

BUSINDNEWS

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DEAR MEMBERS

The AICPA move to Durham, NC is well underway, and the impact on our team is substantial. I previously reported that Ken Witt and his family moved to NC in July, and now another member of my team has made the move – Kayla Briggs relocated in September and is enjoying our new environment in Durham. Meanwhile, Pam Green, a long-time colleague left the AICPA a few weeks ago after a 19 year run, as she decided not to move, and this Friday, Emanuela LiMandri, another long-time colleague, will have her last day on my team, though she will stay with the AICPA as part of another team located in NY. Major changes lead to new opportunities.

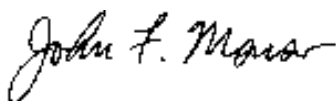
Speaking of new opportunities, we have the opportunity to expand our team in a creative way. We have been given the resources to engage a “kitchen cabinet” of senior finance executives to provide high-level consultation and assistance with projects. We are looking for recently-retired CFO-types that are willing to:

- Identify and discuss current issues that impact organizations that they have experience with,
- Write articles and white papers on topics of current interest,
- Review content that we are creating in areas in which they have significant experience, and
- Participate in projects of interest.

This is something we have not done before, so I must admit, I am not sure exactly how it is going to work, but we are flexible in allowing the relationship to develop. As I mentioned, we are looking for “recently retired” (less than two years) financial executives with varied backgrounds – one from a larger public company, one from a small to mid-sized public company, at least one from a private company, one from a not-for-profit organization and one from a government entity. We offer you intellectual stimulation and a chance to give back to the profession that has been good to you. Needless to say, all members of the kitchen cabinet must be members of the AICPA.

If you or someone you know has interest, please contact me. You can best reach me at jmorrow@aicpa.org. I look forward to hearing from you.

Best regards,



John F. Morrow, CPA

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AICPA Vice President
The New Finance

TOP STORIES

AICPA Awards Grants for Performance Measures Research

One of the strategic initiatives of our Business and Industry Executive Committee is to develop a stronger relationship with the academic community that is teaching management topics. To this end we are doing a number of things to support the Management Accounting Section of the American Accounting Association, including sponsoring grants for academic research aimed at providing thought leadership in areas of management accounting that impact practice.

In September we awarded three grants as follows:

- Shannon Anderson (Rice University) and Karen Sedatole (Michigan State University) will focus their research on supply chain performance measurement systems, primarily the use of integrated financial and non-financial performance measures in supply chain management, but also the impact of SOX on supply chain practices.
- Jianxin (James) Gong and Theodore Sougiannis (both at University of Illinois at Champaign-Urbana) will be conducting an analysis of non-financial performance measures in executive compensation plans, looking at 1) the relevance of measures that are included in bonus plans, and conversely, 2) whether seemingly relevant measures are included in executive bonus plans.
- Michael Matejka's (University of Michigan) research will look at incentive compensation of finance professionals with dual responsibilities for business unit performance and corporate compliance, and will be based on a survey to be conducted of AICPA business and industry members targeted for March 2007. Stay tuned for more on that when the time comes.

Read the [press release](#).

AICPA a Partner in New Global Resource for Accountants in Business

As a member of the International Federation of Accountants (IFAC), the AICPA has collaborated with other member organizations to develop a new resource- IFACNet- A KnowledgeNet for Accountants in Business. The effort was spearheaded by IFAC's Professional Accountants in Business Committee which I have been a part of for over 10 years.

This new global resource will provide one-stop access to leading-edge articles, good practice guidance, and tools and techniques for accountants. There is no fee to use IFACnet, although certain search results may identify documents or publications available for purchase. IFACnet spiders the sites of its member bodies around the globe (including the AICPA site) and select other sites. The spidered sites will continue to expand so you should revisit often. The strength is its global reach.

To do a search with this tool, go to <http://www.ifacnet.com/>

Scottsdale, AZ
11/2/2006-11/3/2006

Edited and managed by:

Kenneth W. Witt, CPA
Technical Manager
kwitt@aicpa.org

Emanuela LiMandri
Project Manager
elimandri@aicpa.org

Top 15 Trends Impacting Finance Functions

A Treasury and Risk Management article featured recently on PwC's CFO Direct website highlights trends most likely to have significant impact in shaping financial functions in the future: Five of the 15 trends identified by their editorial group are:

1. **Supply Chain Management** – especially the financial and relationship links that accompany the physical supply chain.
2. **Corporate Governance** – connecting compliance initiatives to strategic considerations, increasing transparency, and globalization will be the driving forces.
3. **Enterprise Risk Management** – the pressure at the board level to anticipate rather than just react will make ERM the holy grail.
4. **Accounting Complexity** – the editors acknowledge that things are bound to get worse before they get better with the trend towards fair value accounting signaling the end of historical-cost accounting for financial statements.
5. **Software as a Service (SAAS)** – When Bill Gates announced that he was stepping down as CEO of Microsoft he identified this trend towards a new model of software delivery as a factor influencing the timing of his decision.

To read the article click on the following link to [Top Trends](#).

Communication of Internal Control Matters Required for Private Company Audits

If you are a CFO or Controller of a privately-owned company or not-for-profit organization and have not read a Statement on Auditing Standards in some time, now might be the time.

Effective for periods ending on or after December 15, 2006, SAS 112, *Communicating Internal Control Related Matters Identified in an Audit* issued in May 2006, requires that auditors evaluate and communicate control deficiencies identified during the course of an audit to management and those charged with governance of the organization.

While SAS No. 112 does not require an audit of internal control, or that auditors search for control deficiencies, they must evaluate any deficiencies identified in the course of an audit using definitions that are consistent with the terms of Auditing Standards No. 2 (issued by the PCAOB), applicable for the internal control audits of public companies, and report *control deficiencies* that are *significant weaknesses* or *material weaknesses* in internal control (the term *reportable condition* is no longer used).

A summary of the requirements of SAS No. 112 can be found in the Spring 2006 edition of [In Our Opinion](#), the newsletter of the AICPA Auditing Standards Board.

FASB Issues New Pension Standard

On September 29 the FASB issued its new pension standard which completes Phase I of their efforts to improve financial accounting and reporting for defined benefit and other post-retirement benefit plans. The new standard is intended to make it easier for financial statement users to understand an employer's financial position and ability to meet the obligations of its benefit plans.

Specifically, SFAS 158 requires an employer to:

- a) Recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status
- b) Measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions)
- c) Recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity and in changes in net assets of a not-for-profit organization.

For more information click on the following links to the [FASB Press Release](#) or the full text of [SFAS 158](#).

New Business Valuation Standard Goes into Exposure Draft Period

The AICPA is issuing a second exposure draft of a new valuation standard. The proposed standards will apply to our colleagues in public practice that are engaged to, or as part of another engagement, determine the value of a business, business ownership interest, security or intangible asset. While this proposed standard does not apply in the case of an audit or review engagement, it does apply if a CPA in public practice is engaged to value an asset in (for example) the case of litigation, M&A transaction, annual ESOP valuations, fair value measurements in financial reporting for management (SFAS 141, 142, 123R, 157).

Clearly, members in business have a stake in this ED, so you and/or your colleagues may be interested in looking at it. To access, use this [link to the exposure drafts](#) on our website to download.

ACFE Issues 2006 Fraud Report

Based on 1134 cases investigated between January 2004 and January 2006, the Association of Certified Fraud Examiners has released its [2006 Report to the Nation on Occupational Fraud and Abuse](#) (You can access the document by going to <http://www.acfe.com/documents/2006-rtnn.pdf>).

The Report, which is available at the link provided, offers insights on fraud and abuse, how it can be prevented, detected and its impact reduced. Highlights from the executive summary include:

- Participants estimated that US organizations lose 5% of their annual revenues to fraud. This estimate is down from 6% in the 2004 study.
- The median loss of the cases included in the study was \$159,000. Nearly one quarter caused losses in excess of \$1 million; nine cases caused losses of \$1 billion or more.

- 44% of the \$1million dollar frauds were detected by tips, supporting the use of confidential hotlines and other reporting mechanisms as a fraud detection tool.
- Of the cases included in the study, organizations with an anonymous fraud hotline suffered a median loss of \$100,000; those without confidential hotlines suffered a median loss of \$200,000.
- Similar reductions in losses were found for companies that had internal audit departments, those that conducted surprise audits, and companies that provided anti-fraud training for their employees and managers.

IRS Chief Comment on Fixed Comp for CFOs Fuels Legislation Speculation

In recent issues we have followed the developments related to the SEC investigations into options backdating. A [CFO.com](#) article reports that IRS Commissioner Mark Everson's recent testimony at a Senate hearing in which he expressed the opinion that CFO compensation should be fixed has fueled speculation by some in Congress that legislation might be called for. Everson commented that excluding CFOs from incentive compensation arrangements, would minimize the inherent conflict that contributes to practices like back-dating of options.

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TECH CENTER

SEC Invests \$54 Million in XBRL

As you know, XBRL started here at the AICPA almost 10 years ago, when one CPA named Charlie Hoffman pitched the project to us. AICPA has spent a lot of money and staff time funding this project, and XBRL International was established as an independent consortium a few years ago while the AICPA still participates in both XBRL International and its US jurisdiction with funding and staff resources. We are very gratified to report that the SEC recently announced awards for three contracts geared to transforming the SEC reporting system to XBRL. The composition of the \$54 million is:

- \$48 million to Keane Federal Systems Inc. to transform the Edgar reporting system;
- \$5.5 million to XBRL-US for the development of US GAAP taxonomies;
- \$500k to Rivet Software and Wall Street on Demand for the development of investor interface tools that will be available free to the public.

For further details about the SEC awards, see the [SEC XBRL Press Release](#). For additional information on the activities of XBRL US, Inc., go to <http://www.xbrl.org/us/> This is an exciting development in the evolution

of XBRL and we applaud the support of SEC Chairman Christopher Cox.

Software Solutions Demonstrated at 2nd SEC Interactive Data Forum

On October 3 the SEC hosted its 2nd Interactive Data Forum in Washington, DC. Among the presentations was a demonstration of the analytic capabilities of several XBRL tools including:

- [Rivet Software's Crossfire Analyst](#) – Enables the collection and analysis of XBRL data within Microsoft Excel. [Click here](#) for additional details and system requirements of Rivet's XBRL products.
- [Hitachi Reader](#) – An XBRL reader that imports data into Microsoft Excel, interprets the financial data and presents it in a user-friendly interface which may be customized using templates.
- [SavaNet XBRL Reader](#) – A stand-alone free product that provides an analytic framework, which allows investors and financial professionals to easily access, view, analyze, compare, print, and export financial data available in a standard XBRL format.
- [EDGAR Online I-Metrix](#) – A suite of interactive data and analytical tools from EDGAR Online that provide quick and accurate XBRL-tagged financial statement data via Microsoft Excel and an easy to use Web interface or a direct data feed.

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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 (AACSB) 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 2007. For more information, click on the link to the [Bridge Program](#).

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LEARNING LINKS

New Guidance for Not-for-Profit Organizations Now Available

The long awaited [New Edition! Not-for-Profit Organizations Audit and Accounting Guide](#), the [New Edition! Not-for-Profit Organizations Audit Risk Alert](#), and the [New - Accounting Trends and Techniques - Not-for-Profit Organizations](#) are available at the links. Promo packages and CPE courses for NPOs are also available.

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 October 19 - Business Continuity/Pandemic Preparedness

On Thursday, October 19th at 12 noon ET, author Eric Krell will present the second of three live interactive webcasts being offered this fall. These infocasts are based on the Management Accounting Guidelines that we developed in collaboration with CMA Canada and now CIMA, the Chartered Institute of Management Accountants, and are being provided free to members of all three bodies. AICPA members also have the option of registering for one CPE credit for \$29.95. A 50% discount on the underlying MAGs is also being offered in connection with this series which is being sponsored by SAP.

[Business Continuity Management: Taking it to the Next Level](#) will cover the foundational principles and concepts outlined in the MAG *Business Continuity Management* and extend the discussion of BCM concepts to pandemic preparedness. Click on the link above to register and also to take advantage of the 50% discount being offered on the MAG.

An archive of the initial infocast [Measuring, Managing and Reporting Organizational Risk](#), presented on September 21, by author Marc Epstein of Rice University, is available in our [Financial Management Center](#) and can be accessed by clicking on the provided link. This presentation is an overview of three risk MAGs, *Identifying, Measuring, and Managing Organizational Risks for Improved Performance; The Reporting of Organizational Risks for Internal and External Decision Makers; and Integrating Social and Political Risk into Business Decisions*. These three Guidelines have been bundled into a ["risk suite"](#) which is also available at a 50% discount at the link.

[Social and Political Risk: New Ideas for New Realities](#), the third infocast in this series on November 16th will be based on the MAG *Integrating Social and*

Political Risk into Business Decisions, and will also feature Epstein and co-author Tamara Bekefi who was recently a Research Fellow at Harvard's Kennedy School of Government. This session is also open for registration at the link.

[CFO Roundtable Series Q4 - November 15](#)

The fourth quarter CFO Roundtable will be an implementation and application session following on the third quarter presentation on [The New COSO Guidance for Smaller Public Companies](#). A CD-Rom archive of the third quarter webcast is available at the link.

[SEC Quarterly Update Series Q4 –December 15, 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.

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

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CONFERENCE SPOTLIGHT

AICPA National Conference on Current SEC and PCAOB Developments

It is never too early to mark your calendar for the annual SEC/PCAOB conference. This year's event on December 11-13 will be simulcast from Washington to sites in New York, San Francisco, Chicago and Houston. Registration links to each of the locations can be found at [2006 SEC/PCAOB](#).

Controller's Workshop – Spring 2007 Edition

Many loyal attendees have expressed disappointment that we are not offering a business and industry conference this fall. We do hate to disappoint any of our members but while the agenda for our business and industry conferences has been great, the attendance in recent years has not. We do plan to re-visit this with our conferences team, we would also suggest you consider the "Spring Edition" of Controller's Workshop which has been scheduled for March 15 & 16, 2007 in San Antonio. Mark your calendar and stay tuned for more details

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