

Don't Miss!

[FREE Infocasts!](#)

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Thursday 5/17 – *Internet Marketing*
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Dear Members

Dear Members

Last Call! As we go to press, we trust that you will have all filed your individual tax returns or extensions and are looking forward to warmer weather and your favorite spring activities.

I would like to call your attention one final time to the rapidly approaching **May 15** application deadline for AICPA volunteer appointments for 2007 – this is an important way to get involved in the profession as a volunteer and we welcome your applications. See the related [story](#) below as our tax colleagues are looking for business members in particular.

In addition, nominations for our 2007 AICPA Business and Industry Hall of Fame, sponsored by Ajilon, will be accepted through **May 15**. The Hall of Fame Awards will be presented at our Controllers Workshop in Las Vegas again this year on July 20. (See the related [story](#) below for specific links.)

On **Thursday, April 19**, we will be offering the second **free** presentation of our Spring 2007 Management Accounting Infocast Series – [IT Investments: Capturing the Return](#), by Marc Epstein and Adriana Recj Buhovac, authors of the MAG *Evaluating Performance in Information Technology*. As with our pilot series last fall, these **free** infocasts are being sponsored by SAP and offered in collaboration with CIMA and CMA Canada. There is still time to register for this free presentation. As financial executives, most of you can relate to approving IT projects yet being very concerned about measuring the promised outcome. This Infocast and MAG will help you do just that.

The March presentation ***Strategy Mapping: One Picture Worth a Thousand Words*** was a terrific success with over 1,000 participants logging on from around the globe, including author Howard Armitage who was presenting from Abu Dhabi, and one intrepid CIMA member from Australia who was online for the live presentation at 3am! All of our infocasts are archived, and **all of our Management Accounting Guidelines are also now available to AICPA members free, so be sure to take advantage of this terrific member benefit available on**

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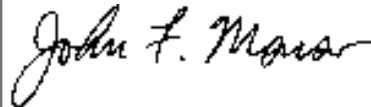
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[FM Center.](#)

Finally, we went into the field with our Q2 Business and Industry Economic Outlook Survey last week and the preliminary results look interesting. As always, we appreciate your perspective and support of this survey.

Best regards,



John F. Morrow, CPA
AICPA Vice President
Business, Industry & Government

Top Stories

Spring Infocast Series Kick-off a Great Success

On Thursday March 22 the Spring Management Accounting Infocast Series launched with ***Strategy Mapping: One Picture Worth a Thousand Words***, based on the new Management Accounting Guideline *Using Strategy Maps to Drive Performance*. This free infocast was presented by co-authors of the guideline, Howard M. Armitage, Ph.D, FCMA, and Cam Scholey, MBA, CMA.

Using the example of the Glacier Inn, a fictional ice hotel situated in northern Minnesota, Armitage and Scholey constructed an actual strategy map for the Inn, illustrating the six-step process outlined in the MAG.

This was the first of three **free** infocasts to be offered this spring in collaboration with CMA-Canada and CIMA, the Chartered Institute of Management Accountants, and sponsored by SAP. Over 1000 people from around the globe participated in the live event, which is now archived and available free to AICPA members from our Financial Management Center [MAG Resource Page](#). All previous presentations and the entire library of Management Accounting Guidelines are also now available to members as free downloads.

For additional information on the two remaining infocasts of this series, [IT Investments: Capturing the Return](#) which will be presented on **Thursday April 19**, and [Internet Marketing: Evaluating the Value Proposition](#), on **Thursday May 17**, click on the highlighted links or see the “upcoming webcast” section below.

AICPA Call for Volunteers Deadline May 15

[Save the Date:
International Financial
Executives Conference –
Oct 3-5 Montreal](#)

[AICPA/USC Executive
Education: Financial
Executive Program –
July 11-13](#)

[AICPA National Not-For-
Profit Industry
Conference June 19-21](#)

[Tech 2007 at the Mirage
in Las Vegas – June 11-
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[Book it Now – 2007
Controller's Workshop in
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As a member organization, the AICPA is fueled by the dedication of over 2500 volunteers serving on the Governing Council, the Board of Directors and over 200 committees, task forces and expert panels. If you have considered giving back to the profession in this capacity, the time to act is now! The deadline for volunteer appointments to be made in 2007 is May 15. For information about the AICPA Business and Industry Executive Committee and the current roster of BIEC members click on [BIEC](#). To begin reaping the rewards of volunteer service click on this link to [Volunteer Central](#) and register today.

AICPA Tax Center Task Force Seeking B&I Perspective

The AICPA [Tax Center](#) is a special membership section that provides guidance, information and tax practice tools, enforces professional tax standards of conduct, and represents AICPA members' tax interests in Washington.

Our colleagues in the Tax Center have asked us to reach out to identify volunteers who would be interested in serving on a task force to identify how the Center could better meet the needs of our members in business and industry. If tax is a special area of interest for you, and you would be willing to serve on this task force providing your perspective, please email Jim Clark at jclark@aicpa.org with a brief indication of your interest.

FIN 48 Tax Disclosure Concerns

In previous issues of *BusIndNews* we have alerted you to the [FIN 48 Practice Guide](#) developed by the AICPA Tax Center which is being made available to all AICPA members. A recent Tax Section e-alert offers the following comment with respect to positions whose resolution might be imminent.

"FIN 48 requires disclosures of specific information about positions for which it is reasonably possible that the amount of unrecognized tax benefits will significantly increase or decrease within 12 months of a reporting date. This might occur, for example, if an audit is settled or the period of assessment is about to expire. Practitioners have been concerned that such a disclosure might result in the IRS re-opening the audit or assessing taxes before the statute has run. Some have observed that in this case, disclosure could result in the elimination of the significant tax benefit increase, and therefore a conservative approach would dictate delaying disclosure until the period of assessments has expired.

Caveat re: Early Adoption of SFAS #159

The deadline to early adopt Financial Accounting Standards Board Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, (FAS 159) is quickly approaching for calendar year-end entities. All calendar year-end entities must decide whether to early adopt FAS 159 within 120 days of January 1, 2007 (i.e., the end of April).

Under FAS 159, entities are provided with an option to report selected financial assets and liabilities at fair value. The standard permits an entity to elect the fair value option on an instrument-by-instrument basis; and once the election is made, it is irrevocable. As stated in paragraph 1 of FAS 159, "The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This statement is expected to expand the use of fair value measurement..."

It has come to our attention that some financial advisors are discussing with their clients various strategies involving the early adoption of FAS 159 utilizing the transition provisions to avoid recognizing unrealized losses in the income statement.

FAS 159 clearly articulates the principles and objectives of the standard. Principles-based standards should be applied in a good faith manner consistent with those objectives and principles. If an entity proposes to adopt the fair value option merely to achieve an accounting result (i.e., recording unrealized losses directly in retained earnings coupled with little or no intent to apply the fair value option as a measurement attribute with respect to these classes of financial assets and liabilities on a go forward basis), that would be considered contrary to the principles and objectives in FAS 159

In those situations where early adoption of FAS 159 is deemed appropriate, and where unrealized losses are being recorded directly in retained earnings in connection with the early adoption of FAS 159, entities should provide clear and transparent disclosures of the reasons for electing the fair value option for specific eligible items and for not electing the fair value option for other eligible items within a group of similar items, including a discussion of any accounting motivations of such elections, with the other required disclosures of FAS 159. For more information see the [Alert](#) posted on the AICPA's Center for Audit Quality.

Thank You!

In our last issue we called your attention to a survey being conducted by Michal Matejka of the University of Michigan, focused on controller

compensation. This research is one of the management accounting research projects we are funding as part of the research program initiated last year. Michal reported that he received over 2,000 responses to his survey and is very excited to begin analyzing the data. We thank you for your tremendous support of this important research and look forward to sharing the results with you.

The Leadership Gap in Public Policy

A recent McKinsey Quarterly.com article reveals some very interesting inconsistencies between perception and reality as it relates to the role of CEOs as public leaders. According to the results of a McKinsey survey conducted of CEOs of both privately-owned and public companies, only 6% indicated that they thought executives should play no role in addressing public policy issues such as education, healthcare and foreign policy, and 44% say that CEOs should play a leadership role. This support for the principle of what role CEOs should play was at odds both with their perceptions of what others were doing, and with the role they were able to play themselves. Only 14% indicated that they played a leadership role and 27% play no role at all.

Another interesting disparity was revealed in the motivations for involvement in public policy issues. Two-thirds perceive that others are motivated primarily by business issues, yet when asked about their own motivation, nearly two-thirds indicated that they are motivated by personal reasons and are usually acting as private citizens. To read the article summarizing the survey results which also includes discussion of the enabling factors and barriers to engaging in public policy issues click on the link above.

State Health Care Legislation Offers Potential for Compliance Nightmare

Citing the likelihood of gridlock in Washington for the next 20 months as one driving factor, a recent CFO.com article summarizes the different kinds of legislation being passed in states to address the increasingly enormous costs of providing care to the uninsured. The brief article includes a map depicting the varying types of legislation in play around the country that carries the title "The Tortoise and the States."

Likely to add to the problem is a proposed 10% decrease in Medicare for 2008, which will increase the burden on states as well as private providers of medical care, an issue raised by more than one respondent to our Q2 Economic Outlook Survey. Healthcare and health insurance issues continue to be at the top of the list of concerns for many responding to the survey and to quote one, when asked "what other

issues loom large for your business or the economy”, the response was quite succinct: *“Health Insurance Benefits Health Insurance Benefits Health Insurance Benefits!”*

New Options for 401(k) Plans

Provisions of the Pension Protection Act of August 2006 which created a safe harbor are allowing plan sponsors to build a range of automatic enrollment, escalation, and rebalancing features into their 401(k) plans, along with a default selection of investments. According to the April 2007 Risk Management version of the [CFO.com](#) newsletter, early adopters of these provisions are seeing 90-95% plan-participation rates and many are using plan design to boost employee savings levels.

These new options begin to address the problem stemming from the old requirements in place since the inception of 401(k) plans that participants make most of the major decisions related to funding and managing their plans. While possibly a good idea in principle, “twenty years of evidence shows they nearly always do it badly.”

SEC Commissioners Endorse Improved SOX Implementation

The SEC held an open meeting on April 4, 2007 to discuss the PCAOB's Proposed Auditing Standard and the SEC's proposed Management Guidance on internal controls – typically associated with SOX Section 404. The purpose of the meeting was to consider the progress of the internal control documents and to keep both the SEC and PCAOB on track for issuing final standards and guidance in the near future.

As a result of this meeting, the Commission endorsed four of the SEC Staff's recommendations to the PCAOB's proposed auditing standard on internal controls and urged the Staff to continue to work closely with the PCAOB to make internal control examinations more efficient and cost effective. The Commission's direction to its staff will focus the remaining work in four areas:

1. Aligning the PCAOB's new auditing standard (AS5) with the SEC's proposed new management guidance under Section 404, particularly with regard to prescriptive requirements, definitions and terms;
2. Scaling the internal control audit to account for the particular facts and circumstances of companies, particularly smaller companies;
3. Encouraging auditors to use professional judgment in the internal control examination process, particularly in using a risk-assessment approach; and
4. Following a principles-based approach to determining when and to

what extent the auditor can use the work of others.

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Career Corner

AICPA Business and Industry Hall of Fame - Call for Nominations

The Ninth Annual AICPA Business and Industry Hall of Fame Awards induction ceremony will be held this year at the **2007 Controllers Workshop in Las Vegas on July 20**.

The Hall of Fame is made up of a very select group of people who have each, in their own way, made superior achievements and contributions over the course of their careers as CPAs in business. Every year, our panel of judges takes a close look at each nominee and chooses up to five individuals who the judges believe 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 15** deadline.

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Tech Center

Wharton Technology Conference 2007

A special issue of [Knowledge@Wharton](#) features three articles that touch on the theme of the conference "Monetizing Innovation: Business Strategies for a New Generation of Technologies."

The first article features a start-up company who is trying to leverage increasing concern about global warming to overcome barriers to its core strategy of delivering high-speed internet service over existing power lines. The key is to couple the service with a high-tech system of sensors that electric providers can use to monitor electric usage and occasional outages.

The second article in the "trilogy" summarizes the discussion of a panel addressing "Brand Building in the Digital Age: Dizzying Array of Choices". As a lead in to the various comments intended to help the audience navigate the difficult seas of making wise media choices, this article makes an observation about what seems to be a relic in this day and age

– *TV Guide*, pointing out the irony that what people need now, more than ever, is guidance.

The third article captures the contrasting views of the two keynote speakers book-ending the conference. Robert Carter, CIO for FedEx sees the potential for exponential value creation in the virtual marketplace. Voicing a somewhat contrarian view was Al Nugent chief technology officer for computer giant CA. Nugent's view is that "creeping featurism" and the rush to create other advances have created a world in which too much failure and risk is tolerated, posing security risks in addition to reliability risks and the potential for operational meltdown. He is quoted in the article as saying "If your car had to be re-booted after every 100 yards, you probably wouldn't drive it."

See below for information about the **AICPA Tech 2007 at the Mirage in Las Vegas – June 11-13.**

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Learning Links

[New! COSO Guidance for Smaller Public Companies Self-Study Video](#)

In July 2006 COSO issued *Guidance for Smaller Public Companies Reporting on Internal Control Over Financial Reporting* to provide guidance to smaller company board members, senior management, other company staff and external auditors in cost-effectively applying *Internal Control — Integrated Framework* for assessing and reporting on the effectiveness of internal controls. This course will complete your understanding of the new COSO document.

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

Spring 2007 Free Infocast Series

Our Spring 2007 MAG Infocast Series launched last month with ***Strategy Mapping: One Picture Worth a Thousand Words*** which now archived on our Financial Management Center [MAG Resource Page](#).

The remaining two presentations of this series being offered in collaboration with CMA Canada, CIMA, and sponsored by SAP, are detailed below. These infocasts are **free** with AICPA members having the option of purchasing one CPE credit for \$29.95. **Click on the links below to take advantage of this free member benefit!**

[IT Investments: Capturing the Return](#) will be presented on **Thursday April 19** by Marc J. Epstein, Distinguished Research Professor of Management at Jones Graduate School of Management at Rice University in Houston Texas and based on the MAG *Evaluating Performance in Information Technology* published in 2005.

[Internet Marketing: Evaluating the Value Proposition](#), on **Thursday May 17** will provide an overview of the method for measuring the payoffs of internet marketing initiatives developed from the best practices from marketing, e-commerce, and information technology by Marc Epstein and co-author Kristi Yuthas in the MAG *Evaluating the Effectiveness of Internet Marketing Initiatives*.

The Strategy Mapping MAG and IT Investment MAGs can be downloaded free by members from the [Management Accounting Guidelines](#) page on our FM Center. Internet Marketing will also be available shortly after we go to press with this issue.

CFO Quarterly Roundtable Series – Wednesday May 16

The Q2 installment of the CFO Quarterly Roundtable Series on **Wednesday May 16** will be focused on financial fraud and research performed by KPMG on fraud, what contributes to fraud in an organization, and what organizations can do to arrest financial fraud in the future. This live, interactive presentation hosted by John Hudson, will feature panelists:

- **Timothy P. Hedley**, a Partner in KPMG's Forensic practice based in New York,
- **Neil A. Weinberg**, Senior Editor at Forbes magazine,
- **Walter A. Pavlo, Jr.**, who presents his own white-collar crime as a

- case study for audiences to learn from (an MCI scandal resulting in Pavlo serving almost 2 years in Federal prison), and
- **Greg Farrell**, an investigative reporter for USA Today.

To register go to [CFO Quarterly Roundtable Series Q2](#).

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

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Conference Spotlight

Save the Date: International Financial Executives Conference – Oct 3-5 Montreal

Senior financial executives who want to broaden their international perspective should plan to attend this conference. Sponsored by the AICPA, CMA Canada, and CIMA (the Chartered Institute of Management Accountants), this conference offers senior executives and their high-performing staff members an opportunity to expand networks and knowledge beyond local borders. Mark your calendar for Oct. 3 to 5 at the [Intercontinental Hotel](#) in Montreal, Canada. Look for more information in the next issue of *BusIndNews* and in the May B&I Supplement to the CPA Letter.

AICPA/USC Executive Education: Financial Executive Program – July 11-13

The AICPA in collaboration with the USC Marshall School of Business will once again be offering the executive education program designed last year for our members in business and industry. This is a terrific opportunity to have an intensive, interactive case-based learning experience with a limited number of your peers on the campus of one of the premier business schools in the country. Mark your calendars now – more info will be available soon at the [AICPA Conferences](#) website.

AICPA National Not-For-Profit Industry Conference June 19-21

The AICPA National Not-For-Profit Industry Conference is a comprehensive forum that deals with the challenges facing nonprofit practitioners and financial executives today. It's where you'll find out the latest information on the impact of tax, management, auditing and accounting issues pertaining to NPOs. You'll also receive training in operational strategies that are so crucial to the well-being of an NPO.

Highlights of this year's conference include keynote speaker Steve

Gunderson of the Council on Foundations, 16 value-added pre-conference workshops and special breakfast and lunch niche sessions. To register click on [2007 NPO Conference](#).

Tech 2007 at the Mirage in Las Vegas – June 11-13

Created exclusively for CPAs, IT consultants, and anyone who implements or uses technology in their organization. Here is some of what's new for 2007:

- Keynote presentations, featuring strategists from Google and Adobe
- TECH Update 2007 with Randy Johnson
- Tomorrow's Technologies with Rick Richardson

Register today at [Tech+](#).

Book it Now – 2007 Controller's Workshop in Las Vegas

One of the AICPA's most popular sell-out events, the [Controllers Workshop West](#), will be held this year at Caesar's Palace in Las Vegas on July 19-20. Controllers Workshop is uniquely designed to help you increase the contributions you make to your company's strategic objectives and will once again this year be the forum for presenting our 2007 Hall of Fame awards. Click on the link to secure your spot.

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