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DEAR MEMBERS

Since our last issue of *BusIndNews* much of the country's attention has been focused on the recovery from hurricanes Katrina and Rita and their aftermath. Last week I had the chance to speak briefly with a member of our Board from Baton Rouge, as well as Grady Hazel, the Executive Director of the Society of Louisiana CPAs, both of whom repeatedly said "you just can't imagine how bad it is down there." Enough said.

In addition to our thoughts being with those impacted, the AICPA and state CPA societies have joined forces to marshal resources to keep people informed as well as help alleviate some of the suffering.

Some of the things that have been accomplished to date include:

- Contact information on Relief Organizations to which members can contribute has been disseminated and a matching employee contribution plan made available.
- A variety of Business Recovery Resources are available for download
- A Volunteer Center to allow CPA firms to provide office space, and other practice continuation resources to displaced CPAs has been launched by PCPS.
- Advocacy efforts with the IRS to provide relief from certain requirements for taxpayers (and practitioners) are in place.
- Agreements with IRS and pilot state societies for CPAs to be providers of tax assistance at FEMA have been executed.
- A practice aid on audit issues regarding disasters has been developed.
- The Tax Section Disaster Area Practice Guide has been updated and made available.
- Our 360 Degrees of Financial Literacy consumer Web site has been enhanced to answer disaster-related questions.

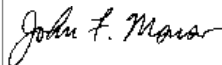
To access these resources click on the following link to the website that has been created for [AICPA Disaster Recovery Resources](#)

On a more positive note, the AICPA, in conjunction with The Marshall School of Business of USC, is considering offering an executive education program. The program is for executives with 12 or more years of experience: emerging partners, managing directors, CFOs, CEOs, COOs, and is designed to assist organizations, departments and individuals in learning unique and innovative solutions for today's business challenges.

This program will help you to build leadership skills in a number of management and functional areas as well as garnering technical knowledge. The USC instructors are well recognized leaders in their fields with extensive academic and real-world experience. What makes this program distinctly different from other executive education programs isn't so much what you learn; it's how you learn it. These classes are intensive, in-depth and interactive. Using case studies, current business models, experiential exercises and a team project approach, the learning environment is highly participatory and dynamic. You'll be able to put what you learn to work the very next day.

We would greatly appreciate your feedback on this via a brief Zoomerang survey accessible at <http://www.zoomerang.com/survey.zqi?p=WEB224MWYTY7QZ>

Best regards,



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

TOP STORIES**AICPA Partners with U.S. DOL, State CPA Societies on Small Business Seminars**

The U.S. Department of Labor's Employee Benefit Security Administration (EBSA) and the AICPA are launching local seminars to educate small business clients – particularly women business owners – on setting up and administering pension, health and other benefit plans. Regional offices of EBSA, state CPA societies and the AICPA will host the seminars. CPAs and their clients may register for the first seminar, which will take place in Los Angeles on Oct. 20, 2005 at www.dol.gov/ebsa/. Other dates will be announced shortly. Access the [press release](#) for more information.

Learn about the tools and guidance the AICPA's 360 Degrees of Financial Literacy program has for business owners by clicking on "Financial Topics" at www.360financialliteracy.org. And specialized resources for women business owners can be accessed at www.360financialliteracy.org/women.

SEC Extends Section 404 Compliance for Certain Filers

By now you have probably heard that the SEC extended the deadline for compliance with SOX Section 404 (internal control reporting requirements) for non-accelerated filers to years ending on or after July 15, 2007. Note that this extension does NOT apply to foreign private issuers (unless they meet the requirements of a non-accelerated filer) who must still comply with the previous deadline of years ending on or after July 15, 2006.

It is important for non-accelerated filers to look on this additional extension as an opportunity for effective implementation, rather than deferring until closer to the due date. Read the [SEC press release](#) here.

SEC Proposes to Amend Periodic Reporting Filing Deadlines

The SEC also proposed amendments to Rule 12b-2 of the '34 Act regarding accelerated filing deadlines, among other issues. Following are the points of the SEC's proposal:

1. Create a new category of filer, and refine the definition of accelerated filer:

Large accelerated filer (new category) – reporting companies with a public float of \$700 million or more and meet the same conditions that apply to accelerated filers

Accelerated filer (redefined category) – reporting companies with a public float greater than \$75 million and less than \$700 million

1. Amending the phase-in of accelerated filing dates for Forms 10-K and 10-Q scheduled to take effect next year. Under the current rules, accelerated filers are scheduled to become subject to a 60 day filing requirement for Form 10-K for fiscal years ending on or after December 15, 2005, and a 35 day filing requirement for Form 10-Q. The SEC proposed the following:

Annual (Form 10-K) and quarterly reporting (Form 10-Q)

- Large accelerated filers (as defined above) – 60 days for annual reporting; 40 days for quarterly filing
 - Accelerated filers (as defined above) – 75 days for annual reporting; 40 days for quarterly filing.
1. The proposed amendments also would modify the procedures by which accelerated filers can exit accelerated filer status by permitting an accelerated filer whose public float has dropped below \$25 million to file an annual report on a non-accelerated basis for the same fiscal year that the determination of public float is made. The proposed amendments similarly would permit a large accelerated filer to exit large accelerated filer status once its public float has dropped below \$75 million.

These proposals are currently in a 30 day comment period, ending October 21. AICPA will respond through the Center for Public Company Audit Firms and we will have the chance to provide input. If you have comments, please send them to us at BusIndNews@aicpa.org. Read the [SEC press release](#) here.

Private Company Directors Accountable in “Zone of Insolvency”

A recent [CFO.com article](#) reports on a U.S. District Court case in which directors were found liable along with the chairman, chief executive officer and majority shareholder, for \$45 million of losses incurred after the company had become insolvent, but before it had declared bankruptcy.

The article makes the point that although the case broke new ground in terms of establishing precedent for accountability in this period termed the “zone of insolvency” it did not clarify the boundaries of this murky area that many companies operate in, long before they either establish themselves as viable operating companies or officially declare bankruptcy.

Three bits of advice in the article for companies in troubled situations include:

1. Slow down the burn rate of capital.
2. Seek the advice of outside counsel, other professionals and independent directors.
3. Document the actions of the board, especially as they relate to compensation issues in order to preserve protection under the “business judgment” rule in the event such payments are ultimately challenged by a trustee.

Recruiting Board of Directors More Challenging

Another CFO.com article, summarizes two recent surveys which have found that recruiting board members is increasingly challenging. According to a survey by Mercer Human Resource Consulting, the median compensation for corporate board directors at 350 of the largest public U.S. companies is \$155,000 in 2004, up 18 percent from 2003. A Grant Thornton survey shows recruitment challenges stem partly from directors' concerns about taking on personal financial risk. To read the article, visit [CFO.com](#).

The AICPA's [Audit Committee Matching System](#) can help to alleviate the challenges associated with finding qualified board members. Organizations can use the database to search for Audit Committee or Board candidates, and AICPA members can register their willingness to serve. If you are looking for CPA candidates for your board, feel free to use this free service.

Financial Experts Reduce Restatements, Other Benefits Questionable

Business Finance magazine recently reported on a [Knowledge@Wharton](#) report describing research that studied the role of company directors who are commercial or investment bankers and concluded that these "financial experts on corporate boards do not necessarily improve shareholder value."

The study looked at biographical and other data from Forbes 500 companies from 1988 to 2001, a period that ended just before the 2002 enactment of Sarbanes-Oxley. In the article the research paper is quoted as saying that at least one study has found that "the presence of directors with a CPA, CFA, or other finance experience on audit committees translates into lower frequency of earnings restatements."

However, their impact as corporate financial advisors is another matter, the researchers suggest. The main findings indicate that commercial bankers serving on corporate boards help increase access to loans, particularly through the director's bank. However, potential benefits do not accrue to the firms that are likely to be financially constrained.

The researchers found that the presence of an investment banker on a company's board was associated with bond deal size that on average was \$21 million larger. Also, their presence tended to cut underwriting fees -- but only when a bank other than their own was involved in the deal.

Also, on average, \$1 invested in an acquiring company that had an investment banker on its board was worth 97 cents three years after the acquisition as compared to \$1.12 for companies without an investment banker on its board. Profitability over the three years of companies with an investment banker on their board also dipped below that of companies without an investment banker on their board.

So -- what do you do with all this information? Sit down and take a look at your own board, your company strategies, and Board politics. Consider sharing these findings and your observations with other leaders in the organization and talk about how your company stacks up and whether any changes need to be made. Tread carefully, these are not easy areas to address.

Summary of SEC Securities Offering Reform Rules

Fried, Frank, Harris, Shriver & Jacobson LLP ([Fried Frank](#)), an international law firm, has issued two memorandums summarizing the provisions of recently adopted reforms to the securities offering process. The final rules are primarily constructive and incremental to the existing regulatory structure and focus on communications related to registered securities offerings, delivery of information to investors, and procedural restrictions in the offering and capital formation process.

For the "short" (22 page) version click on [Securities Offering Reform: A Synopsis](#) ; for a more in-depth description and discussion click on [SEC Adopts Dramatic Reforms to the Public Offering Process](#). For the Final Rule which will become effective December 1, 2005, go to [Securities Offering Reform](#).

Differentiating Customer Profitability with Time -Driven ABC

Last year we called your attention to Robert Kaplan's modified version of ABC costing originally introduced in the July-August 2005 issue of Harvard Business Review. A recent BusinessFinanceMag.com issue highlights a [Balanced Scorecard](#) article outlining how companies are using time-driven ABC to generate additional revenues by capturing the costs of customized services requested by customers and either charging for those services or reducing the costs of providing them.

This modified version of ABC costing is a great short-cut method of developing customer-profitability metrics without implementing an elaborate alternative accounting system to capture ABC data.

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CAREER CORNER

Strategic Leadership Skills

The September issue of the Center for Creative Leadership e-newsletter [Leading Effectively](#), focuses on Strategic Leadership, building on their March 2005 issue. In addition to a SWOT-Strengths, Weaknesses, Opportunities, Threats-analysis for thinking about strategy in your organization and an article about linking leadership strategy to organizational strategy, the Strategic Acting and Strategic Influencing pieces in the article include short self-assessment tools for gauging your own proficiency in these areas, and recommendations for skill development.

The Strategic Influencing article underscores the role of trust in being successful in influencing others and offers the following tips for creating a more trusting environment:

- **Begin outside of work** – Getting involved in a church, community group or volunteer organization (like an AICPA or State Society committee or activity) is a safe place to step outside of your comfort zone.
- **Give voice to your values, goals and ideals** - When you hear something that you strongly agree with or disagree with, voice your agreement or disagreement (tactfully), and your reasons why.
- **Put your cards on the table early** – Rather than hold back until others have had their say, be the first or second to voice your opinion.
- **Observe others reactions** – When you do these things notice the impact on others and whether it encourages others to be more open and share their views.
- **Pick a pilot setting** – Once you have tried these skills outside of work, pick a meeting or a group that you can use to pilot them in the workplace.

Job Hunters Have the Upper Hand: Survey

According to a Robert Half International study of U.S. employees and hiring managers, the perfect job – or job candidate – is hard to find. Both employers and employees felt unsure of who has the upper hand in the current hiring climate, and job hunters may have more leverage than they realize. Companies are continuing to struggle to recruit qualified staff. Twenty-five percent of hiring managers are offering more generous compensation packages to new employees in the last 12 months, and one-in-three expects compensation levels to increase in the coming year. The [Robert Half press release](#) on the study provides more information and details on obtaining the full report.

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TECH CENTER

CPA2Biz Opens Audit & Control Technology Store

CPA2Biz has developed an Audit & Control Technology Store to provide valuable product guidance, reviews, and discounted technology tools to CPAs and financial managers. All of the product reviews, case studies, FAQs and best practices are available online for free, and CPA2Biz has negotiated discount savings of 10% or more off retail price for a host of different technology software solutions.

The software tools featured throughout the Audit and Control Technology Store are grouped into the following defined categories:

Audit Management – tools to manage engagement resources and documentation, collaborate with the engagement team, and otherwise improve engagement efficiency.

Data Analysis – tools to analyze company information to identify errors, fraud, and cash recoveries while automating manual audit procedures.

Risk Management – tools to organize risk and control documentation for compliance with Sarbanes-Oxley or for companies simply desiring to have more accountability around internal controls.

Product buyers guides and reviews are accessible at [Audit and Control Guides and Reviews](#). Of particular interest to those who may be in the process of evaluating software is the [2005 Buyer's Guide to Audit, Anti-Fraud and Assurance Software](#).

LEARNING LINKS

Featured CPE: AICPA's Annual Accounting and Auditing Update Workshop

This self-study course will keep you current, informed, and show you how to apply the most recent standards. Highlights include SAS No. 99 on fraud and the financial statement audit, SAS No. 101 on auditing fair value measurements and disclosures, FIN 46 on variable interest entities and the revised SFAS No. 123 share-based payment. For additional information or to order click on [A&A Update Workshop](#).

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.

Financial Training Decision-Makers: For information on in-house training and tools to manage professional development, go to [AICPA Learning](#) or call 1-800-634-6780, Option 1.

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WEBCASTS

[SEC Quarterly Update Series 2005 – 3rd Quarter](#)

The most recent SEC Quarterly Update was held on **September 21**.

To view the archive of this webcast or other past webcasts, go to [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

Fall Business and Industry Financial Executives Forum – October 27 & 28

With two days of pre-conference workshops, two days of main conference

concurrent sessions, and a full day of post-conference workshops, the Fall Business & Industry Financial Executive Forum scheduled for October 27 & 28 at the Marriot Marquis in New York City offers a unique blend of topics geared to your needs. In addition to compelling perspectives from keynote presenters Patricia McConnell, Neil Lebovits and Leslie Murphy, we will once again offer the "Forum at the Forum" a panel discussion with thought leaders on key issues of the day.

Click on the following link to download the [Business and Industry Financial Executive Forum](#) brochure. Register by September 27th to receive the \$50 early registration discount in addition to your AICPA member discount.

[National Conference on Credit Unions](#)

Las Vegas, NV
10/26/2005 - 10/28/2005

[2005 AICPA Business and Industry Financial Executive Forums](#)

New York, NY
10/27/2005 - 10/28/2005

[AICPA National Real Estate Conference](#)

Las Vegas, NV
11/3/2005 - 11/4/2005

[AICPA Not-For-Profit Financial Executive Forum](#)

San Francisco, CA
11/16/2005 - 11/18/2005
Pre- and/or Post-Conference Optional Workshops

[AICPA Conference on Healthcare](#)

Las Vegas, NV
11/17/2005 - 11/18/2005

[The AICPA National Conference on the Securities Industry](#)

New York, NY
11/29/2005 - 11/30/2005

[National Conference on Current SEC and PCAOB Developments](#)

Washington, DC
12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments - Video Simulcast NY](#)

New York, NY
12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments - Video Simulcast CA](#)

San Francisco, CA
12/5/2005 - 12/7/2005

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