

BusIndNews

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

April 12, 2006, No. 93

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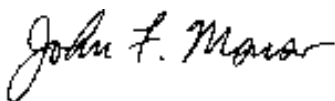
DEAR MEMBERS

In Career Corner you will find an announcement of our 2006 Business & Industry Hall of Fame. As I mentioned in a previous letter, we are not offering either the Spring or Fall Business and Industry Financial Executive Forum this year as we have for many years, so the Hall of Fame event will be held this year at the Controller's Workshop in Las Vegas on July 21. As a result, the Hall of Fame calendar is different from prior years, so be sure to get your nominations in by the **May 31** deadline. Also, if you have been a loyal attendee at our B&I conferences in past years, we encourage you to consider attending the Controller's Workshop instead this year.

In our last issue of *BusIndNews*, and again in this issue, we have an announcement in Career Corner about the AICPA's new executive education program being offered in partnership with the Marshall School of Business at USC. Our team has been involved in this initiative with our Conferences team, and we are very excited to offer this high quality educational opportunity to our members in business. **During the month of April, an additional \$200 discount is being offered to *BusIndNews* readers**, in addition to the early bird and member discounts.

Finally, don't forget that applications are being accepted at the [Volunteer Services Web site](#) from now until **May 1, 2006** for the next AICPA volunteer year (Oct. 2006 – Oct. 2007). This is how you can get involved in professional activities – helping set the course of activities and services for CPAs in business. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, please contact David Ray at 212/596-6030 or via email at committee@aicpa.org.

Best regards,



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

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Austin, TX

AICPA President Barry Melancon Testifies Before Congress on EBR and XBRL

Barry Melancon, AICPA President and CEO, testified before Congress on the need for a new enhanced financial reporting model that will enable investors to make informed decisions based on current, rather than only historical, results. The AICPA has been working for more than a decade in the area of enhanced financial reporting, including as a founder of the *Enhanced Business Reporting Consortium* to facilitate the development of such a framework, leveraging the input of participants from around the world.

Melancon also testified as to the role of enabling technologies like [XBRL](#) (eXtensible Business Reporting Language) in realizing the vision of enhanced business reporting. A series of sample reports of how companies might apply the concepts of enhanced business reporting can be found at [EBR 360](#). Click on the following link to read Barry Melancon's submitted [testimony](#).

AICPA Comments on SEC Small Business Proposals

In our last issue we highlighted recommendations being proposed by the SEC Advisory Committee on Smaller Public Companies. Key among these recommendations is the proposed exemption of a new category of Microcap companies from SOX Section 404, and the exemption of Smaller Public Companies from the audit requirements of Section 404.

The AICPA has commented on these recommendations from the perspective of our members who audit public companies. In summary, the [AICPA Comments](#) question whether the "advantages to smaller public companies outweigh any disadvantages that may impact investors, and whether the added complexity is warranted."

As an alternative to exemptive relief or an alternative reporting standard, the AICPA recommended:

1. An aggressive effort in conjunction with the efforts of COSO, to develop guidance that would be scalable to the smallest of companies, and
2. An SEC-led pilot program from a prescribed number of smaller public companies during 2006 that would serve as a field test leading to internal control and compliance tools, and additional guidance on the application of PCAOB Auditing Standard No. 2 (AS 2) for auditors in that environment as well.

"Achilles Heel" Proceedings Available on Audit Committee Effectiveness Center

In late January, the AICPA held a one-day forum on audit committee responsibilities and best practices with respect to fraud and management override – *Fraud: Can Audit Committees Really Make a Difference?*

This forum evolved out of the AICPA document *Management Override of Internal Controls: The Achilles Heel of Fraud Prevention*, and featured on its panels a number of contributors to that monograph as well as other participants

6/12/2006 - 6/14/2006

[AICPA National Not-For-Profit Industry Conference](#)

Washington, DC

6/15/2006 - 6/16/2006

[AICPA National Restaurants Conference](#)

Las Vegas, NV

6/26/2006 - 6/27/2006

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with significant audit committee experience. The result was a series of very informative discussions grounded in a depth of experience giving rise to some very practical guidance on this difficult issue. The sessions covered the topics outlined below:

1. The Issue – Fraud Perpetrated by Management
2. How Management Perpetrates Fraud – Management Override of Internal Controls & Audit Committee's Responsibility
3. Actions the Audit Committee Can Take to Address the Risk of Management Override – Part 1
4. Actions the Audit Committee Can Take to Address the Risk of Management Override – Part 2
5. The Audit Committee Discovers Management Override – Now What?
6. What's Next?

Video excerpts of each of the panel discussions and the accompanying slide presentations of are now available on our Audit Committee Effectiveness Center at [Achilles Heel Forum](#).

FASB Issues Exposure Draft on Pension and Postretirement Plans On March 31, FASB issued a proposal for pension and postretirement benefits accounting. The proposed changes would require employers to recognize the overfunded or underfunded positions of defined benefit postretirement plans in their balance sheets, and also require that employers measure plan assets and obligations as of the date of their financial statements.

Comments on the [Pension Plan Exposure Draft](#) may be submitted through May 31. One or more public roundtable meetings are anticipated, beginning on June 27.

Executive Compensation: Implications and Responses, or Not

Executive compensation and the SEC's proposed changes to disclosure requirements are very much in the business press these days.

BusinessFinanceMag.com references a very concise [two-page summary](#) of the provisions and implications of the proposed changes prepared by Segal/Sibson.

Another article in the same edition summarizes the results of a [Watson Wyatt survey](#) indicating that 61 percent of respondents doubt that the new the rules will improve corporate governance and seventy percent of respondents do not plan to change existing compensation programs in response to the SEC proposal.

This position seems to corroborate research conducted by professors at Wharton and Stanford reported on in a [Knowledge@Wharton](#) article. The author's conclude from their findings that in general, the media's focus on excessive compensation does not substantively change corporate behavior with regards to pay packages.

When Social Issues Become Strategic

The challenge of managing the risks and opportunities of social and political

trends is the subject of two articles in April's McKinsey Quarterly. The first article summarizes a [Global Survey](#) (registration on site required to view report) of business executives which found, not surprisingly, that execs believe sociopolitical issues represent real risks to organizations, and that their organizations are not particularly well equipped to deal with these risks.

As a side note, we just met with the authors of a new Management Accounting Guideline ***Integrating Social and Political Risk into Management Decision Making*** which will be available later this year to provide guidance in this challenging and nebulous area.

In the meantime, the authors of the second article, McKinsey's [Strategy in Practice](#) (registration on site required to view report) discuss the evolution and rapidly changing expectations around social issues and urge leaders to be more proactive in anticipating the potential impact on their companies with the following approaches:

1. Develop "radar systems" to identify issues and opportunities.
2. Take part in the external debate.
3. Master the range of available options.
4. Engage the entire organization.

Sharpening Your Business Acumen

In this same vein, an article in Booz Allen's [strategy+business](#) newsletter carrying this title defines acumen as "keenness and depth of perception, especially in practical matters" and offers a six-step framework for "incorporating external trends into your internal strategies". The authors suggest exploring the following questions with colleagues and peers:

1. What is happening in the world today?
2. What does it mean for others?
3. What does it mean for us?
4. What would have to happen first (for the results we want to occur)?
5. What do we have to do to play a role?
6. What do we do next?

The article elaborates on the six steps with a number of examples of successful navigation of turbulent changes in business context on economic, social and political fronts.

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XBRL-US Offers Free Coaching

For a limited time, members of XBRL-US are offering complimentary, one-on-one coaching to help companies get started with preparations for submitting into the SEC's XBRL Voluntary Filing Program (VFP).

A pool of XBRL experts from the software, accounting and consulting communities are available to provide up to four hours of free telephone or on-site consulting to explain the benefits of XBRL to public issuers, and how to use the XBRL creation software to transform traditional financial reports into XBRL. For complete details on this offer for free [XBRL Coaching](#), click on the accompanying link.

Rivet Software Offers SEC Package

To continue XBRL support and learning for members, the AICPA has entered into a marketing agreement with Rivet Software™. This agreement allows you to order Rivet's Dragon Tag™ and Dragon View™ via an AICPA-specific email address (aicpa@rivetsoftware.com).

As an AICPA member you receive a free support incident phone call valued at \$120 when you purchase Dragon Tag for \$295. You can also try Dragon Tag before you buy with a free, 30-day trial period. Dragon View is available in "preview" format at no charge. Free trial versions are available at Rivet's web site (www.rivetsoftware.com). When you are ready to order, please send an email to aicpa@rivetsoftware.com with your contact information.

Rivet Software also recently announced a flat-fee package which includes software and consulting services for filing financials in XBRL format, with SEC acceptance guaranteed. For details, go to [Rivet SEC Package](#).

Opportunity: Ask the Tech Expert Service

Rich Lanza, a colleague at CPA2Biz.com, has started an Ask the Expert service in the Audit and Control Technology Store's home page which allows you to direct specific questions to him at rlanza@cpa2biz.com.

North Jersey IIA Software Expo – May 1&2

The North Jersey IIA Chapter is pleased to announce the 2006 Software Expo: Automating Your Audit Department. The expo is free to anyone to browse and the training sessions are either free (for some) or offered at a very low cost. For more information, please see the events page at: [2006 Tech Expo](#).

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CAREER CORNER

Calling All Hall of Famers!

The Eighth Annual AICPA Business and Industry Hall of Fame Awards induction ceremony will be held this year at the **2006 Controllers Workshop in Las Vegas on July 21**. We are grateful to [Ajilon](#) for its continued support of the B&I Hall of Fame.

The Hall of Fame is made up of a very select group of people who have all, in their own way, made superior achievements and contributions over the course of their careers as financial professionals. Every year, we take a close look at each nominee and choose up to five individuals who we feel best represent the winning spirit of today's strategic CPA.

For more details on what constitutes a strategic CPA worthy of Hall of Fame status or to nominate someone you know who has these characteristics, go to [Hall of Fame](#) and submit a [nomination form](#) by the **May 31** deadline.

AICPA Offers Executive Education Customized for CPAs – July 12-14

The AICPA has created an executive education program in conjunction with the University of Southern California Marshall School of Business in Los Angeles.

The program, customized for executives in business and public practice, focuses on strategic planning, communication and leadership skills and offers participants a chance to return to a campus environment and benefit from a renowned faculty with real-world experience. Class size is limited and the program is intensive, in-depth and interactive. The highly participatory and dynamic learning environment uses case studies, current business models, experiential exercises and a team approach.

Registration fees are \$2,495 for AICPA members and \$2,995 for nonmembers. Those who register for the financial executives program by June 7 can save \$200. For more information, call (888) 777-7077 or visit www.cpa2biz.com/conferences. **During the month of April, an additional \$200 discount is offered to *BusIndNews* readers**, in addition to the early bird and member discounts.

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LEARNING LINKS

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

CFO Roundtable Series Q2 2006 – May 17 - [Financial Fraud from the Fraudster's Perspective](#)

In this live, interactive, AICPA Webcast learn about financial fraud from a different perspective – directly from those who committed financial fraud and paid dearly for doing so. Learn from their mistakes, understand their motivations and the pressures they were under and, ultimately, see what caused them to cross that line they never expected to cross. Click on the title link to register for this webcast.

SEC Quarterly Update Series 2006 -2nd Quarter–June 21, 2006

Mark your calendar for the second installment in this series – details coming soon.

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

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CONFERENCE SPOTLIGHT

Not-for Profit Reporting and Governance Forums

These two forums being offered by the AICPA's Northstar Conferences division will be held in the AICPA Boardroom on April 27-28 and May 4-5. Seating is limited to 55 participants for each conference so register early, for one or both, to assure your place.

By attending one or both of these conferences, you will gain essential knowledge needed for your organization, board members and other practitioners to operate effectively in this environment where the focus on not-for profit organizations is increasingly strong. Join us for an opportunity to collaborate with the top minds in the nonprofit world.

To register, go to [Northstar NPO Forums](#). Early bird, group, and combined registration discounts are being offered to AICPA members.

AICPA Controller's Workshop

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. Be sure to register early as this conference is always a sell-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 opportunity 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](#).

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