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Dear Members

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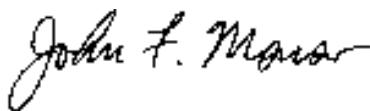
I am pleased to announce that we have hired a new Director for Business, Industry and Government. Christopher T. McKittrick joined the AICPA on August 13 and will be taking over this space beginning next month, as he brings the insights from his rich career to the leadership of the Business, Industry and Government team. In addition to being a CPA, Chris has an MBA and has worked in public and privately owned companies, both large and small, in various roles including that of CFO. We are excited to have Chris on board and look forward to leveraging his diverse experience in our continuing effort to provide innovative and valuable benefits for our members in business and industry.

As August comes to a close and attention turns to the fall, we have a number of special professional development opportunities on the calendar. In addition to our array of industry specific conferences, we are offering an encore of our sold out Controller's Workshop in Las Vegas. [Controller's Workshop East](#) is slated for Orlando, November 8-9.

There is also time to take advantage of the early bird and member discounts for the first annual [International Financial Executives Leadership Forum](#) that we are hosting in collaboration with CMA Canada and CIMA in Montreal, October 3-5. The agenda for this conference is truly exceptional and promises to be a terrific learning experience and networking opportunity targeted for those of you in, or aspiring to be in, "C-suite" positions in your organizations. The audience will be international and the content has been designed to have wide appeal.

Finally, we encourage you to take note of the other item in our new "Don't Miss" section and mark your calendars for our Fall 2007 Management Accounting Infocast Series.

Best regards,



John F. Morrow, CPA
AICPA Vice President
Business, Industry & Government

----- Don't Miss! -----

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Conference Spotlight

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[AICPA Controllers Workshop East – November 8-9, Kissimmee, Fla.](#)

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International Leadership Forum – Early Bird Deadline Extended to September 7

The **early-bird deadline** for the first annual [International Financial Executives Leadership Forum](#) has been extended to **Friday September 7**. This one-of-a kind forum to be held in **Montreal October 3-5** features a terrific array of speakers and panelists. Register today and book your reservations at the [Intercontinental Hotel](#) overlooking the historic Old Montreal section of this exciting city.

Fall Management Accounting Infocast Series Calendar Set

Again this fall we will be offering a series of free infocasts, sponsored by SAP and Robert Half International and in collaboration with CMA Canada and CIMA, on strategic management accounting topics. Mark your calendars today for 12pm ET for the following “third Thursday” programs and take advantage of this valuable member benefit:

- [September 20 - CIMA Strategic Scorecard™](#): Engaging Boards in Strategy
- [October 18 - Finance and Accounting Outsourcing: Minimizing Risks, Managing Relationships](#)
- [November 15 - Managing Customer Value: Not all Customers are Created Equal](#)

[Register](#) on CPA2BIZ.

Top Stories

3Q 2007 Economic Outlook Survey

Results from the 3Q 2007 Economic Outlook survey are now available. One of the more notable findings this quarter was the preference expressed for companies and their executives to take leadership roles in resolving public policy issues. When asked about the role executives and their companies should play in public/social policy issues such as healthcare, social security and the environment, 56% of respondents answered that “companies and their executives should take a leadership role” while 36% felt “companies and their executives should be involved in public policy issues only to the extent they relate to strategic objectives” and only 7% felt “companies and executives should focus solely on providing returns to their shareholders.”

While overall results for the economic outlook remain extremely stable some divergence in optimism about the US economy emerged depending on the size of the organization. Overall this quarter 47% of respondents said they were optimistic or very optimistic about the economic prospects for the US in the next 12 months while 65% expressed optimism about the prospects for their own organization. These results were consistent with the 2Q results. However, the larger the respondent’s organization, the more likely the respondent was to be optimistic. Fifty-five percent of respondents from the largest organizations – defined as having over \$1 billion in annual revenue – were optimistic or very optimistic about the outlook for the US economy while only 45% of respondents from the smallest organizations – those with under \$10 million in annual revenue –were optimistic or very optimistic. These differences were not seen in the 2Q survey

For complete results please visit the [AICPA Financial Management Center](#).

PEEC Issues FAQ on FIN 48 Services

The Professional Ethics Division frequently issued non-authoritative guidance on questions raised by AICPA members as to whether auditors could assist an attest client in applying [FASB FIN No. 48](#) without impairing independence. Essentially the [PEEC FAQ](#) concludes that the ability of management to understand and take responsibility for the work is the criteria for determining independence under the requirements of Interpretation 101-3, and complexity alone would not necessarily preclude auditors from assisting clients with implementation.

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SEC Approves PCAOB AS No. 5 and Definition of Significant Deficiency

At an open meeting on July 25 the SEC unanimously approved Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements (AS 5)*, a Related Independence Rule, and Conforming Amendments. [The SEC's order](#) approving AS 5 can be accessed at the respective link.

AS 5 brings a number of improvements, including:

1. Less prescriptive (allowing greater use of judgment);
2. Makes the audit scalable to fit the size and complexity of any company;
3. Directs auditors to focus on what matters most – those areas that present highest risk – thereby eliminating unnecessary audit procedures. Under the new standard, the auditor is not required to scope the audit to find deficiencies that don't constitute material weaknesses and auditors are allowed to use knowledge accumulated in previous years' testing. AS 5 also clarifies that the audit should be focused on the effectiveness of a company's internal control, not management's process; and
4. Includes a principles-based approach to determining the extent to use the work of others. Auditors are permitted to use testing and other internal control work performed by persons other than internal auditors. This approach is based on the auditor's consideration of the objectivity and competence of those performing the work.

The Commission also unanimously adopted a definition of significant deficiency to define this term as:

A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

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CAQ Survey Finds Investors Value Sarbox

On July 30, the Sarbanes-Oxley Act of 2002 turned five, triggering any number of articles in the business press discussing the pros and cons, the costs and the benefits, the good the bad and

the ugly. Companies and their auditors have struggled mightily with managing the costs of compliance and while improvements and efficiencies are yet to be gained, this looks to be an enduring legacy of the Act.

In spite of the cost impact there remains much support for Sarbox among investors. [The Center for Audit Quality](#) released a report that found that 79 percent of investors felt Sarbox has bolstered their confidence in financial information, while 62 percent said the act should not be changed. More specifically, the survey of 1,000 investors found that 79 percent think the required independent audit committees have been effective, 76 percent think the Public Company Accounting Oversight Board does a good job, 76 percent approve of companies disclosing their internal controls, and 74 percent think CFOs and CEOs should continue to certify financial reports.

According to a [CFO.com](#) article the sentiment of the CAQ findings was confirmed by another survey released last week by Pepperdine University's Graziadio School of Business and Management. That survey found that 57 percent of investors believe the Sarbox requirements that hold senior executives and managers responsible for accurate financial information are effective, and 32 percent think the rules could be tougher. Just 8 percent said Sarbox goes too far.

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Academic Research Confirms the Value of Good Governance

Two of the primary concerns expressed about SOX are 1) that the costs are a drain on the value of companies, and 2) that the compliance burden is driving capital away from US markets. Academic research summarized in a [Knowledge@Wharton](#) article capturing the proceedings of an international governance conference at the Weiss Center for International Financial Research at Wharton would seem to counter those arguments.

One research study on the decisions of companies to list on the US or London exchanges attributes the many decisions to key characteristics of the listing companies and to the availability of the Alternative Investments Market (AIM) of the London Stock Exchange to companies that would be too small to be eligible for listing on US Exchanges. The same study, building on earlier research, found that investors are still willing to pay a premium for US listed companies. A second research study summarized in the article isolated the impact of individual attributes of governance on valuations, finding that audit committee independence is highly valued by investors, but other factors by themselves had little impact on increasing shareholder value.

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Controller's Workshop Attendees Polled on Healthcare Costs

Participants at the July Controller's Workshop in Las Vegas were polled about their expectations for healthcare costs and plans for managing those costs. Ninety-nine percent of those responding to the brief survey expressed concern about rising costs, with eighty-one percent indicating they had experienced increases in the past year. While most respondents indicated their companies do not plan to reduce benefits, nearly a quarter plan to shift additional burden to employees, using various strategies.

Reflecting the value of the opinion of our members on issues like this, the [press release](#) of the survey findings was picked up by a wide variety of media outlets including health and fitness publications in addition to the business press. In addition, a radio spot publicizing the findings began airing on August 13.

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Consumerism in Healthcare: A Reality Check

A recent [Workforce Week](#) article authored by Sander Domaszewicz, Mercer's national practice leader for consumerism provides a bit of history of healthcare provision in our country and issues a caveat about the challenge of sustaining true cost savings over time.

Using "CDH vs CDH" as a way of making his point, Domaszewicz draws a distinction between CDH (*cost*-driven health care), and CDH (true *consumer*-directed health care). Without the necessary sustaining support and infrastructure to ensure the behavioral and utilization decisions necessary for true *consumer*-driven health care, *cost*-driven health care will eventually become a high-cost solution.

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Career Corner

The AICPA and Ajilon Finance Announce 2007 B&I Hall of Fame Winners

The AICPA has inducted three new members into the AICPA Business and Industry Hall of Fame, honoring CPAs who provide insight and vision to their organizations, and demonstrate the leadership, commitment and strategic ability to navigate today's dynamic market conditions.

The three winners of the Ninth Annual Business and Industry Hall of Fame Awards are: Arthur V. Neis, former Vice President, Treasurer/CFO of LCS Holdings, Inc., Des Moines, IA; James W. Noyce, CEO of FBL Financial Group, West Des Moines, IA; and Peggy Scott, Executive Vice President, Blue Cross and Blue Shield of Louisiana, Baton Rouge, LA. For more information on these annual awards, sponsored by Ajilon Finance, read the [press release](#) or visit the [Financial Management Center](#).

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RHI Leadership Council Issues Report on Charting the Future

In a new report, [Charting the Future of the Accounting, Finance and Audit Professions](#), top financial professionals have recommended a number of strategies for addressing the issues that concern those in financial fields. The report addresses escalating talent shortages and other challenges of the post-regulatory reform era. AICPA President and CEO Barry Melancon and AICPA Past Chair Leslie Murphy serve on the Robert Half International Financial Leadership Council, which includes many of the top financial minds in the United States and Canada. For a full list of council members, see www.financialleadershipcouncil.com.

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CPA Marketplace Resources Updated

The [CPA Marketplace](#) resources on C2B have been updated along with the rest of the C2B website. If you are in the job market, seeking to hire a CPA, or looking for professional development guidance, click on the link above to access these member benefits.

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Tech Center

XBRL Webinar Aug 21-The SEC Voluntary Filing Program

There is still time to register for a free webinar on the SEC Voluntary Filing Program presented by xbrl.us. Topics and presenters for the **August 21** webinar are:

- **What Can XBRL Do For You?** - Mike Willis, Partner, PriceWaterhouseCoopers
How Does XBRL Work? - Greg Zegarowski, Financial Leadership Consultancy Corporation
- **SEC Voluntary Filing Program** - Brigette Lippman, Division of Corporate Finance, SEC
- **Public Company Case Study** - United Technologies Corporation & Dow Chemical

To register, email angela.rose@xbrl.us and provide your name, title, organization and email address. A link to the event will be emailed out to you prior to the webinar.

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2007 Top Technology Initiatives Web Seminar: Protecting Information Assets from Internal Threats – September 27th

AICPA Business and Industry members are invited to attend Part I of a two-part web seminar on data protection and internal threats. This exclusive 2007 Top Technology Initiatives Web Seminar will be hosted by the AICPA's IT Section on September 27th at 2:00pm ET (11:00am PT). Join presenters Robert Green, CPA.CITP, Glenn Dickinson, Esq., and Karen Gabler, Esq. as they provide an orientation to insider-borne risks to critical business information, explain the need for a proactive information protection strategy, and discuss legal and IT approaches to managing the behavior of insiders from hire through day-to-day employment. Visit the [IT Center Web Site](#) for more information.

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Learning Links

New! COSO Guidance for Smaller Public Companies Self-Study Video

In July 2006, COSO issued [Guidance for Smaller Public Companies Reporting](#) on Internal Control Over Financial Reporting to provide guidance to smaller company board members, senior management, other company staff and external auditors in cost-effectively applying *Internal Control — Integrated Framework* for assessing and reporting on the effectiveness of

internal controls. This course will complete your understanding of the new COSO document.

Free Test Drive for New AICPA CPEExpress

The AICPA's popular online learning library has a new name and enhanced functionality.

A 30 day free trial of CPEExpress, formerly known as InfoBytes, is being offered to introduce the new features and appearance of the product. For more info click on

[CPEExpress](#) and register for your free trial.

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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Upcoming Webcasts

[Free Infocast! CIMA Strategic Scorecard: Engaging Boards in Strategy - Sept 20](#)

Has strategy taken a backseat in your boardroom? Regulatory and compliance requirements have stolen the show at many companies in recent years. The CIMA Strategic Scorecard was developed to help swing the pendulum back to a more balanced view of enterprise governance.

This infocast will provide practical guidance on how to implement the CIMA Scorecard in your organization to keep your organization and your board focused on value creation and resource utilization, not just accountability and compliance.

[CFO Series Webcast - Implementing Fair Value - Sept 13](#)

SFAS No. 157, "Fair Value Measurements," defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. The new rule **affects over 40 existing accounting standards**. And, for calendar year companies, it's scheduled for implementation **beginning the first quarter of 2008**. Are you and your staff ready?

Register today for all four installments of the [CFO Quarterly Roundtable Series](#) (September, December, March, May) for only \$249.00. A savings of over 20% off of the individual registrant webcast fee.

[SEC Quarterly Update Series - Q3 - Sept 18](#)

This second quarter installment of the AICPA's Quarterly SEC Webcast Series is sure to be loaded with content from activity at the SEC and PCAOB. Register today by clicking on the title link.

Click on [AICPA Webcasts](#) to check all upcoming webcasts offered by the AICPA.

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Conference Spotlight

International Financial Executives Conference – Oct 3-5 Montreal

Register today for the [2007 International Financial Executive Leadership Forum](#). This one-of-a-kind forum features a terrific array of speakers and panelists and will be held at the [Intercontinental Hotel](#) in Montreal, Canada **October 3-5**. Sponsored by the AICPA, CMA

Canada, and CIMA this conference offers senior executives and their high-performing staff members an opportunity to expand networks and knowledge beyond local borders.

[Register today](#) to take advantage of the \$200 early bird and \$200 member discounts and join an international group of colleagues in this exploration of business challenges and opportunities in our increasingly global economy.

AICPA Controllers Workshop East – November 8-9, Kissimmee, Fla.

Couldn't make the July Controllers Workshop in Las Vegas? No problem! The [Controller's Workshop East](#) is an encore presentation of that July 19-20, 2007 conference. There are only a few minor changes in session descriptions and speakers, and the venue is the [Gaylord Palms Resort and Convention Center](#) in Kissimmee, Florida in the heart of the Orlando attractions area. Mark your calendars and register today!

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For any questions about prior orders, membership or related issues, please email service@aicpa.org or call 888-777-7077.

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