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DEAR MEMBERS

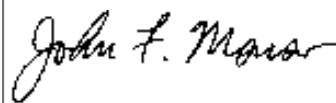
As this edition of BusIndNews goes to press, we will be meeting with our counterparts at CMA Canada and CIMA, the Chartered Institute of Management Accountants, headquartered in London, to make plans for a number of member service offerings that will be a part of this exciting three-way collaboration.

The first of these offerings is the pilot series of *free* Infocasts that we have been producing this fall based on the Management Accounting Guidelines that we develop, now with all three bodies. The first two presentations in the series have been tremendously successful with well over 1000 registrations each and very active participation from the global online audience. We have a number of MAGs in production and under consideration that we plan to bring to you as Infocasts in Spring and Fall of 2007. More information on the third Infocast in this Fall's series [Social and Political Risk: New Ideas for New Realities](#) on November 16 is available below.

We are also making plans to produce an International Conference that will rotate annually between the US, the UK and Canada. This conference will be targeted primarily to financial execs in companies with international operations. Networking and exchanging ideas with others is often cited as a significant benefit of attending AICPA conferences and it is our hope to create a learning opportunity that will also provide the opportunity to develop meaningful relationships at the international level.

The third component of our tri-partite endeavor is to link more closely with the academic community in management accounting. In our last edition we announced the winners of the awards that the AICPA is making to fund research projects in management accounting. We are discussing ways of leveraging the resources of our three bodies to further strengthen this relationship with the Management Accounting Section of AAA to develop a more fluid conduit between the academic and practice communities of our profession, also on a more global level.

Best regards,



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

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AICPA Launches “Feed the Pig” Campaign With The Ad Council

At the October meeting of the Governing Council the AICPA launched a national multi-media public service announcement campaign with the Ad Council designed to encourage 25-34 year-olds to “feed the pig” – save for a more secure future. From *Reuters* to the *Wall Street Journal* to the *Associated Press* and *MSN Money to Newsweek* and local television and radio stations, the campaign has reached more than 30 million people in its first week. AICPA Chair Jimmy Williamson was featured on a recent taping of the popular financial radio talk show "The Dolans," promoting the effort.

[Feed the Pig](#)TM, an extension of the 360 Degrees of Financial Literacy campaign with its own dedicated website, features *Benjamin Bankes*, a smartly dressed adult sized pig who carries a strong message of the importance of saving, to this targeted group of “career builders” which have been identified as particularly vulnerable, but well positioned to benefit from sound financial decisions. An [economic study](#) commissioned by the AICPA found, among other things, that the number of people in this demographic that have an interest-bearing account or other instrument has fallen from 61% to 47% since 1985.

[The Ad Council](#), a non-profit organization that marshalls talent from the advertising and communications industries, facilitates the media and the resources of the business and non-profit communities to deliver critical messages to the American public, has a very impressive track record. Ad Council icons and slogans are woven into the very fabric of American culture -- Smokey Bear's "Only You Can Prevent Forest Fires", The Crash Test Dummies: "You Could Learn a Lot from a Dummy", McGruff the Crime Dog's: "Take A Bite Out of Crime", and of course, "A Mind is a Terrible Thing To Waste" and "Friends Don't Let Friends Drive Drunk" - just to name a few.

To [listen to the taping](#) of Jimmy Williamson on “The Dolans”, to see the videos that will soon be airing on television stations around the nation, to sign up for a free weekly email savings tip, or to find the link to Benjamin’s MySpace page go www.feedthepig.org.

How Can You Bring Financial Literacy to Your Organization?

As we’ve discussed before, the financial literacy websites are rich with tools to deliver financial literacy training to your colleagues. To take an active role in helping Benjamin Bankes carry the message to this demographic or to carry any of the vitally important messages about financial literacy throughout the entire life cycle go to the [360 Degrees of Financial Literacy](#) website and register for CPA volunteer information.

At the AICPA Council meeting a few weeks ago, we held a breakfast for business and industry members to discuss ways to get this information in front of people in your companies. Some ideas:

- Work through the HR team – get them excited about the content that is freely available and work with them to deliver throughout the organization
- Incorporate into new employee orientation sessions as well as mentoring programs if you have them
- If your employees belong to a trade union, work with the union to deliver the content to employees – they will see this as an outstanding deliverable to their members
- In a small organization, collaborate with your counterpart at another small company to help create some momentum and deliver to employees at both

December 11-13

[Controller's Workshop --
Spring 2007 Edition](#)

March 15-16

San Antonio, Tx

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companies

In our next issue we will look at the ROI to the company so your executives can understand why it is good for the company to support this initiative.

AICPA Business Valuation Executive Committee Exposes Proposed Standard

The AICPA Business Valuation Committee has issued an Exposure Draft of Proposed Statement on Standards for Valuation Services (SSVS), *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset* and is soliciting comments on the proposed Statement through December 15, 2006.

This proposed Statement provides guidance to CPAs, who are members of the AICPA, for an engagement or any part of an engagement that determines the value of a business, an interest in a business, security, or an intangible asset.

As currently drafted, this Statement is generally “not applicable to internal use only assignments from employers to employee members not in the *practice of public accounting*.... **However, as proposed, the standards WILL apply “if the member has a reasonable basis to expect that the results of such assignments are to be made available to or used by outsiders.”**

Since members in business have an inherent conflict of interest as employees of their organizations, this proposed Standard would seem to preclude you from performing any valuation that might be used outside of the organization. You can download a copy of the document and find instructions for submitting comments [BV Standards Exposure Draft](#).

PCAOB Reveals Planned Revisions to AS2; Announces New SAG Members

In a recent speech Thomas Ray, chief auditor and director of professional standards for the PCAOB, revealed the likely changes to occur as a result of the upcoming recommendation to be made by the PCAOB staff to amend Auditing Standard No. 2. The specific areas addressed by Ray include:

- The incorporation of the PCAOB May 2005 policy statement on taking a top-down, risk based approach, and relying on the work of others;
- The auditor’s role in evaluating management’s assessment of internal control;
- The definitions of “significant deficiency” and “material weakness”.

With respect to these definitions, a [CFO.com](#) article reporting on the speech quotes Ray acknowledging that the threshold “more than remote likelihood” causes auditors to focus on a low level of detail, and suggests the term ‘reasonable possibility’ as a potential alternative. Other changes are also under consideration and we will keep you informed as things develop.

In separate news the PCAOB announced appointments to its Standing Advisory Group, its oversight body which includes representatives with backgrounds in corporate finance and governance as well as auditing. Click on the following links to see the complete listings of new and reappointed [SAG members](#) and their [bios](#).

Greenspan: SOX Needs to Be Changed

In a recent speech at an MIT Leadership Council, former Fed Chairman Alan Greenspan told the audience that the Sarbanes-Oxley Act is doing more harm than good and must be changed. While acknowledging the value of CEO certifications as a new and valuable aspect of the

legislation, the article quotes Greenspan as saying “Section 404 is a nightmare.” Greenspan suggested that since both Sarbanes and Oxley are both in the process of retiring now would not be an appropriate time for altering the bill, but the opportunity for change would follow their retirement.

Greenspan was a bit more positive in his remarks on the economy, opining that the recent tapering off does not indicate a recession, and that China becoming more prosperous will be good for our economy.

The article commenting on Greenspan’s speech on eweek.com also contains a link to a report on a separate speech by former US Secretary of Labor, suggesting that globalization is not to be feared and that investment in education is the best defense against threats from an increasingly global economy.

PCAOB Issues Q&A Highlighting FAS 123R Risk Areas

A [PCAOB Q&A](#) issued on October 17 provides guidance to auditors on what they should be looking for in terms of the consistent application of FAS 123R estimates of the fair value of options grants. This might be of interest to those of you who want to know what your auditors are going to be particularly sensitive to besides the backdating issues covered prominently in the press and addressed by [Staff Audit Practice Alert 1](#) issued earlier this summer.

FASAC 2006 Annual Survey Provides Perspectives on FASB’s Priorities

The Financial Accounting Standards Advisory Council (FASAC) issued the results of the [2006 Annual FASAC Survey](#). FASAC, which was established concurrent with the establishment of the Financial Accounting Standards Board (FASB), has a primary function to advise FASB on issues related to projects on the FASB’s agenda. The annual survey asked FASAC members, FASB members, and other interested constituents, to provide their views about the FASB’s priorities, future financial reporting issues, international convergence, and educational efforts.

Some key points and conclusions derived from the responses of the FASAC 2006 Annual Survey were as follows:

- The **conceptual framework** and **revenue recognition** (for the fifth consecutive year) topped the list of issues that FASAC members believe should be the FASB’s priority. These were followed by **leases, financial statement presentation, and postretirement benefit obligations including pensions**. Many other topics that were raised were **fair value issues, disclosure framework, consolidations, codification and simplification, business combinations, private company financial reporting, financial instruments and derivatives**.
- FASAC members believe that **fair value issues, complex financial instruments, and companies’ strategic alliances** will require the FASB’s attention in the future.
- FASAC members overwhelmingly support the notion of **international convergence** but would advise the FASB to address a pressing domestic need on its own if a joint project would take significantly longer.
- While many FASAC members do not believe that the FASB should be in the business of developing **training or educational materials**, they **encouraged the FASB to enhance its outreach to the academic community and others** to ensure that today’s and tomorrow’s accountants are prepared for new concepts in accounting standards.

The members of FASAC are from various diverse backgrounds, such as CEOs, CFOs, senior partners of public accounting firms, executive directors of professional organizations, and senior members of the academic and analyst community. The AICPA is represented on FASAC by **Arleen R. Thomas**, AICPA Senior Vice President – Member Competency and Development, who is also responsible for our member in business, industry and government team. For additional information regarding FASAC, click on the following link: <http://www.fasb.org/fasac/index.shtml>.

FASB Issues Exposure Drafts on M&A by Not-for-Profits

Citing the fact that recent studies estimate that the total asset base of the United States' not-for-profit sector would make it the sixth largest economy in the world and similar studies suggesting that in the U.S. alone, the number of not-for-profit entities reporting financial results grew by 68% between 1993 and 2003, representing approximately 9% of the U.S. gross domestic product (GDP), the FASB issued two exposure drafts intended to provide guidance on M&A activity. Additional information and links to access the exposure drafts are available in the [FASB NPO M&A](#) press release.

IRS Offers Assistance With FIN 48 Compliance

Our colleagues in the [AICPA Tax Center](#) have provided us with some information that you need to know about [FIN 48, Accounting for Uncertainty in Income Taxes](#). This interpretation applies to all organizations that report in accordance with GAAP – including closely-held businesses – and requires a higher standard for accruing a tax benefit in financial statements than the IRS imposes on tax returns, to avoid a penalty.

For tax years *beginning after December 15, 2006*, the tax accrual may only contain positions that meet the “more-likely-than-not” standard, and **any variances must be disclosed in the financial statements**. This means more work for you on the tax accrual, as you evaluate even garden-variety issues such as unreasonable compensation, or expensing versus capitalization. It also means that positions taken on the return (or that were taken in any open year) which don't meet the “more-likely-than-not” standard will be disclosed and will likely be subject to increased IRS scrutiny.

For calendar year corporations, the new rules would seem to initially take effect with first quarter 2007 results. However, the new rules require calendar year corporations to have a “clean” starting point for their tax accounts at January 1, 2007. In other words, the deferred tax asset and deferred tax liability accounts on that date must be determined in accordance with the standards of FIN 48. Note that companies that do not file quarterly reports may be able to put compliance off for a year.

According to information received by the AICPA, the IRS has put procedures in place to quickly respond to taxpayer requests to resolve some uncertain tax positions prior to the end of their current financial statement accounting year. The IRS has provided [guidance and direction](#) to field teams for taxpayers under examination. In addition, our colleagues on the Tax Team are working on guidance, and we will report on that in our next issue.

IRS Announces 2007 Standard Mileage Rates

The Internal Revenue Service has issued the 2007 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning Jan. 1, 2007, the standard mileage rates for the use of a car (including vans, pickups

or panel trucks) will be:

- 48.5 cents per mile for business miles driven;
- 20 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service to a charitable organization.

Wisdom from Michael Porter on Strategy

A [Knowledge@Wharton](#) newsletter article recently reported on a speech delivered by strategy guru Michael Porter “Why Do Good Managers Set Bad Strategies?” In the speech Porter acknowledges a shift in his own thinking as a result of his study of strategy over the course of his career from a belief that most strategic errors were the result of external factors to the realization that most strategic errors come from within the company.

Porter describes a singular focus on shareholder value to be the “Bermuda Triangle” of strategy and identifies the following common “self-inflicted” strategy errors:

- **Destructive competition** – setting out to be the best at everything, rather than differentiating and focusing on adding value for your own customers;
- **Confusing strategy with aspiration** - strategy should define your unique position and shape decisions rather than describe your mission or goal;
- **Confusing shareholder value with economic performance** – Porter asserts that shareholder value should not be thought of as a goal, but the result of superior economic performance.

In the speech Porter also debunked the myth that strategy is not about the numbers, noting that “Any good strategy choice makes the connection between the income and the balance sheet.” This would be where you come in. Click on the link above for the article and more of Porter’s insights on strategy.

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CAREER CORNER

Robert Half Study Finds CFOs Value Job Tenure When Hiring

In addition to finding that salaries for finance professionals will continue to outpace that of other careers as a result of the demands from business expansion and increased compliance requirements, according to recent Robert Half research 87% of CFOs consider the length of time an individual has spent in previous positions to be an important factor in their hiring decision.

Click on the following link to order your [2007 Robert Half Salary Guide](#), or any one of a number of resources offered by their Career Center

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TECH CENTER

CITP is *the* Credential for CPAs with a Technology Focus

If you have significant IT experience are not yet a CITP - Certified Information Technology Professional - now is the time to become one. The bottom-line benefits of being a CITP credential holder are an unparalleled opportunity to hone your business technology skills in an elite community of IT-accounting professionals. The CITP credential passed the 1,000 member mark this past September, and has recorded an astounding 41% growth in overall numbers for the year. The credential community has never been stronger, and there has never been a better time to apply for your CITP. **Now through November 30th, any prospective CITP who applies for and is awarded credential status will receive an APC mobile notebook stand that functions as a laptop cooling pad.** To download the simple two-page application and find out more about the credential and current promotion, visit the [CITP Apply Page](#) on the IT Center Web site.

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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 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.

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 November 16 – [Social and Political Risk: New Ideas for New Realities](#)

This will be the third in a series of three free Infocasts being offered this fall in collaboration with CMA Canada and now CIMA, the Chartered Institute of Management Accountants, and sponsored by SAP.

[Social and Political Risk: New Ideas for New Realities](#) will be a more thorough exploration of concepts touched upon in the first Infocast of this series, based on the MAG *Integrating Social and Political Risk into Business Decisions*. It will be presented by Marc Epstein of Rice University, and co-author Tamara Bekefi, who was recently a Research Fellow at Harvard's Kennedy School of Government. Click on the title link to register and secure your place. AICPA members also have the option of registering for one CPE credit for \$29.95

An archive of the initial Infocast [Measuring, Managing and Reporting Organizational Risk](#),

presented by Marc Epstein on September 21 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 [C2B](#) using coupon code **RCO** .

An archive is also available for the second Infocast - [Business Continuity Management: Taking it to the Next Level](#). This presentation delivered on October 19 by author Eric Krell covered the foundational principles and concepts outlined in the MAG *Business Continuity Management* and extended the discussion of BCM concepts to pandemic preparedness. This MAG is also available at a 50% discount at [C2B](#) using coupon code **RCO**.

[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](#)

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 Not-for-Profit Financial Executive Forum – November 16-17

The AICPA Not-For-Profit Financial Executive Forum (FEF) is a unique educational offering focused on the issues faced by financial executives in NPOs. The objective is to provide a solutions-based conference that will address a wide variety of relevant topics encountered by the NPO financial executive in sessions that will facilitate a high level of interaction and the exchange of ideas amongst the participants. To download a copy of the brochure and registration for go to [AICPA NPO FEF](#).

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

A results-driven conference developed by controllers for controllers, the Spring Controllers Workshop is your way to tap into solutions and ideas you can use at the office right away. First-hand, you'll receive expert insights about the best ways to lead a truly functional team that will work to increase profitability. Mark your calendars now for this conference scheduled for March 15th and 16th in San Antonio, Texas. For more information or to register go to [AICPA Controller's Workshop 2007](#).

All Upcoming Conferences...

[Not-For-Profit Financial Executive Forum](#)

San Francisco, CA
11/16/2006 - 11/17/2006

[AICPA National Conference on the Securities Industry](#)

New York, NY
11/28/2006 - 11/29/2006

[AICPA National Business Valuation Conference](#)

Austin, TX
12/3/2006 - 12/5/2006

[AICPA Employee Benefit Plans Accounting, Auditing and Regulatory Update](#)

Washington, DC
12/7/2006 - 12/8/2006

[National Construction Industry Conference](#)

Scottsdale, AZ
12/7/2006 - 12/9/2006

[AICPA National Conference on Current SEC and PCAOB Developments](#)

Washington, DC
12/11/2006 - 12/13/2006

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