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DEAR MEMBERS

Summer is really here now that the Fourth of July has passed, and here at the AICPA many of our colleagues are beginning to make the move to Durham, NC. Ken Witt, the guy who writes most of this e-news, is moving his family this week, and will be based in Durham for the future. We wish Ken and his family all best wishes and we will miss him in NY. He will continue to write BusIndNews and remains a part of our team.

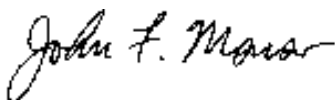
In other news, you know that we have been doing our best to drive our more senior-level readers to our Economic Outlook Survey. The Survey is in its fifth edition now, and we are establishing a trend line. As you know, we conduct this survey each June and December, and are working with several of our counterpart bodies in Canada, Ireland and the UK to coordinate similar surveys and share results.

In the current issue of our survey, we have almost 2500 respondents which is fantastic. We are working with our colleagues in Communications and Media to publicize the results, and we will provide more detail here in our next issue, but for now, two observations:

- Although optimistic about the economy as a whole, the confidence level has softened.
- Prospects for individual respondent's companies remain high.

We will have more results in our next issue. Lots of news here, and as always, thanks for reading.

Best regards,



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

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AICPA Merges EBR and XBRL Initiatives

In a strategic move combining two of its principal initiatives, the AICPA has merged the Enhanced Business Reporting and XBRL efforts and plans to establish a special task force to address the issues related to providing assurance on information provided in XBRL format. The AICPA has been a pioneer in both EBR and XBRL and the link between the two initiatives was spotlighted by AICPA president Barry Melancon in testimony before Congress in March. For more details on both initiatives and the merger, view the list of the most recent [press releases](#) for AICPA initiatives.

Cost of Being Public Declines: Audit Fees Do Not

Results from the annual survey conducted by [Foley](#) and Lardner included in a [June 15th article](#), show overall costs for public companies have declined from 2005-2006. However, audit fees have continued to rise. Companies with revenues less than \$1 billion reported a 16% decrease; the cost decline for companies with revenues greater than \$1 billion was 6%. The decline is attributed primarily to one-time costs of SOX-related governance initiatives incurred in the previous year.

While companies did experience some decline in ongoing SOX compliance costs, the survey results indicate increased audit fees with larger percentage increases for small-cap and mid-cap companies than for larger enterprises. Click on the title link above to access the full report for more details.

FASB Seeking Comment on a Proposed Staff Position

On June 15, 2006 the FASB issued a [proposed staff position](#) (FSP) that defines an obligor (or debtor) of a conduit municipal bond traded on a public exchange, or market, as a public entity. The proposal addresses constituent questions that have arisen concerning whether a conduit bond obligor with publicly traded conduit debt securities should be considered a public entity and apply certain existing authoritative accounting literature.

The proposed FSP would amend APB Opinion No. 28, *Interim Financial Reporting*, FASB Statements No. 69, *Disclosures about Oil and Gas Producing Activities*, No. 109, *Accounting for Income Taxes*, No. 126, *Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities*, No. 131, *Disclosures about Segments of an Enterprise and Related Information*, and No. 141, *Business Combinations*. The FASB invites individuals and organizations to send written comments on all matters in this proposed FSP. The comment deadline for the proposal is July 31.

Employee Benefits Remain a Mystery to Many Corporate Execs

According to a recent [McKinsey Quarterly](#) survey, US executives overwhelmingly see employee benefits as essential to attracting and retaining the talent necessary to compete. However, far fewer have a good idea of the benefits that their employees want and whether their companies are getting an adequate return on their benefit investment.

Some of the other interesting findings of the survey include:

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- In spite of all of the recent attention on retirement benefits, 63% of execs reported that they considered health care benefits to be more critical to their company's long term financial health.
- Although the McKinsey data suggests that when execs understand their employees preferences they are more inclined to think that they are getting an adequate return on their benefit investment, 43% indicated that they either did not know their employee's preferences at all, or only knew them somewhat.
- 55% of the respondents characterized their company's programs as "slightly" or "not at all" effective in helping employees start the transition to retirement by age 50, deemed a critical point by many experts.
- 96% deemed some form of consumer driven health plan as "important" or "somewhat important" to their ability to sustain a health benefit over the long term.

Are We Prepared for an Avian Flu Pandemic? Not Yet

If this issue is not yet on your radar screen it will be before long. Many companies are already being asked to provide Avian flu preparedness plans. This [Booz Allen strategy+business](#) report provides an analysis of the risks and required responses in the event of an outbreak of Avian flu.

Carrying the title **Avian Flu: A Test of Collective Integrity**, their analysis underscores the point that to prevent a pandemic from overwhelming both public and private sectors, an unprecedented level of coordination will have to take place. Businesses will not only need to put in place the contingency plans necessary to protect and sustain their own operations, but they will also need to consider their response in the event they are called upon to provide resources to support a wider community response.

Social Networking Theory: A New Key to Unlocking Corporate Performance

For a more positive slant on human interaction - intuitively known for decades and recognized culturally by the movie *Six Degrees of Separation* and the book *The Tipping Point*, social networking theory is emerging as a hot topic. Better data, principally from email, is improving the ability of those who study this phenomenon to produce network maps of communications.

According to a June 14th [article](#) in Knowledge @ Wharton Connecting the Corporate Dots: Social Networks Reveal How Employees and Companies Operate, these network maps could have application ranging from identifying "cosmopolitans", the employees most critical to information flow in the company, to reconfiguring the organizational chart to better align the flow of work with actual communication.

OCEG Releases Ethics Internal Audit Guide

The Open Compliance and Ethics Group, a not-for-profit organization that provides a framework for integrating governance, compliance, risk management and integrity into the tangible practice of everyday business has developed an internal audit guide for audits and ethics programs. The [OCEG Guide](#) provides

leading practice information and other resources for evaluating compliance and ethics programs.

Business Ethics Announces 100 Best Corporate Citizens

In its Spring 2006 edition [Business Ethics Magazine](#) announced its rankings of the 100 best corporate citizens. Using a universe of the S&P 500 and the Russell 1000, companies are ranked on performance in eight stakeholder categories: shareholders, community, governance, diversity, employees, environment, human rights, and product.

In addition to a shareholder score based on a three-year average total return of stock appreciation plus dividends, firms are given ratings derived from various sources for both positive activity and negative activity in each category. For more details about the rankings and the methodology, click on the link above.

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TECH CENTER

AICPA Streamlines CITP Process; Offers \$100 Promotion

The AICPA has incorporated your feedback and has streamlined the process for applying for the CITP Credential. Until July 21 AICPA members can receive a \$100 discount from the CITP credential enrollment of \$550 and be recognized for their business and information technology expertise.

For more information on the benefits of joining the CITP Community, go to [Infotech Center](#) or click on the following link to download the [CITP Application](#).

First XBRL GL Training – July 13, 2006

The first in an ongoing series of in-depth XBRL GL training session will take place on July 13th in Alexandria, Virginia. These classes are designed to help companies considering the implementation of XBRL GL, the standardized Global Ledger, or consultants wishing to provide services leveraging XBRL GL. For more information, go to [XBRL GL](#).

Other XBRL Events

SEC - on June 12 the SEC hosted its first in a series of Interactive Data Roundtable Discussions. In his opening remarks, Chairman Christopher Cox indicated that the SEC intends to lead by example, referencing the [SEC Website - XBRL Initiatives](#) resource. The discussion of this Roundtable (video is available at the Initiatives site) focused primarily on the needs and potential benefits of XBRL to the mutual fund industry and analyst community.

Separately, the SEC also announced the addition of four companies to their [Voluntary Filer](#) program.

[XBRL - US](#), the U.S. based arm of XBRL International also hosted two free conferences focused on the development of XBRL and how interactive data can reduce costs, increase productivity and improve data quality.

The first conference held in Washington DC on June 27, 2006 focused on the public sector and highlighted specific applications of XBRL designed for government agencies.

The second event was hosted by Microsoft in New York and included a free conference on June 29, followed by an XBRL training session on June 30.

Ask the Tech Expert Service

Rich Lanza's Ask the Expert service on the Store's home page allows you to direct specific questions to him at rlanza@cpa2biz.com.

2006 Audit, Anti-Fraud and Assurance Buyer's Guide Released

Rich is one of the three co-authors of the [2006 Buyer's Guide to Audit, Anti-Fraud, and Assurance Software](#). The authors invested over 850 hours of detailed analysis of over 145 vendors to identify best practices, industry trends, and a clear definition of how the various technologies can be integrated for maximum organizational benefit.

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CAREER CORNER

New Program Bridges Gap from Business to Academia

In response to growing concerns about the dwindling number of PhD candidates in business schools, the American Association of Collegiate Schools of Business has developed a program to encourage more senior business leaders to consider bringing their valuable knowledge to a second career in academia.

The AACSB Bridge Program is a five-day intensive seminar that provides a pathway for high-level senior executives to become candidates for faculty positions.

The inaugural AACSB Bridge Program will take place Oct. 22-27 at the Paul Merage School of Business at the University of California, Irvine. A second course will be held at the University of Southern California in May of 2007. For more information, click on the following link to the [Bridge Program](#).

AICPA Chair Leslie Murphy Announces FlexWise Program

AICPA Chair Leslie Murphy announced at the annual Practitioner's Symposium that the AICPA is offering [FlexWise](#), an online toolkit for managing flexible work arrangements. Developed by Rupert and Company, FlexWise comes in two versions, FlexWise – Firm and FlexWise – Business.

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LEARNING LINKS

What World Class Audit Departments are Doing

One of the features of the recently released [Managing the Audit Function, A Corporate Audit Department Procedures Guide, 3rd Edition](#) is a discussion of what world class internal audit departments are doing with Baldrige criteria, balanced scorecard and other continuous improvement techniques.

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

[SEC Quarterly Update Series 2006 Q3 - September 30, 2006](#)

This SEC Quarterly Update Webcast - brought to you each calendar quarter by the **AICPA** - showcases the profession's leading experts on what's "hot" at the SEC.

CFO Roundtable Series 2006 Q2 – Financial Fraud from the Fraudster's Perspective

This webcast provided a terrific opportunity to learn directly from those who committed financial fraud and paid dearly for doing so, understand their motivations and the pressures they were under and, ultimately, see what caused them to cross that line they never expected to cross. If you missed the live event, the archive is now available at [webcasts](#).

All webcast information can be accessed at [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

AICPA Controller's Workshop Hosting 2006 Hall of Fame

The [AICPA Controller's Workshop Conference 2006](#) will be held in Las Vegas at The Bellagio, July 19-21, 2006. The induction ceremony for the 2006 AICPA Hall of Fame awards sponsored by Ajilon will be conducted at the Controller's Workshop this year, adding to the attraction of an always popular event. We just received word that this conference is filling up fast so be sure to register today to avoid being closed out!

Construction Industry Executive Forum

This conference is a brand new forum for the construction industry focusing on a combination of topics for the owners, COOs and CFOs. This symposium being held at the **Hilton La Jolla Torrey Pines on July 20-21**, offers trending issues, more opportunities to network with peers and excellence of speakers in the industry. The session lengths also are a great way for allowing a more in-depth discussion of the various topics. For more details, click on [Construction Industry Exec Forum](#).

The 2006 World Congress of Accountants - The 17th World Congress of Accountants will be held in Istanbul, Turkey on November 13-17, 2006. The Congress will feature plenary sessions and workshops on a wide range of accounting, auditing, ethics and financial management issues. Patricia Cochran, a member of our Business and Industry Executive Committee, will be speaking at the Congress on enterprise risk management. For more information, visit <http://www.wcoa2006istanbul.org.tr>.

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