received Bachelor of Accountancy and Master of Accountancy degrees from the University of Mississippi. She is Senior Accountant with Parkway Properties in Jackson.

James Howard Scheiner was born in St. Louis, Missouri and received BSBA and MBA degrees from Washington University (St. Louis), and MA and Ph.D. degrees from Ohio State University. He is Professor & Director at Mississippi State University.

Amanda Leigh Spencer was born in Houston, Mississippi and received a Bachelor of Accountancy from Mississippi State University and Master of Accountancy from the University of Mississippi. She is a Staff Accountant with Nail McKinney PA in Tupelo.

Stephanie Hall Tompkins was born in Flowood and received her Bachelor of Science in Business Administration from the University of Southern Mississippi. She is a Senior Accountant with Haddox Reid Burkes & Calhoun in Jackson.

Michael Bradley Wood was born in Montgomery, Alabama and received his BSBA from the University of Southern Mississippi. He is an Accountant with Nicholson & Company, PLLC in Hattiesburg.

Jill B. Wright was born in Hammond, Louisiana and attended Mississippi State University receiving Bachelor of Accountancy and Master of Taxation degrees. She is a Senior Accountant with Corbin & Associates, PLLC in Madison.

Wendy S. Collins was born in Jackson and received her BBA in Accounting from Millsaps College. She is Controller for SkyGuard, LLC in Flowood.

PAUL ROGERS

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participate. Volunteers come from local schools, churches and businesses and serve as buddies for players, as announcers and as umpires. Through the generosity of sponsors and the City of Ridgeland, during the entire history of the program, there has never been a charge to any player for participation and every player who has ever wanted to play has been accommodated. All players receive a uniform and a trophy or medal at the end of the season.

He is Co-founder of Hope Hollow Ministries, Canton MS, January, 2008. Hope Hollow is a Christian ministry dedicated to enriching the lives of children and adults with disabilities by providing unique camping, environmental study and retreat experiences. Hope Hollow's vision is to provide a place where children and young adults with physical and mental disabilities may enjoy the independence, fellowship and adventure provided by a camp experience. Additionally, Paul serves on the Board of Directors and as Treasurer from January, 2008-date.

He is a Board Member and Treasurer of Mississippi Coalition for Citizens with Disabilities, Jackson, MS. 2008-date. The Coalition for Citizens with Disabilities is a private not-for-profit disability organization formed in Mississippi in 1989 made up of Mississippians with disabilities and their families, professionals who work in disability-related fields and other interested citizens. The

mission of the Coalition for Citizens with Disabilities is to expand opportunities and enhance the quality of life for children, adolescents and adults with disabilities and their families and empower these individuals to reach for their full potential in every aspect of life and to be a voice for families, advocates, consumers and professionals representing the interests and needs of people with disabilities.

Paul is a Volunteer, Area 8 Mississippi Special Olympics (Hinds, Madison, Rankin & Scott counties) from 2009 to date. As a volunteer, he has helped with softball, bowling and fund raising. In August Paul will help coach a softball team at a national Special Olympics softball tournament in Elgin, Illinois. This team, The Mississippi Mudbugs, consists of 15 players (13 men and 2 women) from Area 8 and the City of Vicksburg. He has also been a speaker for the Summer Special Olympic games at Keesler Air Force Base concerning the legislative process and estate planning considerations for families of children with disabilities.

Paul is married to Mandy Card Rogers and they have two children.

Members of the MSCPA Public Service Award Committee this year included Ricky Bullock, Tupelo, Chairman; Bill Kelly, Hattiesburg; and Gary Walker, Ridgeland.

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*Not qualified to register with the Mississippi State Board of Public Accountancy as a CPA firm to practice public accountancy in Mississippi.

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DALE FLESHER

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Flesher became a CPA in 1969 and worked as a staff accountant in public practice and in industry during the 1960s. He began his teaching career at Appalachian State University in North Carolina before becoming a faculty member at Ole Miss in 1977. Throughout his tenure, Flesher has played a key role in curriculum development at Ole Miss and serves as coordinator of both masters and doctoral programs.

Flesher served as a member of the AICPA's Governing Council from 2005-2008 and as a member of the AICPA Foundation Board from 2002-2005. He has served on numerous AICPA committees, including his present role as part of the AICPA 125th Anniversary Advisory Committee. He served a two year term as President of the Teaching, Learning and Curriculum Section of the AAA.

Among his many honors and accolades, Flesher received the Outstanding Educator award from the Mississippi Society of CPAs in 1998, The Academy of Accounting Historians First Annual Thomas J. Burns Biographical Research in Accounting Award in 2005 and the University of Mississippi

Burlington Northern Faculty Achievement Award in 1987. He has authored over 300 articles for more than 100 different professional journals throughout the world.

Flesher received a B.S. in Business Education and an M.A. in Accounting from Ball State University in Indiana and earned his Ph.D. at the University of Cincinnati.

He and his wife Tonya, also an Ole Miss accountancy professor, have two children.

Mail Ballots Available for Officer Election

Members who choose to cast an absentee ballot for the 2011-2012 officer slate and the at-large Board of Governors member may now request a ballot from the Society office.

Requests should be made in writing to the MSCPA, 306 Southampton Row, Ridgeland, MS 39157 or by email to mail@ms-cpa.org. The Bylaws require that an absentee ballot must be voted and returned to the Society office no later than five days prior to the date of the Annual Business Meeting (June 25).

Dues Notices in the Mail This Month

Dues notices for fiscal year 2011-2012 go in the mail in mid-June to the 2611 members of the Society. The dues rates include no increase over the year just ending. Dues are payable upon receipt of the statement and members may choose to pay by credit card. A copy of the 2011-2012 dues statement will be posted to the Society's website (www.ms-cpa.org) so members may download a copy.

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Gift Tax Valuation Reports and the New Tax Law

By: Robert D. King, Jr., CPA, CVA, CFE

On December 17, 2010, Congress passed legislation that could impact estate planning for your clients. The legislation regarding estate and gift taxes may encourage clients to consider the \$5 million (\$10 million for married couples) lifetime gifting exclusion. Gifting becomes an option to those taxpayers considering the transfer of assets in 2011 and 2012 as a result of the recent legislation. The provisions of this legislation will cease in December 2012.

As the number of clients gifting increases, the CPA's role must expand to meet all the gifting criteria set forth by the IRS. As a likely case, a client will gift stock in a closely held company to children. This may create an opportunity for the CPA to explore the area of business valuation.

In the event your client wishes to make a gift, your job as the CPA will be to determine the fair market value of the stock to be gifted. Customarily, this is accomplished through the preparation of a self-contained business valuation report. On July 27, 2006, the IRS released IRM 4.48, *Engineering Program, Business Valuation Guidelines*, a set of valuation report writing standards and guidelines for IRS employees to follow when reviewing valuation reports. This is a helpful resource for CPAs advising their clients.

Not only should the report be prepared according to the IRS business valuation report standards, but careful consideration of any potential valuation misstatement is key to avoiding a proposed appraiser penalty (Letter 4477). Originally, the IRS would issue a Letter 4477 to an appraiser without warning; however, this has recently changed. In October 2010, the IRS revised its method of assessing appraiser penalties by allowing the appraiser an opportunity to discuss his or her report. Currently, the IRS will attempt to contact the appraiser twice by phone; but, if unsuccessful, the IRS will then issue a Letter 4477. Once contacted, the IRS and appraiser will discuss the facts and circumstances of the appraisal, after which the Service will determine if a penalty is deemed appropriate.

The IRS business valuation guidelines can be found at www.irs.gov. In summary of those guidelines, Howard Lewis, the Former National Program Manager for the Valuation Program at the IRS, offered the following tips to improve a valuation report when challenged by the IRS:

- 1. Be thorough.** The appraiser's written valuation report should stand independently and is usually the only

form of the appraiser's testimony allowed by the Tax Court. The report should include a full description of the interest being valued, as well as the data sources used by the appraiser in reaching the conclusion. The appraiser should maintain documentation throughout the report preparation process.

- 2. Play IRS advocate.** Valuation analysts should attempt to question their report from the IRS viewpoint. Has the fair market value standard been considered in the conclusion of the report? Does the report include a full description of the business interest valued? What about the effect of recent Tax Court decisions?
- 3. Be responsive.** Respond in a timely manner to IRS inquiry with complete disclosure of all pertinent information and data. If the taxpayer and/or appraiser are slow to respond, the IRS might determine taxpayer and/or appraiser are uncooperative or unprepared.
- 4. Work towards settlement and maintain communication.** The appraiser should maintain contact with the IRS through the taxpayer's counsel. The burden of proof lies in the Tax Court, and reaching a settlement as soon as possible is preferable.

These tips and guidelines provide valuable insight into the review process and

requirements of the IRS on business valuation reports. They provide the appraiser with the tools necessary to prepare a business valuation report in order to meet IRS business valuation standards. The IRS is not the only source of valuation report preparation standards. Other sources are available through organizations such as The American Institute of Certified Public Accountants, The American Society of Appraisers, The Institute of Business Appraisers, The National Association of Certified Valuation Analysts, and The Appraisal Foundation. However, the in-house business valuation analysts of the IRS will decide whether or not your report should be challenged based on IRS standards.

Robert D. King, Jr., CPA, CVA, CFE is a Senior Accountant with The Koerber Company, PA in Hattiesburg.

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MAJOR EVENTS ON THE 2011 MSCPA CALENDAR

(Dates are tentative for some Fall Conferences)

IRS Practitioners' Liaison Meeting	July 6
Technology Seminars in Tupelo	August 8 & 9
Governmental A&A Conference	August 18 & 19
Health Care Services Seminar	September 16
Industry Conference	October 18
Educators Symposium	October 28
Corporate Income Tax Returns Workshop	October 31 – November 1
Not-for-Profit Conference	November 4
Mississippi Tax Institute	November 10 & 11
Business Valuation & Litigation	November 14
1040 Tax Return Workshop	December 1 & 2

Have We Forgotten **Fixed Asset Accounting 101?**

By: John L. Daly, MBA, CPA, CMA, CPIM, Executive Education, Inc.

If the final exam of your very first accounting class asked the following question, I suspect few of us would have gotten it wrong.

Your company purchases a machine for \$140,000. Your operations manager estimates the company will use the machine for 15 years. He estimates a similar 15 year-old machine today would sell for \$20,000. What would be the machines 1st year depreciation?

Answer: $(\$140,000 - \$20,000) / 15 = \$8,000$

The math is simple. In a final exam, almost no one would get this question wrong. However, I know almost no U.S. accountant would do this calculation in the real world.

In the last two years I have asked hundreds of accountants how many routinely recognize residual value in their depreciation calculations. In a room full of veteran financial managers, rarely will a hand go up. When I ask how many people have EVER seen residual value used, one out of 30 might say they saw it done, ONCE, early in their careers.

When I ask, how many people would use 15-year depreciation for a fifteen-year asset, rarely will ANY hands go up. When they do, the company is often large and public. Most accountants respond they would use seven-year tax life for a fifteen-year asset. Thus, the calculation real world accountants do is:

**Real World Practice:
\$140,000/7 years is \$20,000/year.**

This is not an extreme example. In my first Controller job, my company use metal stamping presses having a 40-50 year useful life. My predecessor depreciated this equipment over 5 years with no residual value. As a result, we had huge book to fair value differences on our balance sheet. I thought I was being much more realistic by increasing the depreciable lives of our assets, first to seven years and then to 10. Being "conservative", I never seriously considered recognizing a residual value or depreciating the equipment over 40 years.

In many small companies, the situation is even worse. When a company uses tax depreciation for book, all of the Section 179 assets the company expenses for tax purposes have no value.

Our ultra conservative accounting

obscures the true economics of the company's business. How many times have small companies had to hire appraisers to verify the value of their assets because the bank could not rely on the company's financial statements for a fair representation of the company's assets? How often has our CEO come in to our office looking for ideas to improve the bottom line or the company's balance sheet? Most companies could improve their bottom line by using *realistic* instead of *ultra-conservative* fixed asset accounting.

Perhaps it is time we went back to the basics and calculated depreciation the way our accounting standards read.

John L. Daly, MBA, CPA, CMA, CPIM, is a Chelsea, Michigan based management consultant specializing in pricing, costing and business turnarounds. Earlier in his career, John was Chief Financial Officer for a medium-sized Tier 1 automotive parts supplier. He has also been CFO for a large restaurant chain and COO for a manufacturer of window treatments. He began his career with five years working for the management consulting divisions of two large public accounting firms. John is a frequent speaker at accounting events. You may reach him at Daly@ExecutiveEducationInc.com.

Tech Bit 82: **Phishing Anyone?**

No, it's not time to enroll in your local bass fishing tournament.

This article is about a different kind of fishing, spelled phishing. When spelled phishing, it's referring to when someone tries to get sensitive information from someone else by posing as someone they're not.

As P.T. Barnum is credited with saying "There's a sucker born every minute," which is what people or groups doing phishing are hoping unsuspecting recipients will be.

You don't want to be one of them.

Most phishing has taken place through email, but more and more phishing attempts are being made via social media, such as Facebook.

Facebook phishing attempts often appear as wall posts of a friend, or from a friend, that mimic those automatic postings many websites now include as part of a sign up process. When you click on the link supplied, often a malicious app is installed into your Facebook profile. Alternatively you are taken to what looks like a legitimate website and asked to complete a form that includes the

sensitive information the person doing the phishing is after.

Very often a phishing email will appear to be from some bank or other institution you might have an account with. Very recent phishing emails have even appeared to be from the IRS, which pretty much never is willing to send any information via email.

Visually, a phishing email will usually look like it's from the real source. Getting accurate visual elements is easy since they can be copied from legitimate emails or the company's website.

Sometimes, if the phishing email is not sophisticated, you might notice slight grammar or spelling mistakes.

Other times, the phishing is sophisticated and the message you get looks like it from the legitimate source in every way.

That makes it really tough to know if a given email is legitimate or not.

And the link you clicking will actually appear to be legitimate, taking you to a site that also looks just like the one you might be expecting.

Often the only clue is the URL (web address) isn't "quite" right. For instance, the web address you are expecting is www.example.com and the actual link is to a web address like www.example.co or www.example.com.ag.

Another common ruse is to show the legitimate web address like www.example.com, but the hyperlink actually is a different web address, taking advantage HTML's ability to have any text link to another place [like this link](#) (which will take you to www.example.com).

Plus the email will appear to come from the legitimate source, taking advantage of the SMTP "flaw" of being able to spoof, or forge, email headers, which include the from address. Often this forging is so sophisticated that you can only see the real sender's identification if you can see the entire email header records, which most email programs hide.

So how to you avoid getting hooked?

The best defense is a healthy dose of

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2011-2012 President Stacy Thomas, Jackson MEET THE CANDIDATES

Vice President/President-Elect



Lee Adams, Jackson: Lee began his career in the Jackson office of Arthur Andersen and later joined the staff of Haddox Reid Burkes & Calhoun PLLC where he was admitted as a member in 2003. While at HRBC, Lee specialized in assurance and advisory services in the areas of oil and gas, manufacturing, investments, and employee benefit plans. After more than 20 years in public accounting, Lee recently accepted a position with Ergon, Inc. in Flowood. Lee earned his degree in accounting from Mississippi State University. Lee currently serves on the MSCPA's Long Range Planning and Accounting and Auditing committees. He is past-president of the MSCPA's Central Chapter and has served as a member of the Board of Governors and as Treasurer of the Society. Lee has chaired the MSCPA's Accounting and Auditing and Public Service Award committees and was a member of the Building Committee. Lee is currently completing a two-year term as president of the Petroleum Accounting Society of Mississippi. Lee, Pamela and their daughter, Hannah, make their home in the Flowood area. They are active members of Colonial Heights Baptist Church where Lee currently serves as a high school lifegroup teacher. He is also past chairman of the Church's deacons, Finance Committee and Personnel Committee.



Dr. Mark Wilder, Oxford, is Dean and KPMG Professor in the Patterson School of Accountancy at The University of Mississippi. His educational background includes a bachelor's degree from The University of Alabama, an MBA from the University of South Alabama, and a PhD in Accounting from Florida State University. Mark has been on the faculty at Ole Miss since 1993. His expertise is in financial accounting and he continues to teach the two intermediate courses as well as a doctoral seminar in financial accounting. Mark has been instrumental in the development of the School of Accountancy's highly successful internship program. He has been active in the Mississippi Society of CPAs for more than a decade, previously serving as president of the Northeast Chapter, as state-wide Treasurer, an appointment on the Board of Governors, and as chair of the Awards, Education, and Scholarships Committee. Mark has received several honors and awards over the past few years. He has received the top two campus-wide faculty awards at Ole Miss including the Faculty Achievement Award in 2004 and the The Elsie M. Hood Outstanding Teacher Award in 2005. In 2006, Mark was the University of Mississippi HEADWAE Faculty Honoree, and was also honored as the MSCPA Outstanding Educator for 2006. He is also a two-time winner of both of the Patterson School's top faculty awards (the Outstanding Teacher Award and the Outstanding Researcher Award). On a personal note, Mark was an All-American and ALL-SEC tennis performer at the collegiate level and attained an ATP World Ranking of #298 in 1987. He was inducted into the Alabama Tennis Hall of Fame in 2004.

Treasurer



Richard D. "Ricky" Bullock, Tupelo: Ricky is a Manager with Nail McKinney Professional Association in Tupelo. With thirteen years of auditing and public accounting experience, Ricky primarily focuses on the areas of federal and state taxation, construction, manufacturing, healthcare and employee benefit plans. He also serves as the firm's QuickBooks Certified Pro-Advisor. Ricky graduated from the

University of Mississippi with a Bachelor of Accountancy and a Master of Taxation. He is very active in the profession. Ricky has served as President of the Northeast Chapter of MSCPA, as a member of the MSCPA Long Range Planning Committee and is currently serving his second year on the MSCPA Board of Governors. As an active member of Tuscumbia Baptist Church in Booneville, Ricky has served as a Sunday School Teacher and is currently the Assistant Treasurer and member of the Budget Committee. He and his wife, Carrie, have one daughter, Jill.



William A. "Billy" Morehead, Cleveland: Billy has 27 years of government financial management experience in the state of Mississippi. He has been at Delta State University (DSU) in Cleveland, MS since the fall of 2000 and became the Chair of Accountancy, Computer Information Systems, and Finance and Associate Professor of Accountancy in 2007. Billy has served DSU in other roles including Vice President for Finance and Administration and Interim Dean of the College of Business. Prior to his work at Delta State, Billy worked for the Mississippi Department of Mental Health (DMH) for 10 years as the CFO of two state hospital facilities. Before DMH, Billy worked with each the MS Department of Finance and Administration and the MS State Auditor's Office early in his state government career. After 27 years of state government service, Billy is retiring effective June 30, 2011 to join the faculty at Mississippi College as an Associate Professor of Accountancy in the fall of 2011. Billy has been extremely involved in the Association of Government Accountants (AGA). He served as the 60th National President in 2009-2010; he has also served as Senior VP for Regional Services, National Treasurer, Regional VP for the South Central Region, President of the Jackson Chapter as well as having served as Chair of the

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Secretary



Donna Bruce, Jackson. Donna is a partner with BKD, LLP in Jackson. She was previously a Member with Johnson, Bruce & Host, PLLC and a Tax Managing Director with KPMG LLP. Donna primarily practices in the area of personal financial planning serving individuals, family groups, and closely-held business clients. She also works extensively with tax exempt organizations.

Donna is a graduate of Mississippi State

University and currently serves on the MSCPA Non-Profit committee. She is a past president of the Estate Planning Council of Mississippi and past chairman of the Mississippi Tax Institute. She is a graduate of Leadership Mississippi and has been recognized as one of the "Top 40 Under 40" and one of the Mississippi's "50 Leading Business Women" by the Mississippi Business Journal. Donna is active in the Junior League of Jackson having previously served on the board of directors and currently serves on the board of directors for the Mississippi Children's Museum. Donna and her husband, Clark, live in Madison.



Vera M. Reed, Lucedale: Vera is a partner at HORNE LLP in the firm's franchise services division. With twenty years of comprehensive experience in services for franchises, she provides tax and consulting services to franchise owners and operators. She specializes in business consultation, tax planning and preparation, and financial statement analyses. Vera is a graduate of the University of South Alabama and currently

serves on the Long Range Planning Committee of the MSCPA. She serves on the Gift Planning Counsel for the University of South Alabama and on the Accounting Advisory Board for University of South Alabama. In the community, Vera is an active member of Macedonia Missionary Baptist Church. Vera and her husband Albert have a son, Corey, age 18.

At-Large Board Member



Chuck Caldwell, Natchez: Chuck is a partner in the firm of Silas Simmons, LLP, in Natchez. He is a 1976 graduate of the University of Mississippi. Chuck is currently serving as managing partner of his firm and practices primarily in the areas of tax and advising businesses and individuals. He has served as Treasurer and Past President of the MSCPA, and chaired several committees and task groups. He has also served as a trustee of

the Mississippi Tax Institute and as a member of the AICPA Council. Locally, Chuck has served as both President and Treasurer of the Natchez Rotary Club, President of the Historic Natchez Foundation, and is currently serving as Treasurer of the Natchez-Adams County Chamber of Commerce. Chuck and his wife, Julie, are active members of Jefferson Street United Methodist Church and they are the parents of two children, Kristin and Charles.



Linda Keng, Jackson: Linda Bounds Keng is a shareholder with Watkins Ludlam Winter & Stennis, P.A., in Jackson, Mississippi. Her practice is concentrated in the areas of ERISA and employee benefits, deferred compensation, estate planning and probate and federal taxation. Linda is a native of Hattiesburg and attended the University of Southern Mississippi where she majored in accounting and received a B.S.B.A., with

honors. She received her JD with special distinction from Mississippi College School of Law and her LL.M. in taxation, cum laude, from the University of Florida. Active in various business and professional groups, Linda is a member of the American Bar Association, the Mississippi State Bar and the Hinds County Bar Association, the AICPA, the Mississippi Society of Certified Public Accountants, the Mississippi Chapter of the Financial Planning Association, and the Mississippi Estate Planning Council. She is an alumni member of the IRS Gulf Coast Area TE/GE Council and is a past member of the Board of Trustees of the Mississippi Tax Institute. She has formerly served as President and Treasurer of the MSCPA. Linda is currently serving a three-year term on the Board of Directors of the University of Southern Mississippi Foundation and is a member of the Executive Committee, as chairperson of the Planned Giving Committee. Linda is a member of the Jackson Chamber of Commerce and is also a member of St. Philip's Episcopal Church in Jackson where she serves on the Finance Committee.

TREASURER CANDIDATE: MOREHEAD

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International Development Committee and as a member of the Professional Ethics Board. Billy has received several awards from AGA including the National Educator Award in 2007 and Presidential Awards in 1998 and 2007. Billy is a member of the Delta Chapter of CPAs, the American Institute of CPAs, and numerous other professional and civic organizations. Billy graduated with a Bachelor of Business degree in Accounting from Delta State University, a Master degree in Accountancy from Millsaps College and a Ph.D. in International Development from the University of Southern Mississippi. Billy is also a Certified Governmental Financial Manager and Certified Public Manager.

AICPA and Chartered Institute of Management Accountants Agree to Offer New CGMA Designation

The governing bodies of the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, headquartered in London, on May 23 agreed on creation of a new professional designation, the Chartered Global Management Accountant, that will be a worldwide standard of professional excellence in management accounting.

With approval now given by the AICPA and CIMA's councils, the two accounting bodies will create the new CGMA designation to give management accountancy a higher profile in the United States and promote the professional development of management accountants across the globe. Backing the new CGMA designation will be an AICPA-CIMA joint venture with international resources and experience in management accounting and business.

"This is truly an historic moment for management accounting and the accounting profession worldwide," AICPA Chairman Paul Stahlin said. "Our joint venture with CIMA creates long-term strategic value for our

members and literally opens up the world for U.S. CPAs in management accounting."

CIMA President George Glass said: "We are delighted that management accountancy is to be given a strong new global impetus by this joint venture. This advances our strategic aims and will ensure management accountants, committed to strict ethical standards, will receive world-class support in a fast-globalizing world."

CIMA is the largest professional body in the world focused exclusively on management accounting and the AICPA is the world's largest professional accounting organization with members in a wide range of accounting and financial executive roles. Together, the new venture will cover more than 550,000 members and students worldwide.

The new AICPA and CIMA joint venture will promote and establish the CGMA as the preeminent, globally recognized management accounting designation. The joint venture will combine the strength of the AICPA in North America with CIMA's presence in Europe, the Middle East, Africa, Asia and elsewhere.

CIMA Chief Executive Charles Tilley said: "The new CGMA will be recognized throughout the world as the gold-standard designation for management accountants who play a vital role in building sustainable business value. The joint venture will raise the profile of the profession and be a passport for careers throughout the world."

"Economic globalization is a reality for all businesses now and in the future and so it's critical that we have a universally accepted standard of excellence for management accounting," said AICPA President and CEO Barry Melancon. "Combining that commitment to excellence with ethics and integrity, the CGMA will help produce and recognize top management accounting professionals worldwide."

It is proposed that the new CGMA designation will be issued to members early in 2012. AICPA voting members with at least three years working in management accounting or a financial management role would qualify for an accelerated route to

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Mississippi Society of Certified Public Accountants

INCORPORATED UNDER THE LAWS OF THE STATE OF MISSISSIPPI

NOTICE OF ANNUAL MEETING

To: Members, Mississippi Society of Certified Public Accountants

In accordance with the Bylaws, the members are hereby notified of the annual meeting of the Mississippi Society of Certified Public Accountants to be held at the Sandestin Resort, Destin, Florida, on Thursday, Friday, Saturday and Sunday, June 23-26, 2011.

The Annual Business Meeting will convene on Saturday, June 25, 2011 at 9:00 a.m. The election of officers, reports from officers, and other business will be conducted at this time. Candidates for office with biographical data are included in this Newsletter.

A special program has been designed to interest all members, their spouses, children and guests.

Sim Mosby
President

AICPA Releases Latest "Trends" Report

The AICPA's 2011 *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* (or "Trends") survey report continues the Institute's long-standing commitment to providing CPA firms; business, industry and government organizations; state CPA societies; educational institutions; and other interested parties with the latest information, insights and developments in the supply of and demand for accounting students nationwide at the undergraduate and graduate levels.

The 2011 edition of the survey for the 2009-10 academic year shares the opinions and experiences of CPA firm human resource officers, accounting professors and college admissions officials on the industry's most pressing staffing issues. The survey focused on BA and MA degree program enrollment levels, graduation statistics, growth of degree specialties, demographic changes and recruitment trends and forecasts.

Hiring Levels Show Signs of a Rebound

In-demand Degrees

Despite a still unsteady economy and its repercussions on job seekers, accounting

graduates have genuine reason to be optimistic. Hiring across all segments has increased since the 2009 survey, with the hiring of BAs and MAs increasing from 25,488 to 33,321 – the second highest level since the survey was launched 40 years ago.

There were also strong increases in the hiring of MA graduates, reflecting the degree's rising prominence. The number of MA hires rose from 26 percent to 37 percent, with the strongest demand for graduates with a Master's of Accountancy. Hires of graduates with that degree rose from 75 percent to 82 percent.

Although there was a decrease in the hiring of graduates with a Master's of Taxation from 13 percent to 6 percent, the decrease was primarily driven by an increase in the hiring of graduates with a Master's of Accountancy. However, the outlook for BA graduates is less optimistic, as their hiring percentage fell from 56 percent to 43 percent.

Service Area Shifts

The past few years have ushered in dramatic changes for both accounting graduates and employers alike, and the types of services that are most in demand is no exception.

Since the survey was last conducted in 2009, the largest change in services was an increase in hiring for "Other" roles (outside of taxation, accounting/auditing and MIS), or most likely consulting services, which grew from 3 percent to 16 percent. In contrast, there was a measurable decrease in hiring for taxation, which fell 10 percentage points from 35 percent to 25 percent.

Projected Outlook

Looking ahead, there is a clear indication that a rebound from challenging economic times is well underway. The survey shows that nearly 90 percent of all firms expect to hire the same or more new accounting graduates in 2011 than they did in 2010, with 71 percent of the largest firms anticipating an increase in hiring in 2011 as compared with 2010.

Key Academic Areas Make the Grade

Enrollments

Despite the emergence of a wide range of new degree programs at colleges and universities across the country, and waning interest in a number of once highly desirable

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- USDA business and industry loan program



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AICPA TRENDS

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programs, survey responses reveal robust enrollment increases at both the BA and MA accounting degree levels. In fact, combined enrollments reached more than 225,000 – the highest level since the first survey was conducted in 1971. The Master's of Accountancy led all other degrees in terms of growth in enrollment by increasing an impressive 30 percent since the survey was last published in 2009.

Looking ahead, estimates for future enrollments are fairly unpredictable; however, survey participants are generally positive. Fifty-nine percent of academic institutions predict increases in enrollments for an MBA in Accounting and 76 percent predict increases in enrollments for a Master's in Taxation.

As colleges and universities are experiencing wide-scale increases in their accounting program enrollment, capacity constraints remain a top challenge. Thirteen percent of Association to Advance Collegiate Schools of Business (AACSB)-accredited business programs each rejected an average of 165 qualified students due to capacity issues, up from 134 candidates in 2009 (a 6 percent increase). This increase is most likely caused

by the economic conditions educational institutions currently face. It is also likely caused by the shortage of academically qualified accounting professors, which is a problem that the AICPA Foundation – devoted to advancing the science of accountancy and accounting education – is helping to resolve through its Accounting Doctoral Scholars Program (www.adsphd.org). The program provides funding to help CPAs with recent public accounting experience in auditing and tax obtain their doctorates.

Graduates

The record-setting results for student enrollments is further bolstered by the impressive number of combined BA and MA students who graduated, which rose by 3.3 percent to 68,639 since the 2009 survey. Similar to enrollments, this number represents an all-time high since the survey was first conducted.

BA degrees showed the most impressive growth at 4.2 percent to 51,036 graduates. The MA degrees experienced a more modest increase – 0.6 percent to 17,603. Interestingly, the overwhelming majority of accounting professionals (approximately 65 percent) graduated from public universities.

NEW CGMA DESIGNATIONS

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obtaining the new designation. CIMA members, all of whom hold either an ACMA or FCMA, will be entitled to use the letters ACMA CGMA or FCMA CGMA if they wish to.

Those holding the new designation will commit to a program of developing and maintaining competency in management accounting as well as leadership and strategy. This knowledge base will be derived from an expert-panel assessment of skills and competencies needed to succeed in various career paths in management accounting.

The new CGMA will be issued by the AICPA and CIMA through a license with the joint venture, with membership remaining with the existing organizations.

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COSO, SOX, SAS No. 99, and Are We Any Better Off?

By Charles P. Rafferty, CPA, CFE, CVA, ABV, CFF, GranthamPoole CPAs

Modern awareness of occupational fraud has its inception with the formation of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1985. Occupational fraud can be defined as *the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organizations resources or assets*. This definition includes asset misappropriation schemes, corruption, and financial statement frauds. In response to a spate of high-profile financial statement frauds including Enron, WorldCom, and Tyco, the Sarbanes-Oxley Act of 2002 ("SOX"), alternatively known as the Public Company Accounting Reform and Investor Protection Act, was signed into law. Although not in response to these frauds, the Auditing Standards Board issued Statement on Auditing Standards No. 99 ("SAS 99"), *Consideration of Fraud in a Financial Statement Audit*, in 2002. While one would like to believe that the heightened awareness of occupational fraud, the enactment of SOX, and the implementation of SAS 99 would deter financial statement frauds, the evidence indicates that it just is not so.

In 1992, COSO released its initial report, *Internal Control—An Integrated Framework*. This project assimilated various concepts regarding internal control into one document. It remains a starting point for designing and assessing effective systems of internal control. SOX and SAS 99 build on the concepts contained in the COSO report to focus attention on the prevention and detection of fraud. SOX puts the burden of accountability for financial statement fraud on the boards of directors and management of publicly-traded companies. SAS 99 expanded the scope of procedures and emphasized the assessment of fraud risk as part of a financial statement audit. Specifically, SAS 99 highlighted the risk of management overriding internal controls while perpetrating frauds.

Several studies have been performed over the last fifteen years relating to occupational fraud in general and financial statement fraud in specific. These studies shed light on whether progress is being made to curtail financial statement fraud. COSO issued two studies, *Fraudulent Financial Reporting 1987-1997* and *Fraudulent Financial Reporting 1998-2007*. These studies examine publicly-held companies. Since 1996, The Association of Certified Fraud Examiners ("ACFE") has presented a biennial *Report to the Nations on Occupational Fraud and Abuse*. These reports include frauds at publicly-held companies,

privately-held companies, non-profit organizations, and governmental entities. Finally, COSO issued two reports in 2010 on enterprise risk management ("ERM"), *Board Risk Oversight—A Progress Report* and *COSO's 2010 Report on ERM*. ERM includes all business risks, not just occupational fraud. These ERM studies include publicly-held companies

Salient observations from COSO's *Fraudulent Financial Reporting 1998-2007*, include the following:

- There were 347 alleged cases of fraudulent financial reporting, versus 294 from COSO's previous study.
- The median loss increased from \$4.1 million in the first study to \$12.1 million more recently.
- The Securities Exchange Commission named the chief executive officer and/or the chief financial officer for involvement in 89% of the frauds (as compared to 83% in the earlier study).
- There was little difference in the composition and character of the boards of directors for victim companies versus non-victim companies.
- Companies with fraudulent financial statements were twice as likely as companies with reliable financial statements to change external auditors before or during the fraud.

Significant findings on financial statement fraud from ACFE's *2010 Report to the Nations* are as follows:

- Median loss for companies in the United States is \$1.7 million.
- The median duration for the frauds is 27 months.

According to the *2010 Report to the Nations*, fewer than 5% of all frauds are initially detected by external audit.

Furthermore, survey respondents estimated that the typical business enterprise loses 5% of its annual revenue to fraud. Applied to Gross World Product, fraud potentially causes losses in excess of \$2.9 trillion.

Key findings from COSO's *Board Risk Oversight—A Progress Report* are as follow:

- 47% of the directors noted that improvement is necessary in their ERM.
- 87% of the directors believe that improvement is necessary specifically in the monitoring of the risk management process.
- 86% of directors indicated that their ERM is inadequately resourced.

Observations from *COSO's 2010 Report on ERM* include the following:

- 72% of executives responded that improvement in ERM was needed.
- Over half of the organizations have not established a board subcommittee to oversee ERM.
- 60% of the organizations performed ERM on an informal or ad hoc basis in specific areas with no ERM applied company-wide.

Considered in the aggregate, the results of these surveys should be alarming. Financial statement fraud is up in the last decade versus the preceding decade. Top executives are involved in almost 90% of financial statement frauds. The typical financial statement fraud occurs for over two years before detection. Fewer than 5% of occupational frauds are discovered by external auditors. Less than half of publicly-traded companies have board subcommittees assigned to risk management. A majority of executives believe that improvement is required in ERM and that inadequate resources have been designated for the process. SAS 99's emphasis on management override has not resulted in effective detection of financial statement frauds perpetrated by high-level executives. SOX's mandate to make executives and directors responsible for the prevention of financial statement fraud has not succeeded. Senior executives are the primary perpetrators and directors have not developed reliable risk management systems.

The results of these surveys point up the expectation gap that auditors face. Owners and third party users of financial statements generally expect the auditor to detect all fraud. Auditors need to bring healthy doses of professional skepticism to their work. In addition, they need to focus on fraud risks and specifically investigate those areas that benefit executives (e.g., incentive compensation plans and debt covenants). Rigorous analytic review procedures that tie income statement and balance sheet accounts together should be designed. Finally, if earnings don't translate into cash flow to equity, further investigation is warranted. Almost a decade after SOX and SAS 99, we expected to see improvement in fraud detection and prevention. For now, we appear to be no better than we were before Enron and WorldCom.

TECH BIT 82

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paranoia, especially when it comes to emails and Facebook posts.

After clicking on a link that supposed to have shown me additional Facebook analytics that installed an app I still can't uninstall, I now pretty much ignore any wall posts on my profile, or any friends' profile, that might be interesting. If a post sounds really interesting, I'll use Google to find the legitimate URL for what's being offered.

Similarly, I never, ever click on any link in an email that might be from any institution that I might have an account with. I'll manually type the web address into my web browser. More and more legitimate emails from financial institutions, etc. don't include a link, but direct you to manually go to their website using the main web address.

And beware of emails purporting to be from a company you don't do business with. What prompted this article was an email from a domain registrar about my domain renewal. The problem was all my domains are registered with one company, and it wasn't the company that sent the email in question. Had I clicked on the link and "renewed" my domain, I would have been actually starting a

transfer to the new company and you can bet it wouldn't have been at the great rate I get on domain registrations. And I might end up finding I don't even own my domain any more, if I had authorized the transfer I might not have noticed the domain owner also was changing.

If you accidentally follow a link you shouldn't have, and gave some information you shouldn't have, the first thing you should do is log on to the legitimate website and change your password. While you are there, check to see if the phishing has already accessed your account. Of course, if they have changed your password before you got there, get on the phone right away! Even if all you can accomplish right away is to get your account locked while they sort it out, at least you are minimizing future damage.

And go to any other websites where you might have used the same password and change the password for all those sites. Most people use the same password over and over, and these identity thieves know that. In fact, the account that was compromised might not be their real target. I know better and have to admit that I have a more limited selection of passwords I use. I have been a whole lot better than I have been in the past, but I still have a lot of accounts with shared passwords.

The bottom line is the bad guys are trying harder, and far more often, to steal valuable information from you. You have to be ever vigilant.

Gregg Marshall, CPMR, CSP, is a speaker, author and consultant. He can be reached by e-mail at gmarshall@repconnection.com, or visit his website at <http://www.repconnection.com>.

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The 2012 Multi-state CPE & Ski Conference supported by twenty-one state CPA societies is pleased to bring you the very best CPE & Ski Conference at the number one snow ski resort in the United States - Vail, Colorado. The Conference features six 4-hour sessions on a wide variety of today's most popular CPE topics. The instructors rank among the top CPE instructors in the United States. To receive an information packet containing detailed course descriptions, instructor biographies, full color brochures of the facilities, and information about Vail, please call K2 Enterprises at (888) 542-9390. Or you may register by faxing the registration form below to the Colorado Society at (303) 773-6344 or mail the form to the Colorado Society of CPAs, 7979 Tufts Avenue, Suite 500, Denver, CO 80237-2843.

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<input type="checkbox"/>	Tech Update	1/11/12	7:30am - 11:00am	4 hours of CPE	\$80.00
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