



Academic Resource Center

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## Professional judgment framework

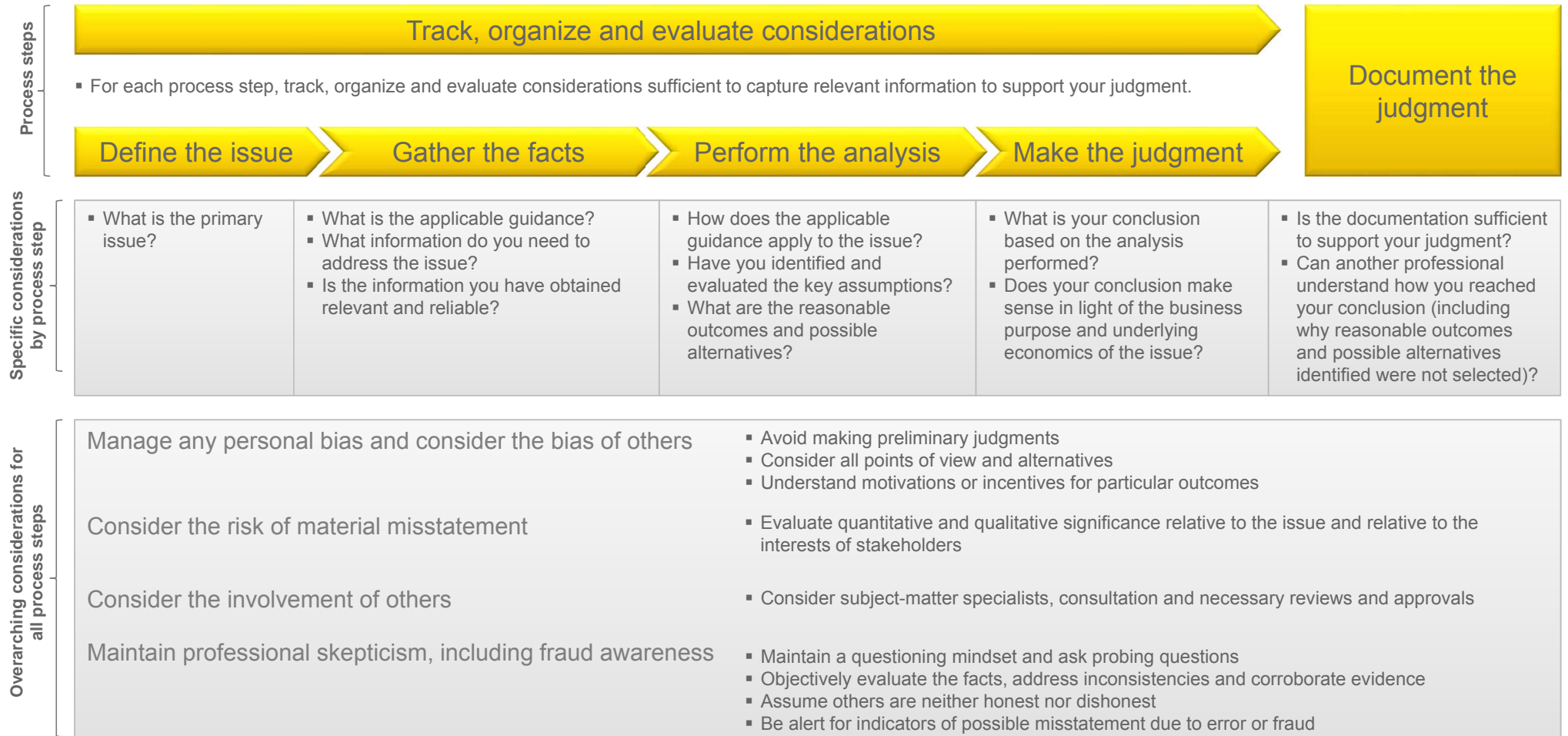
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# Overview of professional judgment framework curriculum

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- ▶ User guide
- ▶ Lecture notes and slides:
  - ▶ Common biases in decision making:
    - ▶ Availability/interference; Confirmatory trap; Overconfidence; Anchoring; Groupthink; Motivated reasoning
  - ▶ Professional skepticism
  - ▶ Overview of the professional judgment framework
  - ▶ Benefits of the professional judgment framework
- ▶ Application template
- ▶ Example
- ▶ Cases (application scenarios) and solutions

# The professional judgment framework

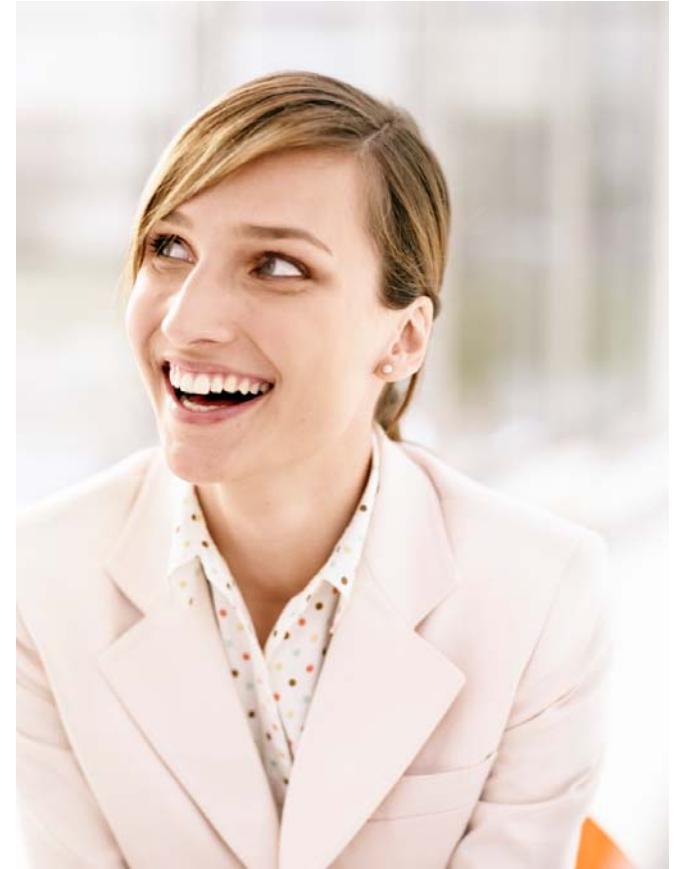


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# Benefits of the professional judgment framework

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- ▶ Benefits that can result from the use of this framework include:
  - ▶ A structured approach that can drive consistency and confidence in decision-making
  - ▶ Enhanced ability to consider alternatives
  - ▶ The ability to better discuss issues with others
  - ▶ Improved ability to reach a well-supported outcome
  - ▶ A mechanism for improved documentation supporting judgments
  - ▶ Enhanced risk management through improved decision-making processes
  - ▶ Consistency in terms of the terminology and approach to making judgments and better communication when consulting with others



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## Cases (application scenarios)

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- ▶ Allowance for doubtful accounts
- ▶ Inventory lower of cost or market
- ▶ PPE impairment
- ▶ Useful life of a copyright
- ▶ Debt modification or extinguishment
- ▶ Environmental obligations
- ▶ Goodwill impairment
- ▶ Accounting for income taxes: valuation allowance
- ▶ Fraud risk assessment
- ▶ Asset expropriation

## Example

### *Time to buy a new car?*

- ▶ Part I: students identify and discuss the common biases relative to the scenario
- ▶ Part II: students apply the professional judgment framework to make a judgment relative to the scenario
- ▶ Part III: students prepare the final written memorandum of their judgment relative to the scenario



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