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Edited and managed by:

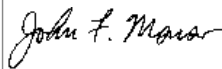
Kenneth W. Witt, CPA
Technical Manager
kwitt@aicpa.orgEmanuela LiMandri
Project Manager
elimandri@aicpa.org**DEAR MEMBERS**

The AICPA Fall Business and Industry Financial Executives Forum was held last week at the Marriott Marquis in New York. The "marquis event" of the Conference was the Hall of Fame induction ceremony sponsored by Ajilon Finance. You will find more below about your colleagues who were honored this year.

Patricia McConnell, a CPA and senior analyst from Bear Stearns gave the opening keynote address and newly appointed AICPA Chairwoman Leslie Murphy provided an update of the profession, AICPA initiatives and her vision for attracting and retaining talent to the CPA profession. Both women participated in a stimulating panel discussion on international issues facilitated by AICPA Sr. VP Arleen Thomas (my boss). They were joined by Dr. Linda Goldberg from the Federal Reserve Bank of New York, Charles Tilley, Chief Executive of the Chartered Institute of Management Accountants, and Gary Scopes, AICPA Director of International Relations.

One of the key take-aways from Patricia McConnell's keynote and the panel was the need to move up the curve on international accounting and reporting issues as the world moves towards convergence with international standards. We have talked about International Financial Reporting Standards in BusIndNews before, and we are hearing more and more buzz about the need for American financial professionals to understand IFRS for a variety of reasons. To gain some understanding of where our members are with respect to international standards and what your needs are, we have put together this very brief nine question [IFRS Survey](#) that we would appreciate your input on.

Best regards,

John F. Morrow, CPA
AICPA Vice President
The New Finance**TOP STORIES****AICPA and CIMA Agree to Collaborate**

Since Charles Tilley, the Chief Executive of Chartered Institute of Management Accountants (the premier management accounting body in the world, based in London) was one of the distinguished members of the panel at our conference last week in NYC, we took advantage of the opportunity and announced an agreement to collaborate with CIMA on developing high-quality products and services for our members. The resources developed through the AICPA-CIMA relationship will encompass three core areas: business management, management accounting and financial management.

The first of what we hope will be many products of this collaboration is the *Developments in Management Accounting Series*, a collection of papers that we will release monthly over the next several months, covering a number of topics we think you will find valuable. The initial paper in this series *Corporate Performance Management* was distributed to attendees at the Fall Conference and is available as a free download to AICPA members from our [Financial Management Center](#) website (look in the "Spotlight Area" on this webpage to easily get to this paper).

COSO Releases Small Business Guidance for Public Comment

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) released for public comment an exposure draft of its much-anticipated *Guidance for Smaller Public Companies Reporting on Internal Control over Financial Reporting*. This guidance, which serves as a supplement to COSO's *Internal Control – Integrated Framework*, originally published in 1992, focuses on the unique needs of smaller public companies in regard to compliance with Sarbanes-Oxley (SOX) section 404.

COSO's new guidance outlines 26 fundamental principles associated with the five key components of internal control: control environment, risk assessment, control activities, information and communication; and monitoring. The report defines each principle and describes its attributes, lists a variety of approaches smaller companies can use to incorporate the principles, and includes real-world examples of how smaller companies have effectively applied the principles.

The AICPA, as one of the five COSO member organizations, participated in the development report and fully supports the draft guidance that has been issued. In fact, Ken Witt from my team (the guy who writes most of this newsletter) had a significant role in this project working on the Advisory Team. The report can be accessed at www.coso.org. COSO encourages interested parties to read and comment on the exposure draft and to direct comments through the website at www.ic.coso.org.

We are initiating a short-lived task force regarding this exposure draft. If you are at a small public company and would like to participate in a review of the ED, please e-mail to Ken Witt at kwitt@aicpa.org. We anticipate 1-2 conference calls to discuss comments and concerns with the ED, over the course of 2-3 weeks. This will help us respond to COSO on making the guidance even better. The comment period

ends on December 31st 2005 so we should be finished by early December. Final guidance is expected in the first quarter of 2006.

Rising Rates of Restatements

An interesting article by Eric Krell published in the October issue of [Business Finance](#) explores the reasons for the record number of financial restatements being filed in recent years. The article cites research by Huron Consulting Group indicating that restatements were filed on 253 annual and 161 quarterly financial statements last year.

The top five areas for reporting problems were revenue recognition; accounting for stock options and other equities; reserves, accruals and contingencies; capitalization and expensing of assets; and inventory valuation.

The article argues that the three main factors contributing to the problem are the evolution of financial reporting rules, changes in the finance function and increased complexity of accounting. Some of the specific changes mentioned included:

- More internal audit functions reporting directly to audit committees as a result of the Sarbanes-Oxley Act.
- An increasing number of business-unit or plant finance executives who report to CFOs with dotted line reporting relationships to business-unit executives, rather than vice-versa.
- The addition of strategy to finance's list of responsibilities, reducing the time spent on traditional accounting areas, leaving the function vulnerable to error.
- Cost-cutting in the financial area at a time when the complexity of accounting has significantly increased.

On this latter point Krell comments that "fifteen years ago, one of the toughest challenges finance and accounting departments faced was determining earnings per share. Today's knotty tax issues, Byzantine financial instruments and fair-value accounting demands can make those old EPS determinations seem quaint."

AICPA Releases Tax Reform Report

The AICPA recently released its nonpartisan tax reform report: *Understanding Tax Reform: A Guide to 21st Century Alternatives*. This easy-to-read-and-use report will serve as a guide to the upcoming debate that will commence when the Bush administration releases its own tax reform report based on the recommendations of the President's Advisory Panel on Federal Tax Reform.

The AICPA report highlights 10 policy objectives it recommends *any* tax reform proposal be measured against and serves as a roadmap to the details that can trip up tax reformers as they consider the different types of tax reform proposals. As with similar papers issued earlier by our Tax Team, the paper does not take a position on any tax reforms, but seeks to educate readers so they can make their own informed decisions on these issues.

Copies of the report are available at www.aicpa.org/taxreform.

EBR Consortium Releases Framework

On October 18, 2005, the Enhanced Business Reporting Consortium released its first version of a comprehensive information framework to help companies better communicate with their investors and other key audiences. The Enhanced Business Reporting Framework promotes greater transparency of corporate strategy and performance. The Framework also provides structure for the type of narrative management discussion, e.g., MD&A in the U.S. and OFR (Operating and Financial Review) in the U.K., required in many countries. This structure makes it possible to create useful classifications, i.e., taxonomies for value drivers, performance measures and qualitative information. Specifically, the EBR Framework enables a more robust use of XBRL taxonomies.

The framework structure includes four broad categories, Business Landscape, Strategy, Competencies & Resources and Performance, and is available at EBR360. Interested parties may send comments to comments@ebr360.org.

Private Company EBR Survey

The AICPA Private Company Enhanced Business Reporting Task Force together with the Enhance Business Reporting Consortium has also undertaken an effort to identify the information business owners and managers, creditors, and other key stakeholders use for decision-making purposes and to evaluate the financial and non-financial reporting needs of privately-held businesses in order to assess the relevance and transparency of the current business reporting model including the question of GAAP.

As part of that effort, the Task Force has developed a series of sample reports that illustrate what enhanced business reporting might look like for privately held companies, and has designed an online survey to collect opinions of preparers and users of business reports about the relevance, usefulness and effectiveness on the components of the sample reports. Click on [Private Company Enhanced Business Reporting Survey](#) to access the survey.

Pension Liabilities Trigger Bankruptcy

An article in the [Economist](#), triggered by the recent bankruptcy filing by Delphi, provides an analysis of the magnitude and potential impact of pension and healthcare liabilities. In addition to calling attention to the economic and social implications of under-funded and unfunded obligations the article makes the point that "considerable blame falls on how America has accounted for pensions and OPEBs", especially allowing the use of different assumptions for equity securities and bonds which creates an arbitrage opportunity that can help to smooth the impact of fluctuations in value. Pension accounting is an area that both the FASB and the SEC have on their radar screens and promises to be quite complicated to

resolve.

Employee Benefit Plans Technical Practice Aids Released

In May 2004 the FASB issued Staff Position (FSP) FAS 106-2, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*. The FASB FSP addressed when and how an employer that provides postretirement prescription drug coverage should recognize the effects of the Act but did not address the accounting for the subsidy by the health and welfare plan itself.

The AICPA staff, with the help of industry experts, has released two Q&As, commonly referred to as Technical Practice Aids (TPAs) on accounting and disclosures related to the Medicare Act which are available on the AICPA's web site at [Recent TPAs](#). There are a variety of TPAs available for free download on this and other issues.

IIA Issues Audit Committee Briefing on Standards

The Institute of Internal Auditors recently issued a briefing paper on audit committee responsibilities in relation to International Internal Auditing Standards which is available at [IIA Audit Committee Briefing on Standards](#).

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CAREER CORNER

AICPA Announces 2005 Hall of Fame Inductees

The AICPA and Ajilon Finance announced the 2005 inductees to the Business and Industry Hall of Fame at an induction ceremony at the Fall National Business and Industry Executive Forum in New York City on Oct. 28. The winners are Clark Blackman II, Houston, Texas; Ralph Kauten, Madison, Wisconsin; and Jean Trainor, Waterloo, Iowa.

Clark Blackman is the Executive Vice President, Chief Investment Officer and Managing Director of Investec Advisory Group, L.P., a local investment consulting and financial planning organization. Blackman has been recognized by *Worth* magazine as one of the best financial advisors in America from 1996 – 2004. In Jan., 2004, he was selected by *Robb Report Worth* publishers as one of the nation's 100 most exclusive wealth advisors. Blackman has contributed to four books on financial and investment planning and fiduciary issues.

Over the years, Blackman has contributed his time, energy and talents to state and national organizations. His vision, passion, intellect and leadership have impacted countless pioneering efforts, media outreach and member and community services. Blackman has been very active in the Texas State Society of CPAs and many AICPA committees and task forces.

Ralph Kauten began his career at the Madison, Wis. accounting firm of Grant Thornton CPAs as a staff accountant in 1973. He is currently Chairman and CEO of Quintessence Biosciences, an early stage pharmaceutical company focused on developing cancer therapeutics, which he founded in 2000. Outside of business, Kauten devotes many hours to improving the quality of life in the Madison area through his support of various charitable organizations. In addition, he serves as a speaker and mentor to students ranging from middle school to graduate classes at the University of Wisconsin.

Jean Trainor is the CEO and President of John Deere Community Credit Union which she joined in 1982. Under Jean's leadership, the credit union has grown to be the largest in Iowa and a top credit union in the nation. Trainor also applies her leadership skills, management expertise and financial acumen to public service. Most notable is her 20 plus years of volunteering for the Cedar Valley United Way.

Our congratulations to this year's winners, and our thanks to [Ajilon Finance](#) for their continued support of the Hall of Fame, and to the panel of judges who selected the winners: David Blansfield, publisher, Business Finance Magazine; John Higgins, Co-founder, CPA Crossings, and one of the 2004 winners; and Bob Mahan, CFO, Ajilon Finance.

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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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WEBCASTS

CFO Roundtable Series Q4 2005 – November 16

SEC Quarterly Update Series Q4 2005 –December 14

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

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CONFERENCE SPOTLIGHT

The AICPA Not-For-Profit Financial Executive Forum (FEF)

This conference 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 and includes sessions on the rapidly changing legislative landscape, risk management, business continuity, executive compensation and

corporate governance.

[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

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