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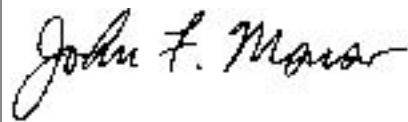
We have just added two new resources to our Audit Committee Effectiveness Center that you should know about.É

1. The AICPA Antifraud Programs and Controls Task Force issued a document entitled *Management Override of Internal Controls: The Achilles Heel of Fraud Prevention Ñ The Audit Committee and Oversight of Financial Reporting*.É The document offers assistance to audit committees in addressing the risk of fraud through management override of internal control over financial reporting.
2. A new tool entitled *Anonymous Submission of Suspected Wrongdoing (Whistleblowers) Ñ Issues for Audit Committees to Consider*É to help the audit committee evaluate the organization's whistleblower hotline for its use of whistleblower best practices.É

Each of these resources is available for free download at the [Audit Committee Effectiveness Center](#), and may be found in the Spotlight Area. We encourage you to download these tools and share them with your audit committee or other appropriate leadership group.É

Since it is still financial reporting season, don't forget the [AICPA Ethics Decision Tree for CPAs in Business & Industry](#) in case you are challenged with an ethical situation in your company.É

Finally! We are reaching the end of our dues billing cycle for fiscal year 04/05 and we encourage all members who have not paid their AICPA dues to please do so now. AICPA membership pays for itself over the course of the year through discounts on products and other valuable benefits (including BusIndNews). What's more, during this time of unprecedented regulatory change, you don't want to be without the guidance, help and support of the only national professional association for CPAs. If you have not yet paid your dues you can do so online at www.aicpa.org or call 1-888-333-5110 today!



John F. Morrow, CPA
AICPA Vice President
The New Finance

TOP STORIES

Small Businesses to Get Helping Hand on Internal Controls

COSO announced recently that it will develop internal controls guidance for small organizations and make it available online by June 30.É This new project will fill a gap in existing guidance and help small companies reach compliance with new laws and regulations.

The new initiative, **Implementing the COSO Control Framework in Smaller Businesses**, is not intended to replace or modify the Control Framework, but rather it will demonstrate its broad applicability by providing control examples that smaller businesses can use to achieve their financial reporting objectives.

The project will be coordinated with the recently appointed SEC Advisory Committee to Examine the Impact of the Sarbanes-Oxley Act on Smaller Public Companies, on which a COSO member will serve. In addition, because of similar initiatives at the SEC and PCAOB, COSO has asked these organizations to each provide a consultative delegate to the project to ensure coordination.

The project will commence this month and COSO expects it to be available for online download this summer.

AICPA Business and Industry Economic Outlook Survey

The second semi-annual AICPA Business and Industry Economic Outlook Survey completed in December shows continued optimism for the economy for the first half of 2005. Responses from CPA executives indicated positive expectations for their own organizations over the next six months, supporting continued optimism for the economy as a whole. The outcome of the election had a positive impact on the outlook for 62% of the survey respondents.

UPCOMING CONFERENCES

Mark Your Calendars and Plan to Attend! Visit the AICPA Web site for more information on any other programs. Bear in mind that we have a variety of industry-specific conferences that you may be interested in; you can find out about these when you [visit the CPA2Biz Web site](#)

[AICPA/CAM-I Cost Management Advanced Practices Symposium](#)

Tempe, AZ
5/11/2005 Ð 5/12/2005

[AICPA Spring Business and Industry Financial Executive Forum](#)

Dallas, TX
5/12/2005 Ð 5/13/2005

[AICPA Controllers Workshop](#)

Las Vegas, NV
7/21/2005 Ð 7/22/2005

[AICPA Fall Business & Industry Financial Executive Forum](#)

October 27 Ð 28, 2005
Pre conference optional workshops: October 25 and 26, 2005
Post conference optional workshops: October 29, 2005
Marriott Marquis
New York, NY

[AICPA National Conference on Employee Benefit Plans](#)

Las Vegas, NV
5/16/2005 Ð 5/18/2005

[AICPA National Not-For-Profit Industry Conference](#)

Washington, DC
6/22/2005 Ð 6/24/2005

[TECH 2005: The AICPA Information Technology Conference N Celebrating 25 Years](#)

Las Vegas, NV
6/27/2005 Ð 6/29/2005

Projections for growth, financing, spending and workforce size all point to continued strength in the economy. However, survey results indicating fewer small companies with plans for capital spending and workforce increases, as compared to June 2004, suggest the possibility of a slight cooling off during the first half of 2005.

When asked to weigh in on specific issues, more CPA executives indicated greater concern about inflation than unemployment, greater concern about federal deficits than Social Security and Medicare reform, and greater concern about health care reform than tax reform. Energy costs and employee expenses topped the list of issues that CPAs are more concerned about now than six months prior. Less concern was expressed about taxes and government regulation.

This second semi-annual Business and Industry Economic Outlook survey represents the views of 631 AICPA decision makers including 351 CFOs and 104 CEOs in privately-held and public companies, not-for-profit and other organizations. For more details go to [B&I Economic Outlook Survey](#).

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Employee Benefits Costs Undermining Competitive Position of US Companies

As noted above, employee and benefit expenses were one of the most frequently cited issues that our CPA executives are increasingly concerned about and they also indicated that they are more concerned about health insurance reform than tax reform. A [BusinessFinanceMag.com](#) article makes the assertion that the cost structures of companies offering comprehensive benefits cannot be sustained through the next business cycle and that benefits costs being borne currently by US employers are undercutting their competitive position in the global economy.

Starting from the premise that the remaining options for further cost reduction are limited, the article discusses some options and implications for both pension and health care costs that employers have heretofore found unpalatable. Included among those options for healthcare costs are consumer driven plans such as high deductible Health Savings Accounts (HSAs) that shift more of the burden to employees and increase individual involvement in healthcare utilization decisions, and single-payer systems that shift the burden from the employer to taxpayers.

Concerns about HSAs include their attractiveness primarily to those with low expected utilization, which will increase the cost of premiums for traditional insurance. Increased premium costs result in additional numbers of those unable to afford coverage. This in turn increases the likelihood of individuals forgoing treatment, increasing the ultimate cost of care, increased absenteeism etc. Another consideration, highlighted by example in the article, is that in tighter labor markets companies need to offer competitive benefits packages in order to attract skilled employees.

Concerns expressed about single-payer systems are generally focused on quality and availability of care, with the limits and long waits for non-emergency care in the Canadian system being most frequently cited. While identifying the UK hybrid system of public and private care as an example of a single-payer model that has levels of care equal to US standards, the article also makes the point that the US should leverage best practices in finding a unique solution to this complex problem.

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AICPA CCAF Offers Investor Resource Guides Developed by Big Four

The AICPA Center for Public Company Audit Firms is making available two investor resource guides developed by D&T, E&Y, KPMG and PwC, collectively. The four firms issued these two investor resource guides to assist investors, brokers, analysts, rating agencies and other market intermediaries, both small and large, in understanding the new internal control reporting.

Both investor resource guides summarized below, can be located on the Center's website at www.aicpa.org/CCAF or by clicking on the following links separately.

- *Internal Control Over Financial Reporting: An Investor Resource* serves as a broad overview of SOX 404, providing the background and rationale for the internal control reports, a description of these new types of reports and a discussion of control deficiencies, management's report and the independent auditor's opinion.
- *Perspectives on Internal Control Reporting: A Resource for Market Participants* provides a detailed discussion in question and answer format of specific topics related to SOX 404, including material weaknesses and potential implications of the new reporting.

Limited Impact of Weak US Dollar Expected by The Conference Board

Another concern cited by many respondents of the Economic Outlook survey was in the area of trade deficits, the declining value of the dollar and the impact of China on the global economy. A recent economic analysis report by The Conference Board offers some insights into their thinking about these issues.

In summary, their conclusion is that the impact of the relative low value of the dollar is not likely to have significant impact on US prices or interest rates. They also predict that the dollar is not likely to decline further and that it may rebound as global economic growth slows which they expect it will, beginning in the second half of 2005. Click on the following link for the summary of [The Conference Board](#) report.

Strategies for taking the CPA Exam Ñ FREE Webcast

In past surveys you have told us that you encourage non-CPA accountants in your organization to take the CPA exam as a means to further their career. We appreciate that support and want to pass on the following information.

The AICPA is hosting a free, interactive webcast on **Wednesday, February 16, 2005, from 4:00pm to 6:00pm Eastern Time** on strategies for taking the CPA exam. The webcast will feature a candidate who recently passed the exam, an accounting professor, and AICPA's Director of Exam Strategy. They will offer tips on how to prepare and successfully pass the exam, review the simulation portion of the exam, and discuss ways to take control of the examination process.

Click [HERE](#) for additional information about this program and how you can register on www.cpa-exam.org.

Please forward this email to your students, employees or others who may benefit from this important information. **Since there is limited registration, we encourage people to view the webcast in a group setting.**

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Enron and WorldCom Settlements Complicate D&O World

On the heels of an article in our last issue referencing a report on D&O Insurance coverage, WorldCom and Enron settlements requiring personal contributions by the individuals in those suits have added a new twist to this increasingly complicated plot. An article on CFO.com raises the point that directors and officers may begin to require companies to purchase greater amounts of better quality insurance.

The article also raises the question about the potential impact of these settlements on the willingness of qualified people to take on the risks of governance roles in this environment and adds that the expected disclosure of control weaknesses for the first time will give plaintiff lawyers a roadmap of possible glitches to use in suits. To access the article, click on the following link to CFO.com.

Sarbanes-Oxley Ñ Tip of Governance Iceberg?

A Trend Alert referenced by the CEO of HR.com raises some very interesting concerns for 2005. This top ten list which can be accessed at [HR Trends](#) predicts, among other things, an overall tightening of the labor market, projected at 1% in the unemployment rate, a severe shortage of senior level management driven by increased exposure and risk associated with these positions, increased utilization of consumer driven benefit plans and a disturbing trend identified as Sensationalism.

Citing as one example the millions that Wal-Mart is spending on PR to shore up its image in the face of anti-discrimination lawsuits, the article asserts that internet communication and media facilitation of sensationalism is changing the landscape in terms of public opinion, and suggests the result of this will be that Sarbanes-Oxley is just the tip of the iceberg in Corporate Governance.

An article on [AccountingWeb.com](#) article about the Tax Denial Movement provides another example of this phenomenon of the power of the internet in mobilizing public opinion. According to the article, although tax deniers have yet to win a case in court, with the help of the internet the movement has continued to grow. Along with this growth has been an increase in related scams attempted by deniers and also scams perpetrated on those who are attracted to the movement.

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Taxpayer Advocate Issues Report

WebCPA was among the news services reporting on Taxpayer Advocate Nina Olsen's report to Congress identifying IRC complexity as the most serious problem facing taxpayers and the IRS alike. The alternative minimum tax, the earned income tax credit, and the large number of provisions designed to encourage taxpayers to save for education and for retirement were cited as key illustrations of complexity burdening the current tax system. Click on the

following link to read the [Taxpayer Advocate Article](#). Alternatively, you can access the entire 630 page pdf file of the report on the IRS website, which is at least one good reason why...É

AICPA Applauds Bush Appointment of Bipartisan Panel

AICPA President Barry Melancon applauded President Bush for appointing a bipartisan tax reform panel charged with making recommendations about how to simplify and remodel the US tax code. Barry's comments are quoted in the April 10 [AICPA News Update](#).

Streamlined Reporting for Public Companies

The Public Company Task Force to the AICPA Special Committee on Enhanced Business Reporting is about to embark on a project to identify opportunities for streamlining and reducing financial reporting requirements for public companies. This project will be looking at SEC reporting requirements within the context of emerging ideas for enhanced business reporting that have begun to emerge from the work of the Special Committee. These ideas are summarized in the report of Public Company Task Force that can be found at www.ebrconsortium.org under Publications and Research.Ó

The Public Company Task Force is in the process of forming a special task force to further explore possibilities for streamlining reporting and is seeking input that will be used to establish priorities for this work. Your completion of a very brief survey which can be accessed by clicking on the following link to the [EBR Public Company Survey](#) is greatly appreciated.

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CAREER CORNER

Focus on Financial Literacy

In a number of previous editions we have called your attention to the **360 Degrees of Financial Literacy Campaign** which is the national campaign designed to facilitate CPA involvement in taking a leadership role in the volunteer effort to educate the American public, from school children to retirees, on financial topics that apply specifically to their particular stage of life or needs. This is a terrific endeavor involving thousands of CPAs from all over the country in local efforts, truly serving in the public interest.

We will be using this space in upcoming issues to feature one of the lifecycle stages of the 360 Degree Campaign and also to highlight member involvement in financial literacy efforts. Three things you can do to get involved:

- [Check Out The Resources](#)
- [Register as a Volunteer](#)
- [Take the Free CPE Course to Get Started](#)

You can also visit and refer family, friends and co-workers to the new [Consumer Website](#) which offers a wealth of information and has gotten over 20,000 hits in the short time that it has been available.

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AICPA CAREER RESOURCES

To make sure you have the competencies needed to take charge of your career and keep you on the learning curve, assess your own proficiencies using the [Competency Self-Assessment Tool](#). Remember, this is FREE to AICPA members. Also consider using this tool with non-CPAs in your organization for only \$49 per user per year.

Looking to make a career move? Need to find someone with CPA skills for your staff? Or, just want to learn more about career issues? Visit the [CPA Career Center](#).

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LEARNING LINKS

For Your Library Ñ PCAOB Standards

One of the things we hear from many members in industry is that they want to read what their auditors read. If you are in this camp, the AICPA has developed a handy amended and integrated set of the PCAOB professional standards that is available now. There is also a standing order option for automatic shipping of future editions at a 10% discount.

To order, go to [PCAOB Standards](#).

Featured Self-Study CPE

[2004 Tax Acts: Making Them Work For You](#) Ñ New 2004 tax legislation has presented practitioners and businesses with numerous opportunities for tax planning for both business entities and individuals. The recently enacted Working Families Tax Relief Act of 2004 and the American Jobs Creation Act

of 2004 introduce a variety of tax savings features that can be utilized for the benefit of tax payers.

Free CPE: The AICPA's Financial Literacy Program

This free program lays the groundwork for success as a community financial literacy volunteer. Access it on the CPA Financial Literacy Resource Center at www.aicpa.org/financialliteracy.

For more self study courses, please visit www.cpa2biz.com or call 888-777-7077.

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UPCOMING WEBCASTS

Stock-Based Compensation Strategies CFO Roundtable Webcast February 23

Join your fellow professionals for an informative discussion of the FASB's new accounting standard on fair value accounting for stock options. Statement No. 123 [Revised], titled "Share Based Payments," becomes effective for the first interim or annual reporting period beginning after June 15, 2005.

This live and interactive AICPA webcast will focus on the significant implications this Standard has on executive compensation strategies. Beginning with a detailed technical discussion of the new standard and followed by a discussion of how compensation experts can begin to implement it, this Webcast promises to be jam-packed with actionable information.

This webcast is the first of **CFO Roundtable Webcast Series** brought to you each calendar quarter by the AICPA. The webcasts are designed to cover a broad array of "hot topics" that successful organizations employ and subjects that are important to the CFO's personal success.

The SEC Quarterly Update Webcast Series is brought to you each calendar quarter by the AICPA and CFO.com and showcases the profession's leading experts on what's "hot" at the SEC.

By registering for all four of either series you can save \$67.

For all of your continuing education needs from AICPA Info Bytes and Self-Study to Webcasts and On-Site Training go to [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

Roger Staubach Keynote at Spring 2005 B&I Financial Executive Forum

This Spring's Financial Executive Forum to be held in Dallas in collaboration with the Texas State Society May 10-14 is shaping up to be a terrific event, featuring Roger Staubach as the keynote speaker. In addition to a packed two-day conference agenda, exceptional pre- and post-conference sessions are being offered.

Beyond Disaster Recovery: Business Continuity Planning, will be offered as a full day session on Tuesday May 10. In this conference within a conference you will be hearing more about the topic of disaster recovery which will include a panel of leading experts from regulatory agencies and industry who will share their experiences as pioneers in this arena, in addition to an interactive application case study.

We also have a new full day leadership program developed by Bill Bryan and Alan Patterson - *Tools for Effective and Ethical Leadership*, and a half day session in collaboration with the Balanced Scorecard Collaborative, *Align Planning and Budgeting To Your Strategy*. More to follow- mark your calendars now.

XBRL Conferences 2004 & 2005

Under the rubric of Financial Reporting Goes Global: XBRL and IFRS working together the top ten findings of the 10th XBRL International Conference in Brussels, Belgium, included the worldwide interest in XBRL with 450 delegates attending, representing 30 countries and the focus on business reporting rather than technologies.

For a complete list of the top ten findings and presentations from the conference go to [XBRL Conferences](#). There is also a link on that page to the [11th XBRL International Conference](#) to be held in Boston April 25-29th, 2005. A mailing list request is available on that upcoming events page. Information on joining the XBRL Consortium is available at <http://www.xbrl.org/HowToJoin/>.

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