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IMPERATIVE ISSUES PERTAINING TO THE ACCOUNTING WORLD

by

Tessa Willow Crosby

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

Oxford, Mississippi

May 2024

Approved by



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Thank you for Dr. Dickinson for being my advisor on this endeavor. Not only are you my thesis advisor, but you are also my role model.

ABSTRACT

Imperative Issues Pertaining to the Accounting World

This paper focuses on current issues surrounding the accounting industry. The company called 3D System's Corporation is used to point out different issues in accounting. These issues include carbon sequestration, tax cuts, and liabilities to shareholders. By diving into the world of accounting, this paper peels back the curtain to show how corporations operate financially.

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3D Systems Corporation
Operational Risk Assessment

14 September 2022

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This week, our group conducted an operational risk assessment on 3D Systems Corporation, a 3D printing manufacturer. Before conducting the assessment, it was imperative that we thoroughly researched this corporation and acquired a substantial understanding of its operations and organizational structure. To do this, we utilized several search engines, news articles, financial statements, and scholarly journals. Through our findings, we were able to identify from many different business sizes, of all the customers 3D Systems' growth and potential weaknesses. To conduct the operational risk assessment, we paid the greatest attention to factors such as inflation, interest rates, energy prices, the supply chain, political climate, and global unrest.

Through this assessment, we learned how to sharpen our research skills and diversify the sources we might find. We also gained a better understanding of what the job of an auditor might be in a situation such as this. 3D Systems is appearing to do poorly in the last two quarters, and it is difficult to pinpoint one specific cause for this decline. There were many points of interest in our assessment, most notably how global factors and the supply chain have affected revenues for the company in the past few years.

The war in Russia as well as COVID in China have severely hurt demand for 3D Systems overseas. Coupled with unfavorable foreign exchange rates, 3D Systems is struggling with their international market. The supply chain issues that have been felt across the world since 2020 have also taken their toll on the company. Limiting the number of its suppliers and wholesalers, 3D Systems has placed itself at risk of being heavily impacted should one supplier fall victim to supply chain issues.

These combined factors have placed 3D Systems in a precarious state financially as evidenced by its severely volatile stock price. Currently, there is little faith that they will be able to adequately recover from the issues that they face.

Organizational Structure

3D Systems Corporation was founded in Valencia, CA in 1986 under the leadership of Charles W. Hull who first founded and later acquired the patent for 3D printing (“3D Systems Corporation”). Currently, they are a centralized company with its headquarters located in Rock Hill, SC since moving in 2005 printing. They also have many other locations, with those globally in Morfelden-Walldorf, Germany; Pinerolo, Italy; Budel, Netherlands; Marly, Switzerland; and Hemel Hempstead, United Kingdom. 3D Systems' key executive team includes, but is not limited to, President and CEO Jeffrey A. Graves, co-founder and executive vice president Charles W. Hull, chief legal officer and executive vice president Andrew M. Johnson, and interim CFO Wayne Pensky. The executive team is a critical part of the structure of the company that helps to facilitate their services toward their main two industries of interest: healthcare and industrial products. Within healthcare, their services range from dental printing, medical devices, and bioprinting. Their industrial products range from aerospace and defense, automotive, jewelry, motorsports, semiconductors, and turbomachinery. Along with their many different products, 3D Systems also sells to many different companies with many different backgrounds. 3D Systems customers range from many different business sizes, as twenty-nine percent are small (less than fifty employees), thirty-four percent are medium-sized, and thirty-three percent are large (over one thousand employees). Some of their customers include universities such as Maryland and Florida, as well as Polaris, NASA, and the U.S. Air Force printing (“3D Systems Corporation”).

Subsidiaries

3D Systems Corporation is a three-dimensional printing company that has grown to be one of the leaders in its field. Along with 3D Systems Corporation, there are other companies that 3D System Corporation owns which have helped put them on top such as Geomagic.

Geomagic is the computer-aided design program that is used by the 3D Systems Organization, and it10-K was founded in 1996 and was acquired by 3D Systems Corporation in 2013 (Sertoglu, Kubi, et al). Geomagic has helped set 3D Systems Corporation apart from other 3D printing companies, and they have become the standard for Computer Aided Design Companies. In May of 2020 3D Systems Corporation released information that they were launching the latest software made by Geomagic (Sertoglu, Kubi, et al). Within the press release, executive Vice President Radhika Krishnan claimed that the new features will, "be able to achieve unmatched speed and accuracy," of the products that they will be making with their 3D printers (Sertoglu, Kubi, et al). Along with the acquisition of Geomagic in 2013, 3D Systems Corporation has recently added Oqton to its list. In September of 2021, 3D Systems Corporation announced that they were going to possess Oqton, which is a leader in a new wave of Cloud Based Operating System platforms. 3D Systems stresses the growth and improvement of additive manufacturing solutions, which is the scientific term for 3D printing, and adding Oqton's information-based systems and top-of-the-line technology will cause 3D Systems to have further improvements in the Aerospace and Defense, Automotive, and Health Care industries as well as be a founding father in the beginning stages of bioprinting and regenerative medicine bioprinting (Sertoglu, Kubi, et al). Along with Oqton, 3D Systems Corporation has recently bought DP Polar, Volumetric Biotechnologies, Allevi Inc, Kumovis, and Titan Robotics. Through this ongoing expansion, 3D Systems Corporation seems to be turning its focus toward industrial and health industries with a focus on the future of 3D printing: bioprinting. 3D Corporations has teamed up with Airbus in the Aerospace Defense industry to create the first reconfigurable satellite, Robin Cars who used 3D printing to create titanium gearboxes, Ignite Orthopedics to continue their work in the healthcare industry, and the Massachusetts Institute of Technology to help further research within bioprinting

(Sertoglu, Kubi, et al).

Bioprinting is the future of 3D printing, and the acquisition of Avelli Inc. has put 3D Systems Corporation in the driver's seat towards the future of manufacturing within science. Avelli Inc desktops are "the most versatile, powerful, and easy-to-use bioprinters on the market" (Sertoglu, Kubi, et al). Other companies have started to swarm towards the same idea that drives 3D Systems Corporation, which is being a leader in a new industry that has the potential to be a world-changing discovery. But that is where the similarities end. 3D Systems Corporation has acquired many companies that not only have experience in the fields of 3D printing and medical manufacturing, but they have joined with companies that have the tools needed to become a very valuable asset.

The Impact of Inflation

Inflation has been a negative influence on this company this current year. The 3D printing industry has been suffering from rising costs for their direct materials (Goulding, Charles). This has been spiking the overall costs of their products, thus creating a financial burden for their customers. More specifically, 3D Systems Corporation has noticed a recent drop in dental and elective surgeries that they provide the machines for ("First Quarter 2022 Financial Results"). This might be because elective and dental surgeries are typically the first things to be cut when the economy is not doing well, as it is not a direct necessity to live. Also, the extreme rise of inflation in the United States has heavily impacted the exchange rate for the currency, thus negatively affecting overseas productions in Europe and the Asia-Pacific region ("First Quarter 2022 Financial Results"). If the United States dollar continues to rise, it will damage 3D Systems Corporation to a point where it might not be able to bounce back easily. Inflation can negatively impact the corporation's income statement and balance sheet long-

term if it is not fixed soon.

The Effect of Interest Rates

The interest rate and overall market price of the company's stock do not paint the company in any better lighting. If anything, looking at the stock shows the high risk with this corporation. In one of the most recent 10-K published by the company, they directly admit that the "common stock price has been and may continue to be volatile" ("Form 10-K"). This report continues to show that between January 1, 2020, and December 31, 2021, the market price of their common stock "has ranged from a low of \$4.60 per share to a high of \$56.50 per share" ("Form 10-K"). This is an extreme range in price and highlights the lack of stability that 3D Systems hold within the market. This volatility is not likely to lessen as interest rates continue to increase. So far in 2022, the Federal Reserve has increased interest rates by two hundred points or two percent. There is also an increased chance of a further rise in September of another three-quarters of a percentage point. These increases have negatively impacted the stock prices of many corporations, and there is no reason to believe that 3D Systems will be any different. Within one year, 3D Systems stock (DDD) has decreased from \$22.12 to \$9.58 as of September 7th. Investors are beginning to voice their concerns regarding the decreasing price and increasing volatility earning 3D Systems a VGM score of "F" and a Zack's rank of "#4" indicating a suggestion to sell the stock.

Energy prices

The continuously increasing electricity prices, which are proportional to the increasing inflation rate, must be something the company works to reduce. That being said, 3D printing as

a whole is actually much cheaper than one would think. For example, an average 3D printer uses the same amount of energy as 2 light bulbs. To put that into perspective, a ten-hour project done on an average 3D printer would cost about nine cents worth of electricity (Dwamena, Michael). Although the company most likely uses much larger printers in all different types of production, this shows how relatively cheap the cost of electricity is in using 3D printers in relation to all that they can accomplish. 3D printing companies are usually generally energy efficient because they use additive manufacturing. Additive manufacturing is the process of building a product by adding one layer at a time. Most companies use subtractive (traditional) manufacturing methods which is the process of producing a product by slowly chipping away. It is estimated that this type of additive manufacturing can reduce "energy use by twenty-five percent and can cut waste and material costs by up to ninety percent compared to traditional manufacturing methods" ("What Is Additive Manufacturing?"). This means that 3D Systems Corporation does not have to worry about extreme energy consumption ruining its bottom line as much as other corporations currently do with the rising costs of electricity. It is still important that managers keep an eye on energy consumption to ensure that it does not harm the income statement or balance sheet in the future.

The Effect of the Supply Chain

3D printing as a technology is expected to be somewhat resistant to supply chain management issues as it has the ability to remove inventory, shipment, and capital expenses on warehouses from the equation entirely (Shree, M. Varsha, et al). However, this does not directly translate to 3D printing as a business. 3D printers require highly specialized parts and software which may have negatively been affected by current supply chain issues. 3D Systems not only sells 3D printers but also the materials they use such as metal alloys, waxes, and

medical-grade plastics. In the most recent 10-K published by the company, they state that they "purchase components and sub-assemblies for our printers from third-party suppliers that we provide to our customers as spare parts" ("Form 10-K"). The company then goes on to elaborate that they "purchase raw chemicals and packaging that are used in our materials, as well as certain of those materials, from third-party suppliers" ("Form 10-K"). Although this would not be too bad if 3D Systems Corporation diversified its supply chain in order to try and mitigate potential bottlenecks that can occur, the company admits that they "currently choose to use only one or a limited number of suppliers for several of these items, including our lasers, materials and certain jetting components" ("Form 10-K"). This means that if one supplier has a delay in production, as became extremely relevant when the pandemic first broke out in 2020, then the corporation would suffer greatly. Not diversifying suppliers can create a high risk for the company, as just one mix up can create a large bottleneck in production. Although this does not have to be the case, as long as the supplier keeps running smoothly with no issues, it is still a potential risk that can show up with one wrong move.

Political climate

The current political climate of a country is very important to how successful a business can be. The economic environment of a country can be closely associated with the political events currently occurring within the country. The stock market is an example of this because very often the price of stocks changes in response to a recent occurrence within the government. Since the 1950s, the economy has as a whole performed better under a governance.

The real GDP has grown on average one and six-tenths times faster under Democratic governance as opposed to Republican governance. Private sector job growth has also grown

almost two and a half times faster under Democratic leadership as opposed to Republican leadership. However, although the economy as a whole may perform better under Democratic governance this may not be the best thing for 3D Systems. Overall, the economy performs better under Democratic governance because, for the most part, Democratic policies benefit low-class and middle-class income families. On the other hand, Republican governance mostly benefits businesses because many of the policies are focused on supply-side economics. Republican policies often involve tax cuts and increased government spending which are meant to help benefit companies. Their values of large military spending would impact 3D Systems and supply aircraft parts to the U.S. Army. Furthermore, considering their large medical division, a for-profit medical system is beneficial to the company as it keeps medical device prices high. Therefore, while the overall GDP of the United States fares better under Democrats, 3D Systems Corporation may do better under Republican leadership. These tax cuts and increased government spending should have a positive impact on the business's income on the income statement and the balance sheet. However, increases in taxes and stricter regulations should negatively impact the income on the balance sheet and income statement.

The Effect of Global Unrest

In their second-quarter report, 3D Systems Corporation highlighted that the invasion by Russia into Ukraine has upset their operations. Following suit with other companies in the 3D printing community, 3D Systems decided to show solidarity with Ukraine, pulled their company out of Russia, and stopped selling to Russian businessmen. In the second quarter earnings call, CEO Jeffery Graves states:

"For the consolidated company, after adjusting for the significant divestiture program that we completed in 2021, revenue for the second quarter grew 3.2%

year-over-year and 7.8% in constant currency. As I mentioned, several exogenous factors have an outsized impact on the second quarter top line. These include the rapid strengthening of the U.S. dollar and the frustrating continuation of component shortages and other supply chain disruptions that we experienced during Q1. They also include the ongoing tragedy of the war in Ukraine, which led us to exit the Russian market and has since negatively impacted business confidence in European countries, such as Germany, where 3D Systems and particularly our Industrial segment, have traditionally had a strong presence" (Transcripts, SA).

He continues to explain how he believes that Europe as a whole will become weaker rather than stronger due to the war in Ukraine as well as the energy issues surrounding Russian oil. Due to these factors, as well as COVID concerns in China, Mr. Graves highlights a struggling international market for 3D Systems Corporation.

Most Severe Threat

3D Systems Corporation's most severe threat as of the drafting of this risk assessment is within the supply chain. The corporation currently chooses to only acquire necessary parts for their 3D printing operations from a select one or few suppliers which can cause enormous problems for their revenue streams and customers if one supplier has problems acquiring or producing the necessary materials for 3D Systems Corporation. The supply chain can be affected by a number of different circumstances. From 2020 during the start of the COVID-19 outbreak until now, the supply chain has had catastrophic issues globally. Limiting themselves to a select few suppliers, no matter the discount rates or the relationship with the producer is a risk not worth taking in the current state of the global economy where supply chain issues are known to be prevalent. The best way to manage this risk is to assess potential new suppliers

and begin working toward increasing the overall number of suppliers. This could cause an increase in costs as finding and acquiring new suppliers takes time, additionally, new suppliers' prices could defer from the prices of current suppliers. This potential increase in cost is a reasonable expense to mitigate potential supply chain risk.

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The Honor Code:

"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this _____."

Signed _____

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3D Systems Corporation

ESG and Cybersecurity Risk Assessment

28 September 2022

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This week, students researched the topic of Environmental, Social, and Governance (otherwise known as ESG). ESG is a framework by which outside sources can evaluate a company by how well it is doing regarding positive environmental, social, and governance issues. These companies are assigned an ESG score. In simple terminology, this score allows outsiders to readily evaluate how good or bad a company is doing regarding the positive impacts the company has on the world. The company can use this score to see what things should be improved, changed, or cut entirely from the corporation.

The rise of ESG started with consumer demand for better, more conscious corporations. For example, although many want to invest their money in companies willing to give them the most profit, some might not want to invest in these companies if they exploited child labor or cut down the Amazon Rainforest. In addition, many consumers demand that companies are held to the same moral standards as everyday individuals, thus pushing companies to stop exploiting impoverished people and the environment. However, many companies will put profit over morality if not kept in check. This conflict is where ESG comes in. ESG can assign a numerical value to a corporation based on how well they do in these areas. This value allows investors and consumers to see and compare how well a company is doing easily. If a company receives a low ESG score, some investors and consumers might decide to take their money somewhere else that better aligns with their moral compass.

This assignment allowed students to heavily research the new ranking systems that ESG offers. Because many accounting firms are just starting to use ESG when evaluating companies, college students need to understand what it is before being introduced to the workforce. Students were encouraged to look in-depth at the pros and cons of using ESG; along with this, students got to research ESG in the context of one corporation. This context could paint a larger picture for students to understand the intricacies of ESG.

Environmental, Social, and Governance (ESG)

With the rise of the media putting a spotlight on the moral ethics of corporations, many people have started to urge companies to do better. Of course, accounting firms did not take long to figure out a way to fill this demand. Using ESG, accounting firms offer services to calculate other corporations' scores. For example, all the Big Four accounting firms "have already started offering ESG assurance services" (Cohn, Michael). This proves that ESG is in demand enough for all of the top four international accounting firms to take notice of it. There has been so much demand for accounting companies to step in for ESG rating that one study by Ernst & Young found that "the proportion of investors who are dissatisfied with environmental risk disclosures has increased by 14% since 2018" (Cohn, Michael). By being a third party to investigate these issues, accounting firms can be bipartisan with published reports about a company's practices.

ESG might become a liability to a public accounting firm if it is not handled carefully. ESG does not have very concise standards. After all, many factors that ESG relies on are not easily quantifiable. If the factor is quantifiable, it might be hard or costly to get such numbers. Also, "current corporate sustainability disclosures are heavily skewed towards process and procedures and not towards actual performance" (Jamwal, Vivek). ESG scores might not be as fully transparent as most investors would expect them to be. It is estimated that "70% of ESG data points measure whether a company has a relevant policy in place, but having a policy in place does not measure the level of commitment towards implementing that policy" (Jamwal, Vivek). This is a huge percentage of data points measured on promises, not actions. After all, a company could state that it wanted to do better without much commitment to that promise. If ESG scores rely on these data points, then investors will start not to trust the scores. Public accounting firms rely on their reputation to give good, accurate information to the public. If there is not a great way to measure this information, then gaps in the report might begin to show for

investors. This can create a liability for a said accounting company, as their reputation could be diminished if they give an inaccurate score based on inaccurate data.

Many companies and NGOs provide ESG scores for organizations. Sustainalytics, Bloomberg, and FTSE Russell are a few that assign these scores based on their criteria. For example, MSCI assigns some ESG ratings based on three pillars: environment, social, and governance. Within those pillars are different factors that they consider most important such as climate change, pollution, human capital, corporate governance, and many others. Sustainalytics assigns 3D Systems Corporation an ESG score of 25.8, indicating a medium risk rating; however, CSRHub reports a score of 33%, which is considered below average. There is a difference between the numbers of the score, but there is even a divergence in using a points system versus a percentage-based system. Without standardized criteria for assigning these scores, and multiple companies doing so, there is a large margin for inconsistency and confusion. For 3D systems, a score of 33% may scare off investors even if it does not reflect the true nature of the company's performance. The scores given might not be a good representation of what is happening. This means that companies can be financially punished for a score that was unrightfully scored too low; by the same token, a company could get more money from investors for receiving a score that is too high and is not representative of how the company is doing. Nationally, this opens the door for misled investing decisions. Investors may believe they are placing capital in a sustainable corporation when that is not the case.

Furthermore, global issues can heavily affect a company or even a country's ESG rating. In 2020 the United States scored extremely low on its COVID-19 response, decreasing the overall ESG significantly. "The U.S. received the worst rating of 5 in this regard, which had a negative impact on its overall ESG rating and therefore its country risk rating, Manna Neghassi, Sustainalytics' manager of country risk rating, said in an interview with *Barron's*." (Barron's

2021) The impacts of something like a pandemic are felt throughout every aspect of the country, including its ESG score. Most importantly, ESG scores are currently difficult to understand and interpret. With so many different reporting methodologies and criteria, it is not easy to understand what an ESG score means and how it was created. Without a governing body to regulate these processes, ESG scores remain an easily manipulated investment tool that can affect corporations, sectors, and even countries.

Although there is no definite standard for measuring ESG scores, there is hope. Some groups have attempted to start providing guidelines for these scores. One of the most influential of these groups is the International Organization of Securities Commissions. This organization is an umbrella group for market regulators globally, thus making them very influential. They recently created a “set of recommendations to achieve a coherent and consistent approach to policing ESG ratings and data providers” (Powell, Robin). Although these recommendations are not a fix-all, it is a great step in the right direction.

The World Economic Forum’s position is that in order to determine a company’s success one must also consider the company's ESG. Once considered a non-financial concern, investors have realized that there are many risks and opportunities related to the environmental, societal, and governance practices that must be considered financial. There is growing evidence that companies with a better ESG have better long-term financial success than those that do not. (WEFORUM 2022) I support the position that the World Economic Forum takes on the importance of ESG. With the increasing consumption and production of goods every day it is increasingly important to be responsible for the practices of a company. Having a good ESG can draw in individual and institutional investors because of the proven long-term success sustainably-practicing companies are starting to exhibit.

Generally, I do not have any qualms with the World Economic Forum's leadership in ESG because they have effectively illustrated its importance. The content in the several articles I read was centered around the main focal point of having a good ESG rating being massively important to the long-term, sustainable success of the company. Many articles on the World Economic Forum website also explained how having a good ESG helps draw in investors because of the support for environmentally sustainable practices and because they are better for investing in the long term. "Sustainable and impact investing is actively growing at double-digit rates. In fact, according to the US SIF Foundation, total U.S.-domiciled investments using sustainable, responsible, and impact (SRI) strategies, reached \$8.72 trillion, an increase of 33 percent from 2014 and a 14-fold increase since 1995. That represents about one of every 6 dollars under management." (Atkins).

Vanguard filed with the SEC to introduce the Vanguard Baillie Gifford Global Positive Impact Stock Fund for those investors wishing for measurable environmental change while also receiving global equity returns. This is an example of impact investing, which is when investors invest in a company not only for equitable returns but also for positive environmental/societal change. For this, skilled managers must be able to determine how to drive the company to positive change and what portfolio to build that is capable of equitable returns while also being positively impactful. Being firm believers in the importance of ESG, Blackrock decided to make sustainability the center point of its operations back in 2020. Blackrock has integrated ESG into all its investment teams. When speaking on the importance of ESG Blackrock CEO Larry Finks said: "a company's ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process." (Vanguard 2022) This shows Blackrock's belief in the importance of ESG and how it

encourages sustainable growth and how it positively impacts management by making managers consider both the risks and opportunities in relation to ESG.

According to MarketBeat, 3D Systems currently holds an overall positive ESG score with an average 14.1% positive sustainability impact (Marketbeat). The reason this score is not higher is that 3D Systems currently has a negative impact on the environment due to its greenhouse gas emissions. This will certainly impact them in the future because while they are mostly positive in every other aspect of ESG, they will have to figure out a way to combat their negative impact on the environment through their greenhouse gas emissions. With the growing importance of integrating ESG into management and the increasing issues regarding our atmosphere with greenhouse gasses, I would think that in the future 3D Systems will look to find solutions to decrease their greenhouse gas emissions. By decreasing the greenhouse gas emissions, there will be a significant increase in the corporation's ESG which will in turn attract more investors in the future.

3D Systems Corporation claims to have adopted many policies regarding environmental and social responsibility. Their website lists several responsible and sustainable policies, such as waste management practices, air emissions, and water purity policies. However, under each of these policies, there is a lack of transparency regarding their actual data regarding each of these issues. What they do have, is a 2021 Environmental, Social, and Governance Results report. This report shows their safety rates, GHG emissions, energy use, waste, and recycling findings. According to their report, they recycle approximately 48.8% of their total waste. (3D Systems 2021) Their other findings are not as easily understood and lack clarity that would benefit stockholders. On another note, they have a robust human rights and labor rights policy encompassing issues such as providing living wages, protecting freedom of expression, and maintaining a safe work environment. (3D Systems 2022) Regarding each of their policies, 3D

Systems has an anonymous ethics tip line that individuals can utilize to report issues they notice within the company. Overall, 3D Systems is making an effort in environmental and social responsibility, but they need to edit their findings to be more accessible to those trying to understand the information.

ESG regulations will cause for more guidelines and regulations that 3D Systems Corporations will have to follow, possibly causing the company to adapt and change their usual ways of operation. The way that managers, owners, presidents, and all of the people in positions of power within companies are headed, it is very likely that there will be more regulations regarding environmental, social, and corporate governance guidelines that will continue to grow in quantity in the power of their consequences. Regarding financial reporting, more regulations will cause a more universally accepted method to calculate and account for a company's ESG numbers, which will be very helpful for board members to compare how they are doing and for managers to plan for the future. Companies with a better ESG score, while they may have to spend more money to get to that position, will more than likely be able to raise more capital through the support of their customers and consumers and through promotions. In addition, society will appreciate companies that follow through with their obligations to the environment around them and will be more appreciated by their communities as well as be thought of positively. 3D Systems Corporation involves a lot of technological and software-based development, which does, in theory, take up a lot of nonrenewable resources and could potentially have a negative impact on society. However, if 3D systems corporation were to change their standard ways of doing things and follow potential new guidelines, they would ultimately see a growth in their financial reporting and would positively impact the world around them and be thought of in a positive manner.

Cyber security failures are very prevalent within the manufacturing industry. According to a study by Deloitte titled Manufacturers Alliance for Productivity and Innovation (MAPI), “40 percent of manufacturing firms experienced a cyber-attack in the last one year. Out of them, 38 percent of them suffered over \$1 million in damages” (Goud, Naveen). About 87% of manufacturing firms have a disaster recovery plan in response to these increasingly prevalent cyber threats, but only 37% of those firms have it documented and tested. Consequently, it is not staggering that the number of firms dealing with these issues is so high. Data continuity is an enormous problem for firms that have experienced losses from these attacks, so having a tried and tested plan in response is critical for a firm to maintain operations. The six key areas where attacks are most widespread are executive and board engagement, intellectual property, industrial controlled systems, connected products, industrial ecosystem, talent, and human capital.

3D Systems Corporation has many risks associated with using 3D printers and their manufacturing techniques. “Confidentiality and privacy concerns are the most direct consequence of a data breach involving a 3D printer. This breach could compromise confidential data such as schematics and product software code. For example, an individualized medical device may contain personally identifiable information, and a data breach may trigger security and privacy laws” (Segalla, Goldberg). These attacks can violate confidentiality but can also physically affect the product being manufactured. 3D printers are an internet-connected, open-source asset; consequently, cyber-attacks can cause physical defects within the products. The attacks can cause products to not operate as intended and therefore be unusable and expendable. Furthermore, if a defective product is readily sold and used, “this failure could lead to injuries, property damage, litigation, or product recalls. Even worse, the defect in the product may not be immediately identifiable” (Segalla, Goldberg). Overall, cyber-attacks cause a vast threat to 3D Systems due to the immense use of computers and online services for 3D printing. These threats

can range from stealing intellectual property, strategies, and personal information, and influencing the physical product itself.

Cybercriminals have become one of the fastest growing forms of modern crime, with approximately 1 million potential cyber-attacks attempted per day. Identity thieves are one of the forms of cyber criminals, and their goal is to access personal information (name, address, phone number, place of employment, bank account, credit card information, and social security number) to benefit the identity thief in the form of monetary value (approximately \$112 billion has been stolen by identity thieves over the past six years). Internet stalkers are another form of a cybercriminal who monitors the online activity of the victim to terrorize or acquire personal information. Many internet stalkers can track their victims' internet activity with minimal detection. Internet stalkers look for information they can use for bribery or slander purposes, making stalkers a considerable threat to individuals, companies, and corporations. Phishing is another type of cybercrime in which a cybercriminal disguises themselves as a trustworthy source to gain personal information or sensitive data from the victim. Their goal is to receive information on bank accounts and other sensitive accounts that they can use for their personal plans. While cybersecurity crimes have become more familiar with advancements in technology and techniques of cyber-attacks, there has also been a rise in cybersecurity breaches.

Cybersecurity breaches are when important information is accessed by someone that should not or does not have the right to view the information or use the information, and it has become a very big problem for many companies. According to Tatsha Robertson's report on cybersecurity breaches, most cybersecurity breaches occur from a company's employees. One reason this is occurring more frequently is because of how many companies operate today. In the past, when someone left the office, they did not have access to business information outside of work. Now employees have access to more information and are never truly outside of the office. When an

employee is either let go or changes companies, they may still have important information that they could then use as blackmail, slander, or as an advantage for their new company. This has been a growing problem, but some of the ways that companies are fighting this problem are through educating employees, limiting the number of users that have administrative access, backing up a company's database, and securing a company's hardware.

3D Systems Corporation has many potential risks, such as the leakage of future plans, financial statements, personal information of the employees, and restricted information only to be seen by people with clearance. 3D Systems Corporation also has to account for the protection of its customers. Their customers provide personal information to the company when they place orders or connect with customer service, and it is the responsibility of 3D Systems Corporation to protect all of the information they receive from customers. With internal employees being one of the risks of people who breach a company, 3D Systems Corporation sets up many firewalls and password restrictions to help protect their customers. However, 3D printing is in danger of being affected by cyber-crimes. With almost all the information needed for a 3D printer being software-based, 3D Systems Corporation could have restricted information not only stolen but tampered with. This is a big problem, not only due to loss of work but also because many industries have started to use 3D printing to help with their own line of work. Automobiles, air crafters, orthopedics, and bioprinting are just a few examples of the different types of companies that have started to use 3D printing within their industries. It is vital to the success of multiple industries that nothing changes to the software. 3D Systems Corporation combats this threat by maintaining access to administrative, technical, and physical safeguards that protect information against accidental, unauthorized, or unlawful alterations.

3D Systems Corporation protects itself against cyber attacks by placing passwords on restricted data, having multi-verification access codes, and firewalls that help monitor its

systems. They have made a position called the Director of Cybersecurity, which has helped 3D Systems Corporation have a plan in place to protect themselves and their users. Additionally, 3D Systems Corporation should keep their software up to date, only use company-issued devices, keep personal information separate from organizational information, encourage staff to wear an ID or a security pass, and continuously change their verification codes and passwords. It is always possible for a cyber-attack to occur, but the main objective should be to make it very difficult for the cyber-criminal.

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"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this essay."

Signed

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3D Systems Corporation

Audit Risk and Planning

16 October 2022

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This week we explored the potential for auditing risk within 3D Systems Corporation. The main goal was to determine which accounts were most likely to have fraud tied to them and be either over or under-stated. To do so, we assessed the company's 2021 10-K while paying close attention to the income statement and consolidated balance sheet. By looking at these statements, we were able to discuss which accounts might have risk attached to them in the context of the manufacturing industry and 3D Systems Corporation as an individual. We looked at which accounts might have had the largest change or the most dramatic shifts recently. One of those was the goodwill account, which rose a noticeable amount from 2020 to 2021. Upon closer examination, it did not seem to be a very risky change, especially when considering the number of acquisitions 3D Systems has recently had. Another account that was considered was depreciation. The main question regarding their depreciation practices was how it reflects on property, plant, and equipment. It was discovered that 3D Systems uses a straight-line depreciation model which is not unusual in their industry. Ultimately, it was decided that depreciation was of little risk.

After this careful analysis, three accounts were chosen to be further scrutinized. These accounts were inventory, intangible assets, and accounts receivable. It was determined that these accounts were all at the highest risk of being improperly reported and can potentially be a risk for an auditor. When analyzing the individual risk factor of each account, we considered its materiality, methodology, and industry factors. The greatest risk with inventory is its major effect on their normal operations and the risk of affecting many other accounts. Intangible assets show risk due to their large and sudden increase from the previous year and the ability to inflate net income. Finally, accounts receivable consists of a large portion of just one customer, putting them in an unfavorable position should the customer ever default. These accounts deserve greater exploration and more in-depth analysis which is provided in this case.

3D Systems Corporation is a manufacturing company that creates parts that are used in automobiles, orthopedics, biotechnology, and many other industries. They have put themselves in the position that, instead of selling the equipment needed to manufacture these products for these industries, they are the ones producing the needed parts and distributing them to their customers. With 3D Systems being a manufacturer for many industries, our group decided it was necessary to take a closer look at their inventory account. 3D Systems determines its inventory costs by using the First-In, First-Out method. The 2021 10-K states that its inventory reserve “is a critical estimate as there is rapid technological change in our industry” (“Form 10-K”). Their inventory as of December 31, 2021, is valued at \$92,887.00, which is a decrease of \$23,780.00 from their inventory as of December 21, 2020. Raw materials are listed at \$23,530.00, work in process is listed at \$5,173.00, and finished goods and parts are listed at \$64,184.00. Their inventory reserve is \$16,509.00 (“Form 10-K”). For the year ended December 31, 2021, there was no material product line for life ended. Their inventory account makes up nine percent of their total current assets, and it accounts for only six percent of their total assets. While this is a low percentage of assets, it is one of the riskier accounts considering the contribution that it has to the success or failure of the company overall. 3D Systems’ asset account increased by \$816,044.00, more than doubling in size from 2020 to 2021. Being a manufacturing company, this means they would have had to have the inventories to manufacture enough products to increase their asset account.

While 3D Systems has indulged in new industries and has begun manufacturing new and never before seen products (biotechnological parts), there is still a concern with how fast 3D Systems Corporation has grown. If their accounts were miscalculated or tampered with, then the number of products they could produce would be in jeopardy. When analyzing their inventory and related accounts, it is important to investigate what makes up the inventory account, how the

company records and tracks the inflows and outflows of the account, what reserves they may have that could influence the number stated, and how it affects their financial statements in comparison to other accounts. However, after analyzing the inventory accounts and the associated accounts, their inventory account is correct based on their valuation of the materials and parts. Nevertheless, the inventory account of 3D Systems (or any manufacturing company for that matter) has a huge impact on their company and is one of their most important, yet risky, accounts.

The second risky account that shows a direct threat to 3D Systems is its intangible assets. Their account increased by one point sixty-three times the previous year's amount ("Form 10-K"). Intangible assets is a possible risky account due to this sudden large increase which adversely could be inflating their net income and the company's value as a whole. This increase is alarming due to the fact that they have not had an impairment to goodwill/intangible assets since the third quarter of 2020. However, such a large increase would initially be seen as a possible impairment this year due to a likely expense. This increase can be broken down into a significant reduction in accumulated amortization of acquired technology from 2020 to 2021. These estimates in accumulated depreciation are subjective and can be inflated or deflated for financial reporting purposes. Additionally, the "other" account in 2021 had a significant reduction in accumulated amortization which is not explained or analyzed within their 10-K. These reductions are raising the value of this account which could be incorrect. Also, 3D Systems Corporation estimates significant reductions in the next few years in annual amortization expense to intangible assets which should be something to further analyze. Overall, the intangible assets account is subject to a lot of variation and estimates since these assets aren't truly physical in nature. This significant increase in the account is something to further keep note of as it can be extremely risky.

Another risky account that shows a direct threat to 3D Systems is its account receivables. Account receivables show the money that is owed to the company by their customers that have not been paid yet. Typically, it is presumed that accounts receivable will be paid soon and, therefore, should not be worried about much. However, 3D Systems has some special circumstances surrounding its accounts receivable balance.

One of the most concerning risks that this account creates is the fact that they have one customer that represents “over 20% of our [3D Systems Corporation] consolidated revenue” (“Form 10-K”). This means that, if something were to happen to this specific customer which made them unable to pay the full amount of their debt, the accounts receivable for 3D Systems would suffer greatly. Ideally, this company would be able to diversify its customer base or ask for cash instead of charging products and services to accounts receivable. However, this is not a perfect, ideal world and compromises must be made to run a business. Although there is no direct way to solve this situation, it should be noted and kept under consideration with a watchful eye.

One of the most substantive tests that auditors use to test if the accounts receivables reported by a company are correct is going directly to the source. The auditor can send a written letter, thus providing written documentation, to the customer asking to confirm how much money they owe to the company. If the customers that are contacted reply with the same amount of money that has been allocated to accounts receivable, then the auditor will most likely know that this account is correct. This process is straightforward but can get tricky depending on how many customers have accounts open. Although this process can be used by an auditor to make sure the accounts receivable is correct, this cannot save the company from having too much of their revenue from one customer.

Data visualization, data query, and RPAs (robotic process automation) are examples of ways companies can improve the accuracy and efficiency of their audits. Not only do these things help improve the efficiency and accuracy of an audit, but they all help further the understanding of the audit currently being performed. Data visualization is an important tool for auditors because it helps them get a visual representation of the fluctuations of a company's numbers and helps create a timeline of said events. For example, data visualization helps further the understanding of a company and the audit being performed on that company by constructing a timeline of the company's numbers and the changes in these numbers over the years. This helps auditors verify the timing and amounts of the accounts that are entered during the correct period. Data queries are important to auditors because they contain very much useful information all grouped together. That being said, "creating queries for auditing data can also provide a detailed view of the data and help identify potential issues" ("Database Auditing: Four Modules Commonly Used by Consultants to Audit ..."). This quote from Omatic, a data management and data integration non-profit, shows just how useful a data query can be in identifying problems. In our opinion, the most important of the three ways a company can improve the accuracy and efficiency of their audit is through automated robotic processes. It has been fairly obvious in our society that more and more of the traditional processes are becoming replaced by automated robotic processes that are much more efficient, accurate, and inexpensive. Like most other processes in society today, the audit process can be improved using automated robotic systems.

While listening to the state auditor of Mississippi, Shad White, give a speech at the University of Mississippi, one statement stood out to us. When asked what is one thing that can greatly improve the auditing process, he answered saying that it would be much more efficient if it was possible to easily access and search across a wide variety of financial documents instead of having to tirelessly search and dig for them. This is certainly one aspect of the audit process

that we could see being dramatically improved by an automated robotic system. Collecting all of the information for an audit is one of the most time-consuming parts of the audit process that can contribute to the need for many auditors to work long hours on a single project. Integrating automated robotic processes into the audit process helps ensure more efficient data collection and data that is free from human error. This type of technology “not only saves time but also reduces the chances of errors” (Dhanashree). Using RPAs for this is a perfect example of when Shad White claimed it is a large portion of improving the auditing process his office uses.

Data visualization and data queries are important to ensure accurate auditing, as they both present important data for the audit in a way that is easier to understand and analyze. It is important to note that an RPA can “automate data collection from various sources and consolidate it into a single system for further analysis” (Dhanashree). RPAs are especially important to accurate and efficient accounting because they can improve almost every aspect of the audit process, especially the data collection aspect. Although RPAs are important to the improvement of the audit process, they must be manually checked periodically to ensure no errors are being made within the system itself. This means that, although technology is a huge factor in the auditing process, one can never truly take the auditor out of it.

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3D Systems Corporation

Tax Planning

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This week, students were tasked with researching, evaluating, and analyzing taxes and tax planning for their respective companies. Taxes are different within every industry and change depending on the people who make tax rates and those who do their taxes. Tax rates also depend on the country. For this analysis, we will focus on the tax rates in the United States.

Tax planning is an essential aspect of any business in regard to how much they have to spend on taxes and which taxes are avoidable. With tax credits and deductions, companies can apply tax planning guidelines to save themselves money in the long run. 3D Systems Corporation is a manufacturing company that has many locations in various cities and countries. This creates many opportunities for the company to be taxed as well as multiple tax credits where they can save money.

With the midterm elections coming up, different outcomes can come about depending on which party has the victory. This will most likely cause changes in federal taxes that the company must abide by for future periods. By planning on both outcomes, the corporation can implement plans on reducing their taxes no matter the election outcome.

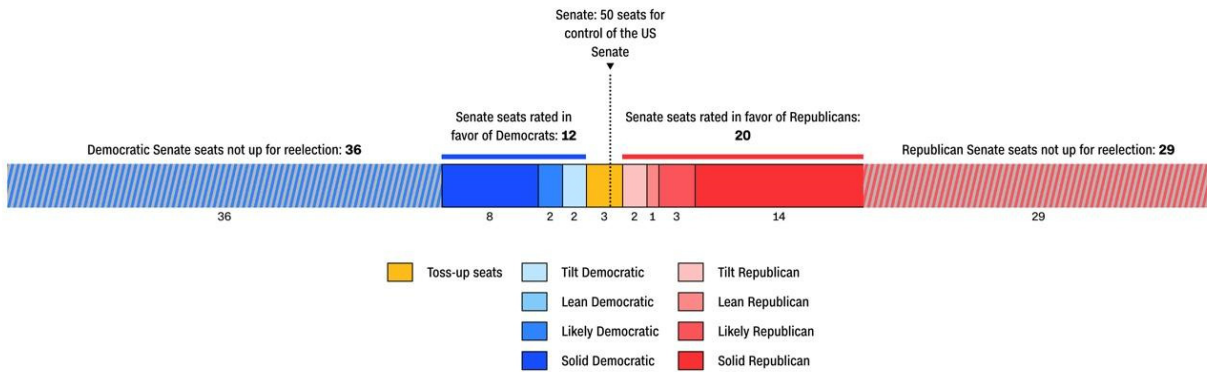
The best way for 3D Systems Corporation to utilize tax credits is to utilize the section 45Q carbon sequestration tax credit. Carbon sequestration is the process of capturing and storing carbon, thus reducing the amount of carbon in the air that directly leads to global warming. Companies are encouraged to capture the carbon that they emit into the atmosphere in order to make their manufacturing processes more ecologically friendly. This recent tax credit pushes companies to be more eco-friendly, thus saving their wallets while saving the earth.

This assignment allowed students to dive into the world of tax and opened their eyes to many opportunities they did not know about prior. Taxes change and are different within who is in charge of the government and what is going on in the economy, so there are many different

ways to go about tax planning. By looking into the political nature of this tax credit, we can see if it is worth it for 3D Systems Corporation to invest time and effort into carbon sequestration.

The results of the midterm elections will have a strong influence on 3D System's tax planning. Based on current polling and projections, the Republicans are expected to take back control within the House of Representatives. This projection is because America's primary concern within this current election cycle is the economy and the unrelenting increase in inflation. Current projections illustrate three "toss-up" seats within the house split between the Republicans and Democrats. As shown below, the Republicans can win two of those toss-up seats and effectively control the House of Representatives. With Republican control typically comes a more driven focus on the economy, which is the reasoning behind many voters' thoughts that voted Republican this midterm cycle. As shown by President Trump during his time in office, he put the economy at the forefront of his agenda by cutting taxes and incentivizing job creation. Aside from the current midterm elections and looking ahead toward the 2024 election, if Trump is re-elected, there should be serious consideration by 3D Systems into his effective tax rates and his views on his second term concerning corporate tax planning. Regarding carbon tax credits, Republican control generally comes, with less of a focus on climate change and carbon emissions. For example, in February 2020, Oregon had a bill being proposed called HB 2020 that "would have put a price tag on carbon emissions — long considered one of the simplest and most efficient ways to cut greenhouse gasses" (Osaka, Shannon). That morning for the Republican side, eleven out of the twelve Republican senators did not show up to vote, causing the meeting to be adjourned and the bill not voted on. This is a small example illustrating the focus of the Republican party and its viewpoints on climate change. A carbon tax credit may be something that the Republican side would not be against as it could potentially cut taxes for many

corporations. However, the focus of the Republican party is not specifically geared toward reducing the carbon footprint, especially during this midterm election cycle.



Ratings last updated October 21, 2022

(2022 Midterms | CNN Politics).

Entering the midterm elections, the Democrats slightly hold an edge over the Republicans in the House of Representatives. Also, the Democrats hold a minimal edge over Republicans in the Senate, where it is split fifty-fifty, and Vice President Harris has the tie-breaking vote in matters split down the middle. After the midterm elections, if the Democrats still retain control over the House and the Senate, we do not expect much to change. This is because President Biden already passed the Inflation Reduction Act into law which is a law that President Biden passed to combat the rising inflation in our country. The Inflation Reduction Act allows Medicare to negotiate the price of prescription drugs, invests eighty million dollars into the IRS, extends Affordable Care Act subsidies, and includes many investments to aid in energy security and climate change. The largest form of revenue raised by this bill is the fifteen percent corporate tax enforced on those corporations with income of over one billion dollars. This could potentially impact 3D Systems Corporation in the future, as their net income suddenly increased from -\$150 million in 2020 to \$322 million in 2021 ("3D Systems Net Income 2010-2022: DDD"). The company will have to be prepared to account for this significant change in taxation

if the corporation continues to grow at an increasing rate. The bill will also provide an estimated \$270 million in tax incentives for environmentally friendly things like electric cars and energy-efficient home improvements ("Summary: The Inflation Reduction Act of 2022"). This will likely remain in place with the democrats controlling the house and the Senate. Therefore, it would be in 3D Systems' best interest to start gearing the company towards a more energy-efficient and environmentally friendly day-to-day method of operation to capitalize on some of these tax credits. If the Democrats retain control over the house and the Senate, the Inflation Reduction Act will proceed full steam ahead. However, if the Republicans gain control over the house, it is most likely that the \$80 million in funds allotted to be invested into the IRS will be blocked. This is because many, many Republicans have already vowed to reject it.

However, as of now, there are still tax credits for corporations that chose to go green. Because of this, the optimal tax strategy that 3D Systems can employ is to explain their production into developing and manufacturing carbon air scrubbers. Carbon dioxide scrubbers are machines that absorb carbon dioxide from the atmosphere and are often used in specific transportation industries as part of submersibles and airtight chambers. In recent years, with a higher focus on environmental, social, and corporate governance, more people have been looking toward this technology as the solution for carbon dioxide levels in the atmosphere. Initially enacted in 2008, Section 45Q under Income Tax Regulations places tax credits for companies to incentivize the production of carbon scrubbers.

This code allows companies to claim \$31.77 off per metric ton of CO₂ that is geologically sequestered from equipment created at or after 2018; similarly, equipment that was created before 2018 can get \$28.82 off per metric ton of CO₂ that is geologically sequestered (Jones, Angela, and Molly Sherlock). 3D Systems has already been researching Direct Air Capture (DAC) technology and the effects that it holds economically. Their principal solutions

leader, Scott Green, explains, "Direct Air Capture is a technology that enables the separation of CO₂ from air to create the products the economy needs - such as agricultural products, building materials, fuels, plastics, chemicals, and also for sequestration... with DAC coupled to utilization and storage, atmospheric carbon moves from a threat to a major economic opportunity" (3D Systems 2022). This research places 3D Systems Corporation in a prime position to take advantage of this tax credit. However, it is essential to keep in mind that corporations can only claim this tax credit for 12 years after the equipment is in service, and the facility must have construction begin before January of 2026. 3D Systems Corporation currently fits these restrictions, so they can claim this tax credit if they sequester their carbon emissions.

Along with the United States giving tax credits to companies participating in carbon sequestration, other countries, such as Australia and the United Kingdom, also give out tax credits. 3D Systems Corporation is proud to have offices and factories in these countries, so they will most likely be able to take advantage of their tax credits too. However, we were only able to find a little information about the tax credits offered in these other countries. Because of this, we have primarily focused our findings on the United States tax credit.

The numbers listed above for the tax credit only mean a little with context. As stated previously, companies can get 23.82 dollars off per metric ton of CO₂ from items that were manufactured before 2018 and 31.77 dollars off on equipment manufactured at or after 2018. To put this into perspective, one must analyze how much CO₂ 3D Systems Corporation creates per year. Unfortunately, after hours of research, we could not find a definite number for 3D Systems Corporation's current carbon emissions. However, we found out that they announced in 2019 that they could reduce ten percent of their real estate assets, resulting in the reduction of 2.8 million pounds of CO₂ emissions ("3D Systems Announces Launch of Environmental, Social &

Governance Initiative"). Of course, this is a bit older information, but it is all we have, so we will have to utilize it.

Using this number and basic mathematical skills, we discovered that that left 25.2 million pounds of carbon emissions. Now, this means little to the tax code if it is not in metric tons. So, we found that one million pounds is roughly equal to 453.59237 metric tons ("Pounds to Metric Tons Conversion"). That means that 3D Systems Corporation produced roughly 11430.527724 metric tons of CO2. Depending on the type of items used, this could lead to a 23.82 dollar deduction or a 31.77 dollar deduction per metric ton of CO2 reduced. Assuming all equipment was created before 2018, 3D Systems Corporation could save \$272,275.17 if they sequester all their carbon emissions (11430.527724 x 23.82). If all items are dated after 2018, then 3D Systems Corporation could save \$363,147.87 on taxes (11430.527724 x 31.77). If half the equipment was created before 2018 and the other half was created after 2018, then their tax savings would be \$317,711.52 [(272,275.17/2) + (363.147.87/2)]. These numbers are summed up in the table below.

Items put in service before 2018	Half of the items used were made before 2018 and the other half were at or after 2018	All items used are after 2018
\$272,275.17	\$317,711.52	\$363,147.87

Of course, it is important to note that these are only estimates of the data we were able to obtain, and their carbon emissions are most likely higher now. These tax credits are not perfect, and the current political sphere should be taken into consideration before making any decisions made off of these numbers.

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The Honor Code:

"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study."

Signed

Jessu Willow Croedy

Kelly Mayhew

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[Signature]

Famous Economists

28 February 2023

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In class, students were shown two films on the famous economists Walter Williams and Thomas Sowell. Although Williams and Sowell became famous in their own right, it is interesting to see the similarities and differences in what led them to become who they are. One of their main commonalities is that they are both African American economists in the United States. Also, they both lean on the conservative side when it comes to political and economic policy. By looking at these individuals, students can get a larger view on the invisible hand that drives our economy today while forming their own political opinions.

Walter Williams was born in Philadelphia in the 1930s. Although his father was mainly absent from his life, he was fortunate to grow up with a mother who sacrificed a lot to give her children a proper education. To do this, his mother worked part time as a domestic helper in order to provide for him and his siblings. By having this hard work mentality instilled into his brain from a young age, Williams was able to be the first person in his family to graduate high school. However, his life took a turn when he was drafted into the United States military. There, he became a court reporter and learned about military laws, which became very useful when he was court-martialed. Eventually, he was able to be honorably discharged and go back to civilian life. In my opinion, the most interesting part of Walter Williams life is how, because he was raised to value education, he was able to go from the Philadelphia projects to being an influential professor. In fact, Williams taught longer than I have been alive. Sadly, Walter Williams died in late 2020.

Another economist we covered in class was Thomas Sowell. Just like Walter Williams, Sowell is a famous African American economist most known for his conservative views. Thomas Sowell was born when the great depression was going on. Life did not start out easy for him, as (when he was still a child) his parents died, and he was forced to live with his great aunt. However, growing up with his great aunt allowed him to get a good education in New York City.

Just like Williams, he was drafted into the United States military. However, unlike Williams, he was taught how to shoot photos for historical documentation, a skill he still uses today as he has a hobby in photography. Eventually, Sowell was able to go to the University of Chicago where he could grow his intellectual capabilities. At this time, he identified as a Marxist. That was until he spent one summer working for the United States government as an intern. By seeing the trainwreck that is the government from the inside, Sowell decided that Marxism was not for him and started to focus his belief on more conservative ideas. He went on to become a professor before starting to write. Eventually, he was able to travel all around the world to study civilization and culture to write about his findings. Now, Thomas Sowell gets to enjoy retirement and indulge in his hobby of photography.

The most surprising thing about these two men was how they defy stereotypes about individuals who come from a less privileged background. For both men, I fully agree with some of their economic sentiments until society is able to change for the better. I always say that communism is a perfect idea until you factor in humans. Human greed and variability make large economic policies almost impossible to implement without someone falling through the cracks.

Before I critique such ideas Walter Williams and Thomas Sowell present, it is important for me to step back and realize that I am forced to view these works from a modern-day lens. I must understand that this lens will cause differences just by the separate life perspectives we have. That being said, I have heavy issues with what Walter Williams proposes. More specifically, I do not agree with his sentiment on child labor. Because of lenient Mississippi labor laws, I was able to start working at the age of fourteen. Although I do not regret work, I do not wish for other children, especially younger than fourteen, to be forced to work to provide for their home. Walter Williams talks about child labor as it can be a fix to impoverished families, yet he completely neglects why children would have to work in the first place in this society. If a

society is so broken that it relies on children, slapping the band aid of cheap child labor on it will not fix it. Instead of sending children to the mines, maybe parents should have the economic freedom to send their children to play outside and develop their creativity.

I also think that Walter Williams' idea on business licenses to be insufficient. For instance, Williams' main example for why licenses are evil is how it blocks people from getting into the market for taxis. Because licenses cost money, this can prevent people from entering the market in the first place while simultaneously raising prices for customers. Although I do agree with this point that licenses raise prices, I think it is a cheap price to pay for the safety licenses offer. As a woman who travels alone a lot, I rely heavily on taxis. Whenever I go to another country, I look up the different emblems that are on local taxis to see which ones are legitimate and which ones are not. Because of these licenses, I feel safer getting into a car with a stranger, as the driver would be risking his credentials and business if he tries to hurt me. Without these special permits and licenses, I would not be as trusting on that form of transportation. Although Williams makes a good point on the economic value of licenses, I think his viewpoint is very narrow and does not consider the safety measures some permits allow.

Although I agree with Thomas Sowell on most of his points, there are some things that I fundamentally disagree with. Now, I am only minoring in economics, so I do not claim to know more than he does. However, I think it is interesting that Sowell talked about economics like it can easily be tested just like any other science. The professors I have studied under here at the University of Mississippi have all disagreed with this notion. These professors have taught me that economics is more complicated than a fact or fiction answer. Personally, I am inclined to trust the professors here at the university over Sowell because they have less to gain from me. The professors here teach me because it is their job, whereas Sowell (along with the people that helped create this video) have clicks, views, and even fame to gain from misleading statements.

The show praises Sowell for his courage and makes the bold claim that the media is trying to cover up Sowell's writing. However, this is obviously not the case if I literally watched this video in class and his information is readily available with a quick google search. Using loaded language such as "suppression" and "courage" make me feel suspicious about why the creators are trying to get a rise out of my emotions.

Although there were good and bad arguments in the Sowell video, one thing that really stood out to me was one of the men that was being interviewed. Towards the end of the film, a man who used to be in a rock band said he was left leaning because it made for better music. As a music lover myself, I wholeheartedly disagree and am willing to go as far as to say that man has never heard good music. It does not matter what political party someone is affiliated with for them to recognize that the best song ever created was Dolly Parton's song "9 to 5." Anyone who does not recognize the masterpiece that was created by our queen Dolly is not allowed to have an opinion in my eyes.

After watching the videos, students were asked to read an article written by Larry Elder about Thomas Sowell, Walter Williams, and Clarence Thomas. Larry Elder is an author and right-wing commentator in the media. The main argument presented in this article was that these famous, black men were being silenced by the media because of their conservative viewpoints. Now, this article would make an amazing opinion piece but, in my opinion, it does not hold much weight for being an informational article. First off, I did not see many sources for the claims made. Elder claims that African Americans do not like these men because of their political ideology yet could not back this up with quotes or sources from people who think this. Elder goes on to use a random Forbes quote claiming that it is a shame that Thomas Sowell has not been given a Nobel Prize yet. Elder alludes to Sowell not having a Nobel Prize because of his conservative stance and how it goes against other African Americans who are more left leaning.

This argument is ridiculous. Everyone knows that the Nobel Prize for economics is given out of Sweden, so American politics would not play as much of a role as Elder leads readers to believe. Although there could be the argument that the Nobel Prize has not been given to him because of racist white people, as I saw a heavy influence of racism in Sweden while backpacking across that country last year, I doubt the argument could be made that he has not received the award yet because of conservative political beliefs.

The article goes on to claim that these role models are disparaged and pushed aside by the media because they do not fit the left leaning stereotype of many African Americans. Although there has been a history of minorities having their voices muffled by the masses, I do not fully believe that to be the case for these men. For many people my age, Clarence Thomas is one of the first people we think of when hearing of the Supreme Court Justices (right after Ruth Bader Ginsburg of course). Whenever a person walks into a Barnes and Noble, they cannot miss Thomas Sowell's books that are typically propped up in the business section. Walter Williams' ideas are still debated in many economics courses today. Their influence is not hard to see if one bothers to look.

Although I am sure there are some people in the world that would like to minimize these men's accomplishments, I just cannot see that being an issue with the article and videos that were presented to us. In the videos, the hosts like to claim that Sowell's and Williams' voices were being silenced for some political agenda; however, right after making these claims, the hosts would talk for another hour about these men. This article uses loaded language to get an emotional response from the reader but does not have the logos to back up such emotional claims. Most human beings feel a strong sense of justice, so it is easy to get clicks and views on articles if it is implied that this justice is breached.

Now, I do think people of color face discrimination, and I do not want to take away what these men have struggled with because of their skin color. Several decades ago, Sowell and Williams might have been viewed as more controversial figures. Some media pages might not want to stir up political controversy depending on what was going on in the world. I cannot comment much on this because I was not there. However, viewing this topic through a modern-day lens, I cannot see the supposed suppression of their ideas.

All in all, this article that has been presented to me claims that these men do not have the recognition they deserve yet provide little to no evidence for these assertions. It started off with a strong stance, but eventually fell flat on its argument. Although better citations would have been the pushing point for me to agree with this article, I wholeheartedly believe that I could have been persuaded to understand the ideas presented if Elder had been a better writer. With few citations and an argument this poor, maybe Larry Elder should be hired by the Daily Mississippian.

I must admit that I have spent most of this paper attempting to rip apart any argument that was presented to me with the videos and article. I believe that any good idea should be able to hold up under intense scrutiny and should be thoroughly debated before being adopted or thrown away. This assignment did open my mind to some things. As a person that is fairly left leaning, studying Sowell and Williams is a good reminder that not everyone has to have the same viewpoints as me. I should not expect any person who is a minority to align themselves with my ideas, and it is ridiculous of me to think that way in the first place. Sowell and Williams had their own paths that led them to what they believe today, and it is important to listen to these beliefs and see how they work within our society.

This assignment also made me realize how heavily I rely on my perception of things through a modern lens. Both Sowell and Williams write about being glad they got their education

before affirmative action took off, where African American people were criticized for potentially getting into schools just because of their skin color. Personally, I have never viewed affirmative action like that. These days, affirmative action can work for anyone who might be a minority in a specific group. For instance, I, a white female, can get more scholarships to a predominantly black school because I would be considered a minority there. By the same token, a man could get more scholarships to a predominantly female college because he would be a minority there. I always thought of affirmative action as a way to equalize the playing field, not just something for one ethnicity group to use.

This assignment has also made me rethink how I view social issues. When the videos started to dig deep into Sowell's and Williams' economic beliefs, I found myself agreeing with most of them. However, I could not help but think that these beliefs only work because our society is broken. Until society is able to progress to a better state, the economic systems presented by Sowell and Williams will be the best we can accomplish. For example, I agree that child labor might be needed to help get a family out of poverty. However, I truly believe that society needs to progress to the point where no child should be required to work in order for this to happen. I also found myself thinking the opposite for some ideas presented. For example, I think licenses should be required for taxi drivers until society progresses to a point where women feel safe traveling alone. Once society has reached that state, licenses should be done away with.

As a whole, the videos and the article presented to the class were very insightful. The videos were filled to the brim with information about some controversial economists that still influence how the economy is seen today. The article provided an interesting viewpoint on the overlap of racism and political/economic ideologies in the United States. More importantly, these videos made me rethink some assertions I have made about society. Anything that causes people to pause their busy lives and reflect inside themselves is an amazing thing.

The Honor Code:

"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study."

Signed

A handwritten signature in black ink that reads "Jason William Coyle". The signature is written in a cursive style and is underlined with a long, sweeping horizontal line that extends to the left and curves back under the signature.

Derailment Case

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In this case, students learned about the recent train derailment and its overall effects on the community where it occurred. A Norfolk Southern train derailed near East Palestine, Ohio, causing thirty-eight cars to catch fire. Prior to the incident, Norfolk Southern had anticipated some permanent cost cuts. The derailment led to the release of toxic chemicals, including vinyl chloride, which polluted the air and damaged the community.

In order to fully understand the gravity of this situation, it is important to note that East Palestine is a low-income community that once contained a lucrative coal mining industry. However, the recent downturn of coal has resulted in severe job loss and economic hardship in the small town. The residents have not had the resources to evacuate their homes, and essential resources have been scarce.

After the derailment, the company's market capitalization has plummeted by more than six billion dollars. In addition, the company has donated significant sums of money to the schools and fire departments in East Palestine. The company has also distributed almost five million dollars in direct payments and has set up a community assistance fund.

Along with looking into the economic side of this disaster, students were instructed to also look into Norfolk Southern's recent Environmental, Social, and Governance (ESG). This outlined several items that factor into train derailments and other accidents, some of which include safety performance metrics and regular safety training. Also, the report included a section about Norfolk Southern's use of technology such as advanced locomotive sensors to improve operational efficiency and safety. In addition to all of this, students learned about the financial reporting risks involving the accident and the political controversy surrounding this accident.

Overall, the recent derailment has had significant impacts on both the community and Norfolk Southern. The incident has emphasized the importance of safety and risk management

practices in the railroad industry. Along with this emphasis, it has also shined a light on the prioritization of ESG responsibilities.

ESG Analysis

Norfolk Southern's most recent ESG report shows that the company is continually taking steps to improve their operations and safety. The railway company has been making improvements to over one hundred of their machines each year since 2016. For example, they have replaced the majority of brake sticks after conducting a survey to identify areas that could use better safety. The trains are being modernized by having old parts replaced with new and improved versions, extending their useful life while allowing them to run more efficiently. Performing routine updates ensures that the equipment is in good working order and safe to continue using. Installing new pieces of materials will prevent any accidents caused by old equipment malfunctions.

The company has incorporated a Risk Reduction Program that is designed to recognize and prevent hazards by increasing communication among employees. By strengthening their safety management system, they can better train their employees to spot and avoid failures in equipment that could cause danger. With everyone working together towards the goal of safety, which is essential to their business, they can better their operations and avoid issues that could cause danger on the tracks.

Investments in new electronic cranes have promoted environmental sustainability by reducing carbon emissions and have improved operations by moving more than one hundred thousand additional units per year. Furthermore, Norfolk Southern has improved their locomotive fuel efficiency by seven percent within the past few years. This will allow them to travel farther while using less fuel, which will reduce pollution to the environment. These actions

not only play a role in the company's ESG rating, but they are also enhancing operations, since many of the plans to promote sustainability have long-term effects on the effectiveness of their procedures. Norfolk Southern even contracted with community solar programs that provide them with renewable energy. This contract, along with the company's efforts to conserve energy, is an attempt to reduce greenhouse gas emissions while efficiently receiving the power needed for their facilities.

Industry Regulations

The electronically controlled pneumatic (ECP) brakes that have been the subject of potential government regulation are not being used by Norfolk Southern. Previously, they openly opposed the mandate requiring the ECP brakes because of the high costs that would be required to install the brakes on every railcar. Many argue that the regulation of ECP brakes would have prevented the derailment in East Palestine. However, this argument is not correct because the rule would not have applied to the type of train that was in the accident. While there is a push for the railway industry to rely more on technology, there would still be a need for human inspection to ensure that the technology in place is working correctly. For this reason, Norfolk Southern says that their incorporation of technology to perform inspections is to help workers complete their tasks more quickly and effectively. Because the railway industry is so large and actively tries to reduce idle time, it would be difficult to halt operations to abide by any mandates that require them to change brakes on all railcars (Black, Thomas). The incident in Ohio has again sparked debate about industry regulations.

The machine vision-equipped inspection corridors that Norfolk Southern discusses in their 2022 ESG report use remote sensing technology to examine the equipment for any potential problems. These sensors were working and detected the overheated wheel that caused the

accident. Sadly, it alarmed the crew too late. Because this technology was not effective in alerting for hazards, there is a need for improved technology that could act sooner and catch these issues before it is too late. The group RailPulse is advocating for sensors that are placed directly on the railcar, allowing them to work more quickly to detect malfunctions (Black, Thomas). Safety technologies are constantly being improved to provide better service by railroad transportation companies.

Though ECP brakes might not have been the solution to the derailment in East Palestine, the accident has resurfaced the discussion about railway regulations. Many use the event as an argument that mandates for increased safety need to be enacted to prevent further problems among the industry. Better sensors with improved technology could have prevented the accident, and requiring companies to implement these helpful automation devices could work to avoid similar accidents in the future.

Responsibility for Compensation and Allocation

Perhaps one of the hardest things about this entire debacle is the fact that most of the residents who were impacted in East Palestine are lower income individuals. Many people who face poverty in America can live off the land in order to provide for their families. Through hunting and fishing, people can support themselves and not be as economically dependent on others. However, this fact can also be a hindrance to anyone who is dependent on the land when a disaster of this magnitude happens. For instance, because of this incident, it has been estimated that “at least 43,000 aquatic animals have died as a result of the chemical spill” (Buhay, Corey). People who normally could feed themselves from the wildlife in the area are being forced to buy food instead. It is not just animals that are being hit. Many people in the surrounding area are becoming sick, and “health officials believe recent symptoms from residents are directly linked

to chemical exposure” (Etienne, Vanessa). With these driving factors, it is no wonder the people impacted are demanding compensation.

Given the circumstances, it is hard to pinpoint a direct compensation plan. Because Norfolk Southern caused the entire mess, it is only fair that they should be the ones to clean it up as well. However, it appears Norfolk Southern are attempting to skirt around this issue and sweep it under the rug. Therefore, some government intervention might be necessary if the company does not do what they are supposed to do.

Also, the compensation that should be awarded to the people impacted is heavily dependent on how resilient the human body is to such chemicals. If it was just the local animals being affected, it would be logical for Norfolk Southern to provide environmental cleanup and some monetary benefits to the local people who were dependent on livings off of the land. However, now that human health is being negatively impacted, the compensation package becomes trickier to calculate. It is only fair that Norfolk Southern covers any and all medical bills of people who are most likely linked to having issues caused by the chemical leakage. Many people do not know if there will be long term health issues correlated to this incident. If there is, it would make sense for the company to cover any lasting medical bills along with potential disability compensation. Ideally, most of the money that is usually paid out to C-suite executives and stockholders would be diverted to pay for the cleanup of this mess. For instance, the seven and a half billion dollars that are currently being allocated to shareholders should be altered to be allocated to the people who have been affected.

Direct Compensation versus Shareholders

Now, it is important to note that Norfolk Southern is generous enough to be giving six and a half million dollars to help those that have been affected by their blunder. Without any

context, this sounds amazing. However, Norfolk Southern has made it clear that they plan to “spend more than a thousand times that amount... to repurchase its own shares in order to benefit its shareholders” (Isidore, Chris). This amounts to seven and a half billion dollars going directly to benefit their shareholders while only a fraction of that goes to the individuals that are negatively impacted by them.

The blatant preference of shareholders should not be tolerated. These shareholders will still have their health; however, the people living in Ohio cannot say the same. In our proposal, the people of East Palestine should receive most, if not all, of the money that has been allocated to repurchasing shares in order to help shareholders. Although this stunt might negatively impact their market value for the year, it can help their image get out of the gutter. After all, having a good image can help business deals in the future. Ideally, at least six billion dollars would be allocated to not just the people but also the environment that has been hurt. Shareholders should not be monetarily rewarded for holding investments in a company that messed up this bad. Although it is not their fault, they should not expect to make money on a company that has done so poorly. The compensation proposed after this analysis reflects the sentiment from the previous question, although this answer takes a more moderate approach that might be more well received.

Auditing Risks

The train derailment has presented several financial reporting risks that will have to be identified and addressed. Not only has the derailment resulted in significant financial losses for the company, but it also has severe environmental and social impacts that must be presented in Norfolk Southern’s financial statements.

One of the financial reporting risks related to the derailment is the potential for significant liability claims and expenses. They could face numerous legal claims from the community affected by the derailment. These legal claims include property damage, personal injury, and loss of income. In addition, the company must also bear the costs of cleanup and remediation efforts, which could be substantial due to the release of toxic chemicals. The company must ensure that it has adequate reserves and insurance coverage to address these possible liabilities. Also, the company has recently suffered a significant drop in market capitalization since the incident. This drop could lead to potential impairment charges on its long-lived assets which must be carefully evaluated to determine the impact from the derailment.

To address these financial reporting risks, we would perform several audit procedures. Firstly, we would review the company's insurance coverage and reserves to assess their ability to address the potential liability claims and cleanup costs. This would include the review of pending or threatening lawsuits related to the derailment and the company's litigation history. Secondly, we would evaluate the company's internal control processes related to safety and risk management to identify any weaknesses or gaps that could possibly contribute to future accidents. To conclude, we would address the derailment's potential impact on the company's reputation and brand image. The derailment has resulted in negative publicity and a loss of public trust. To address this risk, we would evaluate the disclosures related to the event. In addition, we would review the company's public statements and communications, as well as any disclosures made in financial statements.

When presenting this event in the company's next annual report, it is essential to provide transparent and comprehensive disclosures that accurately reflect the current and future ramifications of the derailment. We would provide financial statements and line items that account for the impact of the derailment. The first disclosure we would provide are any changes

in the company's liability and contingency reserves. Then, impairment charges must be determined and included in the financial statements. The company must disclose the impairment charges that they record and their reasoning behind them. The environmental and social impacts should also be disclosed, including any ongoing efforts for cleanup and remediation. We would also include statements about any changes made to the safety and risk management procedures in response to the derailment, specifically any additional safety or training measures implemented.

Overall, if we audited Norfolk Southern, we believe that it is important to evaluate all of the financial reporting risks related to the derailment and ensure that the company's financial statements are comprehensive and transparent. This will allow the company to maintain the integrity of its financial reporting and provide investors and other stakeholders with the information they need to make informed decisions.

Political Implications

After witnessing the aftermath of the Norfolk Southern train derailment and its subsequent contamination of their community, the residents of East Palestine most likely feel frustrated and overlooked by the federal government. This train derailment has shattered their community. It is understandable that the residents of the community feel neglected and forgotten when the federal government is sending billions of dollars overseas rather than prioritizing its own citizens. However, it is also important that the residents realize that the responsibility of this disaster lies with the railroad company and their failure to prioritize safety and maintain proper infrastructure.

Additionally, the residents of East Palestine should feel disrespected to hear the media shift blame and focus on political affiliations rather than the tragedy itself. The assumption by the media that the town's predominantly Republican voting history somehow warranted this

tragedy is insulting and unacceptable. All blame should be placed on the railroad company for their failure, and the residents should not be attacked for their political affiliations.

Moreover, the claim that Norfolk Southern's political contributions to Republican Governor Mike DeWine creates a conflict of interest is not necessarily true. Political donations by companies are legal and common in the United States, and they do not imply a quid pro quo arrangement. It is fully possible for a company to support a political candidate or party while also fulfilling its obligations to its stakeholders, including the community it operates in.

At the heart of the matter is the need for accountability and responsibility. Norfolk Southern has a moral and legal obligation to fairly compensate the affected residents and to mitigate the environmental damage. The company's recent actions have been a step in the right direction.

The slow response from the Biden administration is something that the residents of East Palestine should also find concerning. It is important that the federal government take action to ensure that the residents of East Palestine receive the resources and support that they need to recover from this disaster. While politics theoretically should not play a role in the provision of aid and support, it is an unfortunate reality that it often does. It is crucial that the federal government steps up and addresses the environmental and health impacts of the derailment.

It is important to remember that the situation in East Palestine is a complex problem that must require the cooperation and collaboration of all parties involved. It should not be turned into a political matter because it is truly a humanitarian issue that affects the safety, health, and livelihoods of the residents. While it is unfortunate that politics have played a role in this situation, it is important that all parties involved put politics aside and focus on helping the residents of East Palestine.

Conclusion

Norfolk Southern faces challenges that have risen from the recent derailment in East Palestine. The incident has created many problems in the Ohio community and across the railway industry. The consequences of the accident will have great effects on Norfolk Southern's operations and performance. The company is facing legal claims to compensate those affected and could face stricter safety regulations from the government that would require further expenses to be made. Also, the ESG rating of the company will be negatively impacted, regardless of their efforts to minimize their gas emissions and conserve fuel. Hopefully, Norfolk Southern will respond to the repercussions of the incident in a way that can rebuild the community of East Palestine and prevent future accidents.

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The Honor Code

"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study."

Signed

Coli Arance
~~*Juan W. Santos*~~
Alex Bailey

Bank Failures

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On March tenth, Silicon Valley Bank collapsed. After this news hit the media, it was not long until Signature Bank was also forced to shut down. These banks reportedly failed because of a liquidity crisis. Silicon Valley Bank, along with Signature Bank, reportedly had too much of their monetary assets wrapped up in long term investments. The banks invested into these investments back when interest rates were relatively stable and low. However, inflation and interest rates have spiked in the past year, thus making these investments not as appealing.

It has been reported that these banks would have been fine if they were able to hold onto their investments until maturity. However, they did not keep enough cash for the liquidity demands that came with running a bank during economic uncertainty. When customers started demanding their hard-earned money, Silicon Valley Bank had no choice but to sell their investments for lower prices on the open market. These losses started the avalanche that was their dramatic downfall.

It is argued that poor accounting practices are to be at fault here to some extent. Because Silicon Valley Bank had originally planned to hold these investments to maturity, they did not have to report the fair market value of the assets. Thus, their books appeared to be a bit better than they actually were. What makes it worse is that their auditor, KPMG, signed off on the company being in good financial health just weeks before the collapse. KPMG is starting to be blamed for what has happened to shareholders in the company, as arguments spike on if KPMG should have made their findings more transparent and not give their approval to the company.

For the customers of Silicon Valley Bank, it is not too bad. The United States federal government has announced that it plans to reimburse any losses that customers faced due to the bank collapse. However, this reimbursement is only for customers of Silicon Valley Bank. Customers of Signature Bank have not been so fortunate. This event will negatively set back the

economy for the long haul and directly impact accountant's careers; the only bright side to this incident is the potential for updated accounting rules that need to be implemented.

In my opinion, this fiasco of a bank failure will heavily affect the economy for my entire life. Although the United States government has already agreed to bail some people out, the trust has already been broken. Americans are already worried about the extreme rates of inflation. With that worry on top of the knowledge that a bank can crash in a matter of days, I doubt many people will trust banks with their hard-earned cash anytime soon. People are worried about feeding their families, not helping banks stay afloat so C suite executives can line their pockets. The trust in the banking system is shattered, which will change the banking landscape for the foreseeable future.

Although the United States government has recently announced that it is willing to bail out customers of Silicon Valley Bank, it has been met with much scrutiny. Many Americans are worried about the extreme spending the American government does already. In fact, federal spending has had a "forty percent increase in four years" (Edwards, Chris). Essentially, politicians are like children in a candy store with taxpayer money. Because of this extreme spending (and extreme debt), many Americans wish the government would stop providing so many bailouts and be mindful of what tax dollars are spent on. After all, everyone who owns a bank account is warned about the limit for FDIC insurance. It is not taxpayers' problem if customers of these banks decided to put in more money than they knew was covered. The United States government should not be handing out cash to any company or person that happens to mess up.

This bank failure has shown that people in government should step up and start doing their jobs (aka make laws). The only reason this bank failure was allowed to happen was because of the laws set in place for financial reporting and the illusion of transparency us accountants

provide. If Silicon Valley Bank was forced to report their investments differently, or potentially had a different set standard for the amount of liquidity required for a financial institution, then this collapse most likely would not have happened. I know it is asking a lot for politicians to do their job, but I truly believe that they can make the world a better place if they try.

This bank failure has made me nervous and slightly fearful for my career in accounting. Before the bank failures, I had signed on with KPMG. However, “Silicon Valley Bank failed just fourteen days after KPMG LLP gave the lender a clean bill of health” (Weil, Jonathan, and Jean Eaglesham). Although I understand that many factors went into this decision, it still makes me nervous for the future of KPMG as a whole because of this situation. However, there is a small bright side to this. Because this issue is arising when I am still young, it has taught me the value of speaking up no matter what other people in my field might say.

As mentioned above, there should be changes to account rules. On top of these accounting changes, there should be changes to American auditing standards. Auditors should be more incentivized to become whistleblowers on their clients if it means it can potentially save consumers and shareholders. Auditing should have the shareholders best interests at heart, and the auditing rules should heavily reflect this. Instead of allowing practices to continue as is, it would be smart for lawmakers to incentivize accountants to be more willing to publicly speak out against a company who is struggling, no matter what.

The current bank failures are a shameful stain on the reputation of the accounting profession as a whole. There needs to be better laws and regulations on such important companies. Government oversight does not equal government bailouts. The United States government should not give customers the money that they lost in the bank failure. This is because the customers were already informed of the FDIC insurance threshold but still went above that threshold. Instead of throwing money at a problem, maybe politicians should create

better regulations. In the end, I hope that this does not negatively impact students' future careers, although I fear it already has.

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The Honor Code

"On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this case study."

Signed

A handwritten signature in black ink, reading "Jesse William King". The signature is written in a cursive style with a large, sweeping underline that loops back under the name.