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## Career Corner

## Dear Members

Does the economic news we hear recently sometimes confuse you? It certainly could. Oil and other commodity prices have risen dramatically and then fallen. Stock markets fluctuate with every report of trouble in the credit markets or good news on the earnings front. What is a person to make of all this?

As I met people at our Controller's Workshop in Las Vegas in July I asked many of them this simple question: "How's your business?" I was surprised by how many responses I got like "Just fine" and "We're ahead of last year and ahead of plan". This prompted me to do an informal survey of the over 450 attendees during my luncheon talk on Thursday.

About 66% of the people in the room were employed in private companies. The rest were from public companies with a small percentage of not-for-profit organizations also. About 50% of the room raised their hands when asked if their business was either ahead of last year or ahead of plan for 2008. This show of hands surprised many in attendance.

So what does this mean? Well, statistically nothing. Informally it makes one wonder if things are as bad everywhere as we may be led to believe or is the problem only in certain sectors of the economy?

The results of the 3Q 2008 Economic Outlook Survey may provide some insight. While the AICPA B&I members responding to the survey were pessimistic about the outlook for the US economy, they were much more positive about the outlook for their own organizations. These differences became even more pronounced when broken down by industry – some industries definitely have a better outlook than others. For more details on the survey results, see the article below and the complete results on the [FM Center](#).

The US economy is not alone in its volatility. Financial leaders in both large and small organizations are facing tumultuous times in the global marketplace too. The [2008 International Financial Executives Leadership Forum \(IFELF\)](#) is your opportunity to gain insight into how to keep pace and to be successful in the face of all this tumult. In addition to providing you with a wealth of information on strategic and tactical topics such as IFRS, performance management, fraud, risk management and more, the IFELF offers you a unique opportunity to network with senior executives from the US, Canada, UK and around the world. This year's conference is being held in Washington, DC on September 25-26.

Please keep your thoughts, comments and questions coming to us via e-mail at [cmckittrick@aicpa.org](mailto:cmckittrick@aicpa.org).

Best regards,



Christopher T. McKittrick, CPA  
Director of Members in Business, Industry & Government

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**Save the Date:**

**[Lean Accounting Summit, Las Vegas, NV – September 17-18, 2008 \(AICPA members receive a \\$100 discount\)](#)**

**[International Financial Executives Leadership Forum, Washington, DC – Sept. 24-26, 2008](#)**

**[Controller's Workshop, Orlando, FL – Nov. 12-14, 2008](#)**

## Top Stories

### CPAs More Optimistic about their Organizations than about the US

Continuing the pattern of the past several quarters, CPAs responding to the 3Q 2008 AICPA Kenan-Flagler Economic Outlook Survey continued to express more optimism for their own organizations than for the overall US economy. While pessimism increased for both organizations and the US economy, 38% of respondents expressed optimism about their own organization while 27% expressed pessimism. Results were sharply different for the US economy where 62% of respondents expressed pessimism and only 10% were optimistic. When asked whether or not the US economy was in a recession, 57% believe we are already in a recession despite official numbers while 32% believe we will avoid a recession.

Despite this negativity, respondents strongly rejected the idea of a second economic stimulus plan by an almost 3 to 1 margin. Sixty-two percent also believe that the Fed should maintain their current interest rates and not reduce them to encourage growth or increase them to curb inflation.

When results are viewed at an industry level, it is clear that all industries are not alike. Optimists outnumber pessimists in the professional, technical and scientific services, healthcare providers, manufacturing and finance and insurance industries while pessimists dominate in the real estate and retail trade industries. Respondents in the construction and wholesale trade industries were about evenly split. Other indicators such as planned employment and expansion plans supported these views.

For more information and detailed results, please see the [Financial Management Center](#).

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### Towry Awarded Best Early Career Researcher Award

Kristy Towry, Ph.D., assistant professor of managerial accounting and finance at the Goizueta Business School, Emory University was awarded the Best Early Career Researcher Award from the AICPA and co-sponsors CIMA and CMA Canada. The award was granted in collaboration

## Conference Spotlight

[2nd Annual International Financial Executives Forum](#)  
[September 25-26](#)

[AICPA Controllers Workshop East](#)  
[November 13-14, 2008](#)

[Audit Committee and Risk Workshop - Repeat Performance](#)  
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with the Management Accounting Section of the American Accounting Association.

Towry's research on the use of accounting information for managerial decision making, with a special focus on managerial control systems and financial incentives is published in multiple publications including *Accounting Education*, *The Accounting Review* and *Contemporary Accounting Research*. *The Accounting Review* and other publications are expected to publish more of her research, which has examined control systems in a teamwork setting and how a strong team identity leads to greater collaboration.

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### FASB to Tackle Revenue Recognition

At its July Board meeting, the FASB agreed to issue a discussion paper in the October/November timeframe on its [revenue recognition project](#). This paper sets out a revised plan to issue a general revenue recognition standard by June 2011.

The Boards currently plan that this general revenue recognition standard will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* as well as much of the revenue recognition literature in the US. This plan takes into account the Boards' decision in May to pursue a customer consideration measurement approach. The main aim of the paper is to solicit input on whether a single revenue recognition model based on satisfying performance obligations is appropriate for all revenue contracts. Stay tuned for more details as FASB moves forward with this project.

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### Use of NAV in Determining Fair Value for Fund of Fund Investments Questioned

In 2007, the FASB formed a valuation resource group (VRG) to provide the Board with input on potential clarifying guidance on issues relating to the application of the principles of FASB Statement No. 157, *Fair Value Measurements*, to fair value information required or permitted under U.S. GAAP.

One of the issues that were discussed by the VRG relates to the use of net asset value (NAV) in determining fair value of fund of fund investments (Issue 2007-10). According to the issue summary that is posted on the FASB website, the FASB staff believes that it would be inconsistent with FASB Statement No. 157 to presume that NAV automatically equals fair value.

This issue affects a number of industries which typically invest in such products, such as investment companies, broker-dealers, banks, insurance companies, employee benefit plans, healthcare organizations, and not-for-profit organizations.

## **ACFE Releases 2008 Fraud Report – Small Businesses Particularly Vulnerable**

The 2008 Report to the Nation on Occupational Fraud & Abuse published by the Association of Certified Fraud Examiners (ACFE) estimates that US organizations lose an estimated 7% of their revenues to fraud.

Additional findings from the [ACFE 2008 Fraud Report](#), which is downloadable at the link, include:

- Fraud schemes tend to be extremely costly. The median loss caused by the occupational frauds in this study was \$175,000. More than one-quarter of frauds involved losses of at least \$1 million.
- Schemes frequently continue for years before they are detected. The typical fraud in our study lasted two years from the time it began until the time it was caught by the victim organization.
- Frauds were most often committed by the accounting department or upper management, and most fraudsters were first-time offenders. Only seven percent of fraud perpetrators in the study had prior convictions and only 12 percent had been previously terminated by an employer for fraud-related conduct.
- Occupational frauds are much more likely to be detected by a tip than by audits, controls or other means.
- Small businesses are especially vulnerable to occupational fraud.
- Seventy-eight percent of victim organizations modified their anti-fraud controls after discovering that they had been defrauded.

In our last issue of BusIndNews we called to your attention a new guideline - "[Managing the Business Risk of Fraud: A Practical Guide](#)" developed by the AICPA, in collaboration with the Institute of Internal Auditors (IIA) and the Association of Certified Fraud Examiners (ACFE). The Guide outlines five key principles for establishing effective fraud risk management, regardless of the type or size of an organization.

## **Seizing Opportunities in a Green Economy**

Participants in a recent Wharton conference “Winners and Losers in Green Technologies” were of the mind that businesspeople spend too much time worrying about the possibility of carbon taxes or emissions regulation and should spend more time considering the upside potential.

Expert Ian McMillan, a presenter at the conference, recommends that companies take a portfolio approach to innovation:

- Create a portfolio of small investments
- Look for opportunities on the periphery of current markets
- Use these investments as experiments – gather data, define clear milestones
- Scrap unpromising projects early – “fail early and cheaply”
- Redouble commitments to promising projects
- Partner with others to reduce the risk and cost of innovating

The [Knowledge@Wharton](#) article reporting on the conference profiles two quite different companies that are taking innovative approaches to preparing for a “green economy.” DuPont is taking a portfolio approach akin to that described above, assessing a number of potential opportunities before focusing on cellulose-based ethanol technologies with a joint-venture partner. NetJets, the second company profiled, has also take a portfolio approach. In addition to a broad-based program for reducing its emissions, NetJets has created a voluntary carbon-offset program for its customers using an intermediary to pool funds and invest in pollution-reducing activities.

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## **PAIB Committee Proposes Guidance on Governance and Costing**

As part of IFAC’s ongoing commitment to support professional accountants in business in helping to strengthen governance and enhance organizational performance, its Professional Accountants in Business (PAIB) Committee has released two proposed International Good Practice Guidance documents for public comment.

- [Evaluating and Improving Governance in Organizations](#) sets out a framework and provides guidance for evaluating and improving an organization’s governance structures.
- [Costing to Drive Organizational Performance](#) establishes a benchmark for good practice guidance to assist accountants in business in providing useful cost information to support effective decision making in organizations.

Comments on the exposure drafts, which can be viewed at [on the IFAC website](#), are requested by September 23, 2008. Comments may be emailed to [EDComments@ifac.org](mailto:EDComments@ifac.org)

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## **Call for Volunteers — IFRS**

Planning for the implementation of International Financial Reporting Standards (IFRS) is on the minds of members. A survey conducted at the July 17 Controllers Workshop in Las Vegas revealed that 7% of the attendees who are in a privately held company with \$100m+ in revenues

have already begun the process of evaluating a future transition to IFRS, and 16% stated they will begin the process within the next year.

If you would like to participate in writing an article on your planning efforts, or if you work for a private company and would like to otherwise share your views on IFRS implementation within your company, contact Kayla Briggs at [kbriggs@aicpa.org](mailto:kbriggs@aicpa.org).

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## Career Corner

### The AICPA Launches New Accounting Forensic Credential-CFF

CPAs with forensic accounting experience are in high demand. In response to that demand, the AICPA has created the Certified in Financial Forensics Credential (CFF). The CFF combines specialized forensic accounting expertise with the core knowledge and skills that make CPAs among the most trusted business advisers. The CFF encompasses fundamental and specialized forensic accounting skills that CPA practitioners apply in a variety of service areas, including: bankruptcy and insolvency; computer forensics; economic damages; family law; fraud investigations; litigation support; stakeholder disputes and valuations.

Please visit [www.aicpa.org/CFF](http://www.aicpa.org/CFF) for more information. If you have questions, please email us at [CFFinfo@aicpa.org](mailto:CFFinfo@aicpa.org)

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### Global Talent Shortage in Accounting Profession

The second annual Global Financial Employment Monitor produced by Robert Half International reveals increasing challenges in finding skilled employees and heightened concerns about retention as 58 percent of respondents worldwide and 73 percent of respondents in the United States expressed concern about losing their top performers to other job opportunities, up from 43 percent and 46 percent, respectively, in 2007.

Another significant finding reported by [SmartPros](#) was that industry experience surpassed regulatory compliance as the most sought-after attribute of executive level employees. To download a copy of the Monitor go to [Robert Half International Free Resources](#).

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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

## AICPA Comments on SEC Rule Proposal

The AICPA brought together a Working Group of public company financial reporting executives from among our membership to provide written comments on the SEC rule proposal regarding the use of Interactive Data to Improve Financial Reporting on behalf of our members in business and industry. [Download Comment Letter](#).

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## AICPA IT Section Offers Free Infocasts

The AICPA IT Section is hosting a series of infocast presentations this fall of interest to members in business. The Section is offering the following infocasts free, with an optional fee for CPE.

- [\*\*\*The Important Role of the CPA in Data and Systems Integration for Business Reporting\*\*\*](#)  
**September 25, 2008; 2:00pm – 3:30pm ET**
- [\*\*\*Governance, Risk and Compliance \(GRC\) for IT\*\*\*](#)  
**October 14, 2008; 2:00-3:15pm ET**
- A third program is anticipated for December on *Vendor Management*. To register, go to [cpa2biz Web Events](#).

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## Learning Links

### New NPO Financial Reporting Alert Available

As part of a continuing effort to develop guidance and resources specifically targeted to our members in business our publications team is developing a series of Financial Reporting Alerts intended to be used by members of an organization's financial management and audit committee to identify and understand current economic, accounting and regulatory developments and their impact on financial reporting.

In recent issues we have introduced the [2008 Financial Reporting Alert](#) for members in business and industry and a Financial Reporting Alert for not-for-profit organizations the [NPO Accounting Issues and Risks 2008](#).

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## Free Test Drive for New AICPA CPEXpress

The AICPA's popular online learning library has a new name and enhanced functionality. A 30 day free trial of CPEXpress, formerly known as InfoBytes, is being offered to introduce the new

features and appearance of the product. For more info click on [CPExpress](#) and register for your free trial.

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## 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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## Codification Corner

### New Codification Website on AICPA.org

To help facilitate access to resources related to the codification, the AICPA has developed a [Codification Website](#) which features a link to the May 15 [AICPA webcast: \*Understanding FASB's Accounting Standards Codification\*](#), the May JofA article [Framing the Future: A First Look at the FASB's GAAP Codification](#), and other codification resources.

We have also compiled resources on our [Financial Management Center](#) for Members in Business, Industry and Government about the Codification project, including a [GAAP Codification Q & A](#), an archive of the recent FASB Webcast- [Move to Codification of US GAAP](#), and the FASB [Project Pages](#).

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## Upcoming Webcasts

### Fall 2008 Strategic Management Infocast Series - Save the Dates

The fall series will kick off with a presentation on Sep 17 by Robert Kaplan of Balanced Scorecard and ABC fame on Time-Based ABC, followed on Oct 16 by Steve Player from the Better Budgeting Roundtable. The third program of the fall series is scheduled for Nov 20 – topic TBD. Mark your calendars today for these free 75 minute programs at 12 noon ET.

1. On **September 18**, co-developer of both activity-based costing and the Balanced Scorecard **Robert S. Kaplan** will lead off the series with the presentation [The Management System: Toolkit for Success](#)

This infocast will provide a framework for developing a closed-loop management system, described in the January 2008 HBR article *Mastering the Management System*. The closed-loop management system is a tool that companies can use to translate strategy into specific objectives and initiatives and stay on track to reach important strategic goals.

2. On **October 18**, North American Program Director for the Beyond Budgeting Round

Table **Steve Player** will present [\*\*\*Break Free From The Budget Trap: Continuous Planning and Adaptive Control\*\*\*](#)

This infocast will show how the Beyond Budgeting principles can help your organization break free from budgeting's annual performance trap and move towards continuous planning and adaptive control.

3. The **November 20** program will feature **Brett Knowles** with a presentation [\*\*\*Strategic Performance Management: Keeping it Simple\*\*\*](#). In *Keeping it Simple* Knowles will demonstrate how to develop a "rapid pilot" Balanced Scorecard implementation plan using a proven 5-step process. The "rapid pilot" process significantly reduces the time spent in the planning process by developing simple plans that can be tested, consolidated and analyzed for fine-tuning.

Click on the links above to register for these free programs (optional CPE credit for \$34).

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### **SEC Quarterly Update Webcast Series**

The SEC Quarterly Update Webcast Series showcases the profession's leading experts on what's "hot" at the SEC. The dates for this year's series have been set for June 18, Sept 17, Dec 10 and March, 2009. To register for this series, also at the member price of \$249, click on [SEC Quarterly Update](#).

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### **Non-Qualified Deferred Compensation Webcast – October 2**

In this Compensation & Benefits Roundtable Infocast offered by the AICPA Tax Section, Eddie Adkins and Helen Morrison will use a case study and practical examples to discuss an overview of the nonqualified deferred compensation rules under Sec. 409A and the required actions that must be completed by the end of 2008. The case study will highlight common issues that are encountered in applying the rules. To register go to [Deferred Comp](#).

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**Conference Spotlight**

## [2nd Annual International Financial Executives Forum](#)

**Sept 25-26 – with pre-conference workshops offered on Sept 24**  
**Gaylord National**  
**Washington, DC**

The second annual International Financial Executives Forum presented by the AICPA in collaboration with CIMA and CMA Canada will be held at the Gaylord National in Washington, DC on **September 25-26** with pre-conference workshops being offered on Wednesday September 24.

Building on the success of the first annual Forum held last fall in Montreal, this 2nd annual IFELF event provides an outstanding opportunity to learn what other successful company leaders have done to expand their reach, and deliver results in the face of the challenges of a turbulent global economy.

Presentations will cover a spectrum of new and emerging issues in the global business environment, such as leadership, communication, global supply chain decision-making, tax, risk and finance best practices and many other topics.

For additional information or to register and take full advantage of both early-bird and member discounts go to [IFELF](#).

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## [AICPA Controllers Workshop East](#)

**November 13-14, 2008**  
**Hilton – Walt Disney World**

With the same great agenda as the Controllers Workshop West, and an equally great location, the [AICPA Controllers Workshop East](#) is *developed by controllers for controllers* to help you expand your technical knowledge and know-how while enhancing your leadership skills.

Whether you're a CFO, a Controller, a Financial Manager or Staffer you will find many informative and useful sessions at this interactive, hands-on conference. This popular Workshop will equip you to successfully drive business, maintain results and handle today's challenges in your role as a key corporate decision-maker.

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### [Audit Committee and Risk Workshop – Repeat Performance](#)

**October 23-24**  
**AICPA Boardroom**  
**NY, NY**

If you missed the workshop that took place in March 2008, ***The Board and Audit Committee's Role in Risk Oversight: Taking a Strategic View of the Enterprise*** will be repeated in the AICPA Boardroom on October 23-24, 2008.

Presented by the AICPA in partnership with the Enterprise Risk Management Initiative faculty at North Carolina State University, this high-level forum offers attendees an interactive setting for dialogue with leading experts on emerging trends related to the intersection of ERM and audit committee governance and strategic planning.

Limited to 60 participants this unique workshop also provides an excellent opportunity for the exchange of ideas among other individuals currently serving in audit committee roles. Click on [Board and Audit Committee Risk Oversight](#) to register today.

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### [18th International XBRL Conference](#)

**October 15-16th**  
**Washington DC**

Do you need to prepare for the expected SEC mandate to implement XBRL? Then this conference is for you. Featuring Christopher Cox as the keynote speaker, this is an excellent opportunity to get information and education on XBRL. There is a free bonus session for preparers on Tuesday afternoon, October 14 for hands-on training, "Practical Guide to XBRL Formatting for Public Companies" — just what you need to find out how to transform your primary financial statements and block tag your footnotes into XBRL.

Additional tracks will be available for preparers covering case studies from around the world, integrating XBRL into existing reporting operations as well as hands-on demonstrations of software tools, training and support available to get companies started.

AICPA members will get a 10% discount if they use code **DCAA1** when registering. For more information [click here](#).

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