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Dear Members

As I write this I am in the midst of my sixth week on the Business, Industry and Government (BIG) Team. These six weeks have been both challenging and exciting. The challenge has been to get up to speed on the diversity, needs and desires of our BIG members and to understand more about the myriad of resources and opportunities that the AICPA has available for us. The excitement has come from meeting many new people including some of you who are volunteers on task forces and presidents from several state societies not to mention the many fine people who are team members with me here at the Institute.

I look forward to meeting even more of you at several upcoming professional development events. I will be in Orlando, FL on September 26-28 at the [Lean Accounting Summit](#) which the AICPA is proud to co-sponsor. On October 3-5 I will be participating in our first annual [International Financial Executives Leadership Forum](#) which we are hosting in collaboration with CMA-Canada and CIMA in Montreal. The agenda is truly exceptional and the conference promises to be a terrific learning experience. And on November 8-9, I will be at the [Controller's Workshop East](#) in Orlando. This is the encore of our sold out Controller's Workshop held in Las Vegas.

If you are going to be at any of these events please be sure to take a few minutes to introduce yourself to me. It will be a pleasure to meet you and to hear your thoughts about what the AICPA can do to serve you and the profession better.

Speaking of serving you better, as we go to press with this issue we are in the field with a survey being conducted in collaboration with several other accounting bodies from around the world that are part of our International Innovation Network. The purpose of this survey is to help us better understand the needs of our members in business and industry. Thank you in advance for providing your feedback on that survey.

Along with John Morrow, Kayla Briggs, Nancy-Anne Potts and Ken Witt, I am looking forward to connecting more and more with you to identify how we can help support you. Our goal is to provide you with innovative and valuable information and other membership benefits that will help you continue to be successful in your career and to help you advance your organizations.

In the meantime, please do not hesitate to contact me directly at cmckittrick@aicpa.org if you have any questions, comments, thoughts or ideas

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as to how we can help you.

Best regards,
Chris



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

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

International Leadership Forum – Time is Running Short

Time is running short to register for the first annual [International Financial Executives Leadership Forum](#). This one-of-a kind conference 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.

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

Has strategy taken a backseat to compliance in your organization and 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, on September 20, from 12:00-1:15 pm ET, will provide practical guidance on how to implement the CIMA Scorecard to keep your organization and your board focused on value creation and resource utilization, not just accountability and compliance. Click on the title link to register today.

Top Stories

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PCFRC Addresses FIN 48 and FIN 46R Issues

At its most recent meeting in Denver on June 26-27, 2007, the Private Company Financial Reporting Committee addressed a number of issues. Included in the discussions were issues confronting private companies and their constituents relating to the requirements of FIN 48 and issues related to FIN 46R. [Highlights](#) of the meeting are available at the link.

The Private Company Financial Reporting Committee will hold its next meeting on September 20-21, 2007 at the Westin Park Central in Dallas, Texas. For further information, including the meeting agenda, please visit the Committee's web site at www.pcfr.org. The tentative dates and locations of future meetings are:

- December 6-7, 2007 – Norwalk, Ct.
- January 10-11, 2008 – New York
- April 24-25, 2008 – San Diego
- June 19-20, 2008 – Atlanta

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COSO Releases Discussion Document on Monitoring Internal Control Systems

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has released a discussion document *Guidance on Monitoring Internal Control Systems*, on which comments are sought by October 31, 2007. The comments will be used in developing an exposure draft, expected to be released later this year, and will include tools, case studies and implementation guidance. Final guidance is expected to be issued early in 2008.

The guidance discusses what entities of all sizes should do to properly monitor the effectiveness of their internal control system, including their internal control over financial reporting. However, it is likely to be especially useful to organizations that must comply with the reporting requirements under Section 404 of the Sarbanes-Oxley Act of 2002. The guidance is broad in scope, covering the fundamentals of monitoring and an in-depth examination of various types of information typically available in an organization that could be used to monitor the effectiveness of internal control.

COSO developed the discussion document utilizing a project team lead by Grant Thornton LLP and a diverse task force consisting of representatives from COSO's five sponsoring organizations. Also participating in the development of the guidance are representatives from the U.S. Government Accountability Office. The SEC and PCAOB are observers to the project. The AICPA is one of the five private sector organizations that comprise COSO.

The discussion document and comments portal are available on the [COSO](#)

[website.](#)

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House Passes Prohibition on Tax Patents

On September 7, 2007, the House passed the *Patent Reform Act of 2007* (H.R. 1908), including the AICPA-supported provision prohibiting tax strategy patents. The bill will go to conference once the Senate finalizes its patent reform bill (which does not yet contain a tax strategy patent provision). One day before House floor consideration of H.R. 1908:

- The AICPA sent a letter to Congress, stating our support for the bill and especially the provision banning tax strategy patents.
- The Chair and Ranking Member of the House Ways and Means Committee – Charles B. Rangel and Jim McCrery – sent a Dear Colleague letter to other Members of Congress, noting their and AICPA’s concerns with tax strategy patents and their support for the tax strategy patent prohibition provision in H.R. 1908.
- The Administration released a policy statement on H.R. 1908, noting the Administration’s understanding of the concerns surrounding patent protection for tax planning methods and its indication that it will work with Congress to address these concerns.

For background information on tax strategy patents and AICPA efforts regarding them, go to the [Tax Section website](#).

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Senate Investigators Solicit Details about Corporate Tax Positions

One of the major concerns expressed by many about FIN 48 was whether the additional disclosures required would expose companies to additional IRS Scrutiny. A recent [CFO.com](#) article reports that the Senate's Permanent Subcommittee on Investigations, led by Michigan Democrat Senator Carl Levin, is using the FIN 48 disclosures to investigate companies that disclosed large tax reserves. While one expert quoted speculates that Congress might be honing in on abusive tax shelters, the article notes that other observers fear that the scope may not be so narrow. Because there is such potential for positive political gain there is concern that the scope of the query may result in legitimate tax planning strategies being put in the spotlight simply because of the magnitude of the numbers for some large companies. This is certainly an issue that our Tax Section advocacy team is following closely.

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Tax Risk Survey – CFOs and Tax Directors Needed

Continuing with the theme of tax risks, we have been asked to elicit your support for a tax risk survey that is being conducted by the [Enterprise Risk Management Initiative](#) at North Carolina State University. The mission of the ERM Institute is to be a national and international thought leader in enterprise risk management (ERM) and the implementation of strategy development and corporate governance. The AICPA is partnering with the ERM Initiative on a number of fronts, including an Audit Committee and Risk conference being planned for early next year.

The brief online questionnaire dealing with tax risk management and its integration with enterprise risk management can be accessed at www.erm.ncsu.edu. There are two separate questionnaires, one for tax directors and VPs of tax, and one for CFOs), each will take approximately 10 to 12 minutes to complete. All data gathered for this study are **completely confidential**. While the survey asks for company name, industry and other company specific information, results will only be reported in aggregate for industry groups. Individual responses will not be published or released in any other way.

For additional information contact Roby_Sawyers@ncsu.edu, or Katherine_Krawczyk@ncsu.edu at the ERM Initiative.

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Noteworthy (Free) IRS Resources

Another tip courtesy of the AICPA Tax Section is the availability of the following free IRS resources:

- The IRS has launched a [retirement plan webpage](#) with links to online electronic newsletters and other guidance, available to tax and benefits professionals, as well as employers and employees. The IRS website provides links to forms and publications; a Frequently Asked Questions section; and its "Employee Plans News" and "Retirement News for Employers" newsletters.
- A [Guide to Safeguarding Taxpayer Information](#) provides the rules and best practices for safeguarding tax information.

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Predicting Material Accounting Manipulations

A recent academic research study called "[Predicting Material Accounting Manipulations](#)," conducted on 2,191 SEC Accounting and Auditing Enforcement

Releases (AAERs) that occurred between 1982 and 2005, identified some common attributes among the misstating companies. The researchers examined the characteristics of manipulating firms and analyzed the ability of (i) financial statement variables; (ii) off-balance sheet and non-financial variables; and (iii) market-related variables, to explain and predict manipulations.

The financial statement variables that they found to be useful included measures of accrual quality and firm performance. The useful off-balance sheet and non-financial variables include the existence and use of operating leases, abnormal changes in employees and order backlog. The market-related variables that are useful include book-to-market, earnings-to-price, prior annual stock price performance, and amount of new financing.

The overall result might not be surprising - they suggest that manipulations are most common in growth companies experiencing deteriorating operating performance. More importantly, the authors were able to develop a model from their data that can be used to predict the likelihood of accounting manipulations and the probability of future restatements. The full study is available at the link above.

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The Anatomy of a Healthy Corporation

The latest issue of [McKinsey Quarterly](#) featured a collection of articles on corporate performance including one bearing the title of this piece that was published in March 2007.

The article leads by identifying the following executive “mental minefields” that are impediments to corporate health:

- The “mindfulness” trap of being pulled back into a short-term perspective by the process of daily business.
- The “cognitive” traps, including the notion that short-term performance and long-term health is a trade-off, and the corollary notion that health problems arise in the unknown future rather than taking hold in the present (citing our own cardiovascular systems as an example).
- The “self-knowledge” traps that include the tendency to say one thing and do another, perhaps most importantly purporting to be a strategic visionary while spending only a small proportion of time on things related to strategy.

The article also identifies five attributes of a healthy organization and outlines a number of actions that companies can take to developing these attributes: Key among the action items are the things that are part-and-parcel of the financial executive’s domain:

- Monitoring the allocation of resources including breaking down resources

in terms of those dedicated to delivering performance and those dedicated to nurturing health.

- Balancing the strategic portfolio between opportunities that play to the existing strength of the organization and those that might represent a more risky departure.
- Having metrics that monitor “health” attributes in addition to current performance.
- Reinforcing the activities that contribute to the long-term health of the organization with incentives and recognition.

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Accounting Standards Executive Committee Issues Airline Guide ED

On September 12, AcSEC issued an exposure draft of a proposed Audit and Accounting Guide, *Airlines*. The proposed guide addresses many new accounting issues that have emerged over the years. It includes chapters dedicated specifically to air cargo and regional carriers. It is available on the AICPA Website at [Airline Guide ED](#). Comments should be received by December 15, 2007.

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Career Corner

Robert Half Study Reveals Finance Managers Working Longer

An international study titled "The Working Hours: A Global Comparison," conducted by Robert Half International shows that finance managers around the world are working more, with many taking laptops and PDAs with them on vacations.

According to the survey reported on by [CFO.com](#), the average American finance worker reports working 40.9 hours weekly. That average ranks as the third-lowest total among the 18 nations in the survey topping only the French (40 hours) and the Swiss (36.4 hours) and falling far short of Japan (47.1 hours), Italy (43.8 hours), and even laid-back Ireland (45.8 hours).

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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IT Section Offers Free Web Seminars on Safeguarding Information Assets

The AICPA IT Section's is extending an invitation to all AICPA members in business and industry to participate in two critical web seminars being offered as part of their Top Ten Technologies Initiative for 2007.

In [Safeguarding Information Assets Part I](#), Thursday, September 27th at 2:00-3:30pm ET, CPA.CITP Bob Green, and attorneys Glenn Dickinson and Karen Gabler provide an orientation to insider-borne risks to critical business information, and explain why internal risk needs to be addressed NOW with strong executive commitment. Drawing on both legal and IT approaches, they map out a comprehensive strategy for managing the behavior of insiders from hire through day-to-day employment to help reduce the risk of loss, and ensure that valuable information assets are adequately secured.

Space is limited so don't delay! [Register Now](#) by clicking on the link and providing your name and email address in the new email window provided. Registration information will be emailed approximately 7 days before the Web seminar is to take place. A final confirmation will be sent the day of the Web seminar. If you wish to purchase optional CPE credit for this program please request CPE instructions when you register. And mark your calendar for **Part II on November 14**.

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Call for Volunteers – XBRL Taxonomies Feedback

In anticipation of the delivery of improved US GAAP XBRL taxonomies for market feedback and review in Q4 2007, AICPA is considering the establishment of a panel of members to review and provide feedback on these taxonomies. This panel could also assist the XBRL US Market Outreach Working Group, which has been formed to obtain market input into the US GAAP taxonomy and other related materials that are currently being developed, while also focusing on educating and building awareness of the taxonomy and guidance in order to support adoption of XBRL. If you are interested in participating in this Group please contact Ami Beers at abeers@aicpa.org.

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Call for Speakers – XBRL International Conference

The [16th XBRL International Conference](#), produced by XBRL International, Inc. and hosted jointly by XBRL Canada & XBRL US, to be held in Vancouver, British Columbia Dec 3-6, 2007, will give attendees the chance to hear what

they need to know in order to build, improve or implement the XBRL-based systems in all sectors of the marketplace from developer to end-user.

The theme of the 16th XBRL International Conference is "**Convergence, Communication and Interactive Data**", and will focus on bringing the XBRL message to new audiences and continuing to drive XBRL adoption. Speakers willing to share XBRL experiences, implementations, new solutions, and show new developments are asked to submit presentation proposals to the [XBRL website](#).

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Learning Links

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

Fall Management Accounting Infocast Series

Again this fall we will be offering a series of free infocasts, sponsored by SAP and Robert Half, on strategic management accounting topics in collaboration with CMA Canada and CIMA. 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](#)**

Infocasts are free, but pre-registration is required as space is limited.

Participants may opt to receive one continuing professional education credit for each infocast attended. A fee of \$29.95 will be charged per CPE credit.

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[CFO Series Webcast - Implementing Fair Value](#) — CD Available Soon

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? If you missed this important webcast which aired on Sept. 13, 2007 the CD will be available soon.

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.

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 member discount 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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