

IN THIS ISSUE**TOP STORIES**[SEC Small Business Committee Makes Recommendations](#)[SEC Small Business Committee Seeks Input from Companies](#)[PCAOB Adopts Tax Services Rules and Internal Control Remediation Standard](#)[Implications of Proposed European Commission Reporting Rules](#)[IFAC Articles of Merit Awards](#)[Time for a New Perspective on Corporate Social Responsibility](#)**CAREER CORNER**[Last Call for Nominations – AICPA Business and Industry Hall of Fame](#)[Leadership and Health](#)**AICPA CAREER RESOURCES****TECH CENTER**[CIO Mag Survey Projects Increase in IT Spending](#)[IT Performance MAG Now Available](#)[CPA2Biz Opens Audit & Control Technology Store](#)**LEARNING LINKS**[Featured CPE: AICPA's Annual Accounting and Auditing Update Workshop](#)[Free CPE: The AICPA's Financial Literacy Program](#)[Financial Training Decision-Makers](#)**UPCOMING WEBCASTS**[CFO Roundtable Series Q3 2005 – FASB Stock Options: An Advanced Analysis of Statement 123R](#)[SEC Quarterly Update Series 2005 – 3rd Quarter](#)**CONFERENCE SPOTLIGHT**[AICPA National Agriculture Conference – September 19 & 20](#)[Fall Business and Industry Financial Executives Forum October 27 & 28](#)[National Conference on Credit Unions Las Vegas, NV 10/26/2005 - 10/28/2005](#)[2005 AICPA Business and Industry Financial Executive Forums New York, NY 10/27/2005 - 10/28/2005](#)[AICPA National Real Estate Conference Las Vegas, NV 11/3/2005 - 11/4/2005](#)**DEAR MEMBERS**

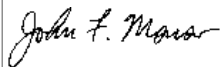
I was in a meeting yesterday with colleagues discussing something that should be of interest to all of us. During the past year, the number of CPA exam takers dropped significantly, and as stewards of the profession this concerns us greatly. My colleagues on our exams team surveyed employers and candidates to determine reasons for this decline. While there was no single cause, we heard a few recurring reasons:

- Potential test-takers are “too busy”; balancing work and family commitments makes studying difficult
- The increased availability of the exam (it’s now offered almost year-round) makes it easier for candidates to “do it tomorrow”
- While employers recognize the importance and value of the credential, candidates did not perceive that support – a communications disconnect!

It should be important to all of us as a profession to promote the CPA credential to eligible employees, and to show support for them when preparing for and taking the exam. 87% of recent accounting graduates reported that passing the CPA exam is very important to them, and 13% reported it is somewhat important. As CPAs and employers, you should recognize the value that the CPA brings – commitment to integrity and ethics, high level of professional competence, commitment to continuous education and life-long learning, and commitment to the public interest.

You will be hearing more about some new initiatives to support exam candidates in taking the CPA exam. In the meantime though, identify the eligible candidates in your organization and make sure they understand that you support their efforts.

Best regards,



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

TOP STORIES**SEC Small Business Committee Makes Recommendations**

The SEC Advisory Committee on Smaller Public Companies held their third public meeting on August 9th and 10th. The following three recommendations were approved by the Advisory Committee and will be recommended to the SEC:

1. Further extension (for an additional year) of the Section 404 compliance requirements for non-accelerated filers the first fiscal year ending on or after July 15, 2007.
2. Definition for size of company will consist of the following categories:
 - a. Any company that ranks within the bottom 6% of total US public market capitalization should qualify as a “SMALLER public company”
 - b. Any company that ranks within the bottom 1% of total US public market capitalization should qualify as a “MICRO-CAP SMALLER public company”
 - c. All other companies greater than 6% of total US public market capitalization should qualify as LARGE public companies.
3. Smaller public companies, as defined by the Advisory Committee, should not be subject to the quarterly and annual report filing deadlines of 35 days and 60 days, respectively.

Note that these are only recommendations – nothing is effective until the SEC takes action. The fourth public meeting will be held in San Francisco on September 19th and 20th in connection with the SEC’s [24th Annual Small Business Capital Formation Forum](#).

SEC Small Business Committee Seeks Input from Companies

The Small Business Advisory Committee is also seeking input from smaller public companies and investors on ways to improve the current regulatory system for smaller companies, and they welcome responses to any or all of their questions and in whatever order or format the responder chooses.

The Advisory Committee is especially interested in hearing from smaller public companies and their managements about their experiences with the existing

[AICPA Not-For-Profit Financial Executive Forum](#)
San Francisco, CA
11/16/2005 - 11/18/2005
Pre- and/or Post-Conference Optional Workshops

[AICPA Conference on Healthcare](#)
Las Vegas, NV
11/17/2005 - 11/18/2005

[The AICPA National Conference on the Securities Industry](#)
New York, NY
11/29/2005 - 11/30/2005

[National Conference on Current SEC and PCAOB Developments](#)
Washington, DC
12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments - Video Simulcast NY](#)
New York, NY
12/5/2005 - 12/7/2005

[National Conference on Current SEC and PCAOB Developments - Video Simulcast CA](#)
San Francisco, CA
12/5/2005 - 12/7/2005

regulatory framework. Click on the following link to provide [SEC Small Business Input](#) prior to **August 31, 2005**.

PCAOB Adopts Tax Services Rules and Internal Control Remediation Standard

The following two PCAOB actions are proposed standards at this time. They have been approved by the PCAOB but must also be approved by the SEC before they become effective. Stay tuned – we will let you know when/if the SEC approval occurs.

On July 26 the PCAOB adopted [Ethics and Independence Rules Concerning Independence, Tax Services and Contingent Fees](#). The rules prohibit auditors from providing services on a contingent fee basis, from involvement with certain aggressive tax transactions, and from providing tax services to those in oversight roles in client companies. Pre-approval rules also require auditors to communicate with audit committees about the nature of the tax services a firm provides to an audit client and the implications of those services on the audit firm's independence.

The PCAOB also determined that several other tax services *not be prohibited* including: preparation and compliance services, general planning and advice, employee personal tax services for those on international assignment, except as prohibited for those in oversight roles.

[PCAOB Auditing Standard No. 4: Reporting on Whether a Previously Reported Material Weakness Continues to Exist](#) was also adopted on the same date with a change in title from the exposure draft which carried the title *Reporting on the Elimination of a Material Weakness*. Important provisions of this new standard include the requirement to inform management of any new material weaknesses found in the course of this type of engagement, and to report in writing to the audit committee if services are performed and no report is issued because the weakness is found to continue to exist. Additionally, PCAOB 4 requires auditors to test not just the specific controls initially found to be deficient but all controls related to the control objective that was found to be compromised.

Implications of Proposed European Commission Reporting Rules

On July 5th, the Committee of European Securities Regulators (CESR), an independent committee established by the European Commission to act as an advisory group and improve coordination among securities regulators, published its final Technical Advice (the "Advice") on the Equivalence of Canadian, Japanese and U.S. GAAP to International Financial Reporting Standards (IFRS).

A recent [PwC CFO Direct](#) article makes the point that the headline of the CESR report stating the equivalency of these various sets of standards is a bit deceiving and that there are some "devils in the details" that will require additional definition and guidance. The bottom line is that U.S. companies accessing EU markets for debt or equity capital will need to begin to increase IFRS literacy in their organizations in order to comply with future E.U. reporting rules.

Perhaps most importantly, PwC states that they "also believe that to ensure all investors receive the same information, companies will likely need to include the incremental E.U. reporting disclosures in registration statements and periodic reports filed with the SEC. Accordingly, the processes and controls to produce this E.U. financial reporting may be subject to the Sarbanes Oxley Section 404 rules. In turn, additional resources and expertise will likely be required to comply with, and adequately control, the incremental E.U. reporting requirements."

IFAC Articles of Merit Awards

The International Federation of Accountants (IFAC) Professional Accountants in Business Committee recently announced its 2005 Articles of Merit for Distinguished Contribution to Management Accounting.

One of the articles that we had nominated for consideration received second place. "Enterprising Views of Risk Management", by Russ Banham was initially published in the June 2004 *Journal of Accountancy*.

Other articles of outstanding merit were first published in journals of the Chartered Institute of Management Accountants (U.K.), CMA Canada, CPA Australia, Institute of Chartered Accountants in England and Wales, and Koninkrijk Nederlands Instituut van Registeraccountants (Netherlands). Click on the following link for a free download of the [IFAC 2005 Articles of Merit](#). The panel of judges was also international, hailing from Australia, Canada, Ireland, Malaysia and the U.S.

Time for a New Perspective on Corporate Social Responsibility

In an excellent article in its quarterly newsletter, [McKinsey](#) argues that it is time for CEOs of big companies to recast the debate about corporate social responsibility and recapture the intellectual and moral high ground from their critics.

The article, available at the link with free registration, argues that large companies must build social issues into strategy, articulate their social contribution, and to define their ultimate purpose in a way that is more subtle than "the business of business is business".

By doing a better job of articulating their benefits to society and managing the social contract strategically and actively, company business will be able to transcend the current defensive posture, make better value creating strategic

decisions, and more effectively shape the social context of business.

[Back to Top](#)

CAREER CORNER

Last Call for Nominations – AICPA Business and Industry Hall of Fame

Time is running short for meeting the August 31 deadline for nominating your favorite CPA in business for our 2005 AICPA Business and Industry Hall of Fame Award sponsored by Ajilon Finance.

This honor is bestowed only upon the profession's elite - those strategic CPAs who best represent the winning spirit. A Hall of Famer CPA is one who:

- Models the objectivity and ethical commitments of the CPA profession.
- Understands their organization beyond the numbers.
- Effectively manages shareholder and customer expectations.
- Champions new methods and solutions.
- Inspires and motivates others to excellence

If you know someone who fits the above description, take a moment today to nominate them! **You could be sending them to the Seventh Annual Business and Industry Hall of Fame Awards.**

[Click here](#) to fill out a nomination form and send it to us before August 31st. Or, contact your local [Ajilon Finance branch](#) today at 1.866.GO.AJILON for more information on the Business and Industry Hall Awards and for assistance on nominations.

Leadership and Health

The August issue of [Leading Effectively](#) from the Center for Creative Leadership focuses on research on leadership and health. In their usual format the newsletter offers excellent and brief summaries from various perspectives including an overview of leadership and health, organizational costs and benefits, and "A Leaders Guide to Good Health" which offers proven strategies for maintaining regular fitness programs in spite of stress, pressure and busy schedules. Included among the tips are to:

- **Do less, more often** - the more time efficient, the more likely you are to be able to sustain your commitment.
- **Be flexible** – it may not be possible to exercise at the same time each day or each week. Schedule workouts in open calendar slots and keep those appointments as you would any other.
- **Motivate** – use your week-day workouts as a way to stay fit for weekend leisure activities.
- **Be creative** – use your workout time to brainstorm and strategize about work matters.

[Back to Top](#)

AICPA CAREER RESOURCES

To make sure you have the competencies needed to take charge of your career and keep you on the learning curve, assess your own proficiencies using the [Competency Self-Assessment Tool](#). Remember, this is FREE to AICPA members. Also consider using this tool with non-CPAs in your organization for only \$49 per user per year.

Looking to make a career move? Need to find someone with CPA skills for your staff? Or, just want to learn more about career issues? Visit the [CPA Career Center](#).

[Back to Top](#)

TECH CENTER

CIO Magazine Survey Projects Increase in IT Spending

[CIO Magazine's July Poll](#) soared to the highest projected rate of IT spending since February 2001, with respondents indicating that IT spending will grow 10%, up from 6% in June and 8.1% a year ago. Our June 2005 [AICPA Business and Industry Economic Outlook Survey](#) showed a similar uptick in planned IT spending with 10% of respondents projecting their IT spending to *increase substantially*, compared with 6% and 7% providing that response 6 months and a year ago, respectively.

IT Performance MAG Now Available

Though there has been significant discussion concerning the importance of evaluating the payoffs of IT investment, there has been little guidance as to how to design or implement an appropriate performance evaluation system. This *Management Accounting Guideline — Evaluating Performance in Information Technology*:

- Develops an IT performance measurement framework
- Articulates specific measures
- Describes the causal relationship between various drivers and measures
- Illustrates, through examples, how companies can identify and measure the payoffs of IT investments

The [IT MAG](#), developed in collaboration with the Society of Management Accountants of Canada, is available in either [hard copy](#) or [downloadable](#) form from CPA2Biz. Stay tuned for upcoming MAGs on risk, business continuity and risk reporting.

CPA2Biz Opens Audit & Control Technology Store

CPA2Biz has developed an Audit & Control Technology Store to provide valuable product guidance, reviews, and discounted technology tools to CPAs and financial managers. All of the product reviews, case studies, FAQs and best practices are available online for free, and CPA2Biz has negotiated discount savings of 10% or more off the retail price for a host of different technology software solutions.

The software tools featured throughout the Audit and Control Technology Store are grouped into the following defined categories:

- **Audit Management** – tools to manage engagement resources and documentation, collaborate with the engagement team, and otherwise improve engagement efficiency
- **Data Analysis** – tools to analyze company information to identify errors, fraud, and cash recoveries while automating manual audit procedures
- **Risk Management** – tools to organize risk and control documentation for compliance with Sarbanes-Oxley or for companies simply desiring to have more accountability around internal controls

Product buyers guides and reviews are accessible at [Audit and Control Guides and Reviews](#). Of particular interest to those who may be in the process of evaluating software is the [2005 Buyer's Guide to Audit, Anti-Fraud and Assurance Software](#).

[Back to Top](#)

LEARNING LINKS

Featured CPE: AICPA's Annual Accounting and Auditing Update Workshop

This self-study course will keep you current, informed, and show you how to apply the most recent standards. Highlights include SAS No. 99 on fraud and the financial statement audit, SAS No. 101 on auditing fair value measurements and disclosures, FIN 46 on variable interest entities and the revised SFAS No. 123 share-based payment. For additional information or to order click on [A&A Update Workshop](#).

Free CPE: The AICPA's Financial Literacy Program

This free program lays the groundwork for success as a community financial literacy volunteer. Access it on the CPA Financial Literacy Resource Center at www.aicpa.org/financialliteracy.

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.

[Back to Top](#)

UPCOMING WEBCASTS

CFO Roundtable Series Q3 2005 – [FASB Stock Options: An Advanced Analysis of Statement 123R](#)

The next CFO Roundtable Series scheduled for **September 14 – 1-3pm**.

SEC Quarterly Update Series 2005 – 3rd Quarter

The next SEC Quarterly Update is scheduled for **September 21– 1-3pm**.

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

[Back to Top](#)

CONFERENCE SPOTLIGHT

Fall Business and Industry Financial Executives Forum – NYC, October 27 & 28

With two days of pre-conference workshops, two days of main conference concurrent sessions, and a full day of post-conference workshops, the Fall Business & Industry Financial Executive Forum scheduled for October 27 & 28 at the Marriot Marquis in New York City offers a unique blend of topics geared to your needs. In addition to compelling perspectives from keynote presenters Patricia McConnell, Neil Lebovits and Leslie Murphy, we will once again offer the "Forum at the Forum" a panel discussion with thought leaders on key issues of the day.

Click on the following link to download the [Business and Industry Financial Executive Forum](#) brochure. Register by September 27th to receive the \$50 early registration discount in addition to your AICPA member discount.

AICPA National Agriculture Conference – September 19 & 20

You asked for it and you got it! Developed by practitioners with "hands-on" agriculture experience, this conference provides the updates many of you requested. You'll hear from the industry's leading experts, including Dr. David Kohl, Dr. Neil Harl, and Andy Biebl. And there'll be plenty of time for networking with peers who deal with unique agriculture issues.

[Back to Top](#)

