

Once again, it is that time of year when leaves change color, music fills the air, and our thoughts turn to fellowship and our gathering at the annual meeting of the Institute. Four decades have passed since the founding of the American Institute of Decision Sciences, re-named the Decision Sciences Institute, in 1986. As we do at the end of each decade, we shall meet during the season of Thanksgiving in New Orleans, the city of music, art, culture, and fine cuisine, where the 100 charter members met for the very first meeting.

The Institute's Board of Directors has been busy developing new initiatives and services to enhance the value of your membership. These include development of new Special Interest Groups, a new chapter for the European Region, and a new journal. In his letter, DSI President Ram Narasimhan of Michigan State University provides an update on these activities. You will find it most informative. As usual, the members of the Board and our president will be delighted to hear your comments and suggestions.

In the feature article of this issue, Douglas Hales and Shaw Chen of the University of Rhode Island describe the challenges of partnership between business schools and industry as experienced by their College of Business Administration. They discuss 10 specific challenges confronting them and how these were managed: "University faculty and administrators facing similar challenges have a daunting task of overcoming elements of academic tradition, scarce resources, accreditation boards, industry and parental expectations, administrative checks and balances, and of course student expectations in incorporating "industry relevance" into the curriculum."

In the Production/Operations Management feature column, Mikko Ketokivi of Helsinki University of Technology discusses the dilemma of incorporating the "human element" into operations management research. He states, "For the behavioral theorist, giving up rationality

constitutes a fundamental theoretical challenge, which is not solved by adding an error term to the model....Yet, leaving out any one factor may fundamentally hamper one's understanding of the decision. Hence, the dilemma." The essay discusses specific guidelines for "an emerging OM behavioral theorist."

Arash Azadegan and Lisa McLain-Sharp of New Mexico State University offer thoughts on "Enhancing Course Delivery in Operations Management: Integrating Web Technology and Face-to-Face Learning" in the Classroom feature column. In their search for the "right blend of technology and interpersonal teaching," they explore "how some tools traditionally associated with face-to-face or web-based deliveries can be combined to enhance course delivery...." They believe that "when merged properly, the two can provide a winning recipe for delivering courses in Operations Management."

Unlike traditional websites that allow users to only view and receive content, Web 2.0 facilitates users to add to the website by creating and sharing content as well. J. P. Shim of Mississippi State University, Kyung-Mo Ahn of Korea Culture & Content Agency and Kyung Hee University, and Juyeon Kim of International Tourism Strategy Institute and Kyung Hee University discuss the trends and differences of perception among Web 2.0 users. In the e-Commerce feature column, they explore lessons gleaned from their study for future use of Web 2.0. They point to the necessity of "multi-dimensional research to grasp Web 2.0 usage trends and to consider users' psychological factors such as lifestyles and values."

Jean Harris of Pennsylvania State University at Harrisburg and Gary Cunningham of Sweden's Jönköping International Business School observe that with the adoption of commercial models for their operation, "universities face an array of governance issues."

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Does the external auditor report to the audit committee including reporting about disputes with administrators, audit adjustments, and weaknesses in internal control?

Does the internal auditor report to the audit committee?

Does the audit committee approve any permissible non-audit services performed by the auditor of financial statements?

May the audit committee engage independent counsel and other advisors? How is independent counsel defined?

Is the audit committee funded for the payment of independent counsel and advice?

Does the audit committee get a representation letter from chief legal counsel, internal counsel, and external counsel, of material violations of law, breaches of fiduciary duty?

Does the audit committee have a procedure for receipt of confidential and anonymous complaints regarding accounting, internal accounting controls, and auditing matters?

Does the audit committee have a procedure for retention and treatment of complaints?

Does the audit committee have a procedure that protects informants and provides for the absence of retaliation against them?

Financial Statements and Tax Returns

Financial statements are fundamental to financial accountability. For public companies, financial statements are certified by the chief executive officer (CEO) and by the chief financial officer (CFO), off-balance sheet transactions are disclosed in financial statements, changes in financial condition and in operations are promptly disclosed to public, and tax returns are signed by CEO. The reason for certification is to confirm that it is a core responsibility for senior officers to be informed. Stakeholders will expect universities to adopt similar practices and for its senior officers to provide similar certifications.

Are the financial statements certified by senior administrators of the university?

What representations are made in certification, and who signs certification?

What processes exist to ensure senior administrators are informed with respect to financial statements?

What organizations establish applicable accounting standards?

Are off-balance sheet transactions disclosed in notes to financial statements?

Are all material changes in financial condition or operations promptly and publicly disclosed in plain English including as appropriate trends, qualitative information and graphics presentations?

If the university files federal income tax returns, who signs the tax returns?

Internal Control

Having strong internal control is essential to the creditability of reporting. If the internal controls are extremely lax, an auditor may not be able to render an opinion on financial statements and users may not be able to rely on the financial statements. Universities engage in many forms of reporting to account for disbursement from grants, the validity of degrees granted, adherence to accreditation standards, etc. In all cases the creditability of reporting depends on whether or not the validity of internal controls is sufficient to ensure the integrity of the supporting information system. The auditor must evaluate the internal controls that may affect financial reporting.

Questions

In the annual report, does the administration state its responsibility for internal control and assess effectiveness of internal control structures and procedures pertaining to financial reporting?

Does the audit opinion separately address the effectiveness of the internal control structures and procedures pertaining to financial reporting?

Are financial statements available on public website?

In what way do internal controls extend beyond financial statement reporting and how are these controls documented and evaluated?

Conclusion

It is unlikely that university governing boards will escape demands for the adoption of good governance practices. Some universities will follow a path of resisting these demands while other universities will seek to become leaders in establishing good practices of governance. One motivation for the leaders is that universities that succeed in implementing models of good governance will enhance their reputation for operating with accountability, transparency and integrity. And the likely benefit of an enhanced reputation is an improved ability to sustain existing resources and attract new resources. Whether required by regulation or by expectation, it is likely that good practices will move from being an option to being a necessity. Now is the time for the governing boards that want to establish leadership to begin to create model structures that will serve as guiding examples of good governance. ■

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They issue a call to the governing boards of universities in the Deans' Perspective feature column to pay heed to SOX and promote practice of good governance. They go on to offer clear suggestions in the mode of a checklist to aid university administrators. "Whether required by regulation or by expectation, it is likely that good practices will move from being an option to being a necessity."

We hope that this issue will be useful in helping you get the most out of the upcoming annual meeting. We look forward to seeing you in New Orleans. As always, we urge you to share with your colleagues your views on topics of your interest. Please send us essays, suggestions, and letters. We look forward to hearing from you. Happy reading! ■

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