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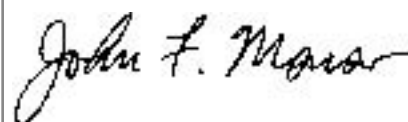
DEAR MEMBERS

Happy New Year! At this time of year many of you are deeply entrenched in year end book close and I hope it goes well. In the first issue of *BusIndNews* last year I used this space to remind you about the [AICPA Ethics Decision Tree for CPAs in Business & Industry](#), which is a tool we created to walk you through a process if you are asked to do something at work that you think is not appropriate. Last year, after publishing this link, I received several e-mails from members to say thanks for making the decision tree available — it came to them at a good time! So, here it is again, and I hope you don't need to use it, but if you do...

Speaking of ethics and integrity, an organization that I have been working with for several years is the Open Compliance and Ethics Group. OCEG is a not-for-profit organization that seeks to:

- provide a flexible and practical best practice framework for integrating governance, compliance, risk management, and integrity into all business processes
- help organizations that use the framework to reduce costs and drive business performance
- drive adoption of the framework through a multi-industry, multi-disciplinary coalition
- provide a community of practice for exchange of information, tools and feedback for the continual improvement of the Framework

OCEG has a survey underway to collect information from companies that have a compliance and ethics management program in place. If your company qualifies to participate, please get this information into the hands of the right person at your company and ask them to participate in the survey. See the article below for more information.



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

TOP STORIES

OCEG Benchmarking Study

During the first quarter of 2005, the Open Compliance & Ethics Group will administer an extensive benchmarking study regarding governance, compliance and ethics programs. Participation is open to companies and other organizations with compliance and ethics management programs in place.

The study will analyze over 125 attributes of governance, compliance and ethics programs. These attributes include organizational structures, processes, program metrics, planning and budgeting information. Participants will receive study results for all questions that they answer and a general overview report of the study results will be made publicly available.

Participation in the study is confidential and free. 350 organizations are currently enrolled. If you would like to register your company for participation, please do so at <http://www.oceg.org/benchmarking.asp> prior to January 15th, and you will receive notice of an online training session to be held January 18th and 25th.

Streamlined Reporting Survey for Public Companies

The Public Company Task Force for our project on Enhanced Business Reporting is about to embark on a project to identify opportunities for streamlining and reducing financial reporting requirements for public companies. This project will be looking primarily at SEC reporting requirements within the context of emerging ideas for enhanced business reporting that have begun to emerge from the work of the Special Committee. These ideas are summarized in the report of Public Company Task Force that can be found at www.ebrconsortium.org under "Sample Report."

The Public Company Task Force is in the process of forming a special task force to further explore possibilities for streamlining reporting and is seeking input that will be used to establish priorities for this work. Your completion of a

[Conference](#)

[Roger Staubach Keynote at Spring 2005 B&I Financial Executive Forum](#)

[XBRL Conferences — 2004 & 2005](#)

UPCOMING CONFERENCES

Mark Your Calendars and Plan to Attend! Visit the AICPA Web site for more information on any other programs. Bear in mind that we have a variety of industry-specific conferences that you may be interested in; you can find out about these when you [visit the CPA2Biz Web site](#)

very brief survey which can be accessed by clicking on the following link to the [EBR Public Company Survey](#) would be greatly appreciated.

Member Survey: Should Greater Access to Peer Review Information Be Provided to Either State Boards or the Public?

AICPA Council has launched an effort to engage members in considering whether the time has come to increase transparency in the peer review process. As part of an effort to demonstrate our core values of integrity and competency, the profession is examining whether or not to move to increased access, by either state boards of accountancy or the general public, to peer review information (e.g., reports, letters of comment, letters of response) on firms with AICPA members. Your opinion matters. Weigh in on this issue by completing a brief (5 minute) online poll at [Peer Review Survey](#). For additional resources on the peer review transparency issue, visit [transparency](#).

For those of you that spent time in public practice during your career, you may recall the peer review program that firms go through to assess their quality control system of their accounting and auditing practice. While many firms already make their peer review reports public, not all do. We are studying this issue and considering taking it to a member vote. Your perspective as a member in business and industry is needed.

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AICPA 2005 Top Ten Technologies Survey Results

For the third consecutive year, Information Security is the country's number one technology concern, according to the results of the 2005 AICPA Top Technologies survey which seeks to determine the 10 most important technology issues for the coming year. There were more than 300 participants in the 2005 survey, a 30 percent increase over the previous year.

Interestingly, Spam Technology — an issue closely associated with Information Security — apparently has lost some currency. It made its debut on the 2004 list at number two. On the new list, it falls to number four. The Top Technologies Task Force also identifies a “watch list” of emerging technologies. Radio Frequency Identification (RFID) tops that list of technologies having the potential for major impact in the 24-36 month time horizon. For a more complete summary of the findings click on the following link [Top Ten Tech Survey](#).

CPCAF Releases Version 3 of Control Framework

The AICPA Center for Public Company Audit Firms has released **Version 3** of its Framework For Evaluating Exceptions And Deficiencies resulting from the evaluation of internal control over financial reporting.

Version 3 has been expanded to cover the evaluation of deficiencies in pervasive controls other than information technology general controls and how to consider and evaluate deficiencies in the aggregate as well as incorporating the evaluation of process/transaction-level and information technology general control exceptions and deficiencies included in previous versions of the Framework.

The Framework is located on the Center for Public Company Audit Firms web site <http://CPCAF.aicpa.org> and can be downloaded directly by clicking on the following link: [A Framework for Evaluating Control Exceptions and Deficiencies — VERSION 3](#).

The Multiple Perspectives on Sarbanes-Oxley

The press in recent weeks has reported the gamut of perspectives on Sarbanes-Oxley. An article on [SmartPros.com](#) highlighted the finding in one survey that a majority of executives say SOX compliance was a good investment for stockholders, although a much larger majority also think Congress needs to revisit SOX legislation.

This latter point of view is underscored by an article on [AccountingWeb.com](#) about a Wall Street Journal report that the Business Roundtable, the US Chamber of Commerce and the National Association of Wholesaler-Distributors are quietly seeking the ouster of SEC Chair William Donaldson because he does not share their concern that reform measures are discouraging corporate risk taking.

A third article, one of the resilience series on [Strategy and Business.com](#), makes the point with a Booz Allen & Hamilton analysis that “more shareholder value has been wiped out in the past five years as a result of strategic mismanagement and poor execution than was lost in all of the recent compliance scandals, suggesting that “even in the face of Sarbanes-Oxley, to manage for growth, companies must design a robust and integrated strategic planning process built on a broad understanding of all risks to the business.”

A separate case study analysis of 27 corporate failures performed by the Professional Accountants in Business (PAIB) Committee of the International

Federation of Accountants (IFAC) resulted in findings similar to the Booz Allen work. The IFAC report published in February 2004 recommends a balance in corporate governance focus between conformance and performance and is available as a free download at [Enterprise Governance: Getting the Balance Right](#).

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HRH Releases D&O Liability Snapshot

Hilb Rogal & Hobbs (HRH), recently released its Directors and Officers Liability Snapshot and Insurance Market Forecast for 2005. The liability snapshot is intended to identify some of the major areas of risk exposure for directors and officers and identify some significant D&O insurance market trends.

One of the important observations highlighted in the HRH press release is that while "legislation (and compliance with these statutes and the implementing rules and regulations) may be expressly intended to provide clarity for the executives, but seems more successful in providing fodder for claims." To access the report go to [HRH D&O Snapshot](#).

New Rules May Result in Penalties for Routine Comp Transactions

An article on AccountingWeb.com reports that under new rules included in the Jobs Creation Act effective January 1, 2005 bonus plans and other routine "deferred compensation" transactions may be subject to an additional 20% in tax plus penalties if they do not meet certain standards. This new law was dubbed "the Sarbanes-Oxley Act of the human resources sector" by Bruce Wynn, an attorney quoted in the article. He also adds that it is likely that almost all existing agreements will require some amendment. To read the article, which makes reference to the IRS intent to issue guidance in this area, go to [deferred compensation](#).

IRS Issues New 401-k Rules

Final regulations updating and simplifying many of the current rules for 401(k) plans will be fully effective for plan years that begin on or after January 1, 2006, although employers are permitted to use these new rules for any plan year that ends after December 28, 2004. Among other things, the new regulations strengthen the nondiscrimination rules requiring certain employer contributions to be spread over a large group of rank-and-file employees before they can boost the ability of highly-paid employees to defer income under the plan. To access the new rules click on [IRS Rules](#).

A new automatic rollover rule effective March 28, 2005 as part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), requires that mandatory distributions of more than \$1,000 from a qualified retirement plan be paid in a direct rollover to an Individual Retirement Account (IRA) unless the distributee elects to have the amount rolled over to another retirement plan or to receive the distribution directly. EGTRRA also requires that the plan administrator notify the distributee in writing that the distribution may be paid in a direct rollover to an IRA.

IRS Warns 1700 Businesses Re: ESOP Abuse

In our last issue we directed your attention to the use of ESOPs as a tax-savvy way for owners to raise capital or buy out owners while still maintaining control by retaining the voting rights as trustee.

As a caveat, [SmartPros.com](#) reported recently on new temporary regulations regarding the abuses of ESOPs with a small number of participants, primarily S corporations. Click on the link above for the full article or on the link following for [IRS ESOP Guidance](#).

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CAREER CORNER

Stress Management Tips for the Season

AccountingWeb.com reports on a study of 46,026 employees conducted by The HERO Group, that workers with unmanaged stress had 46 percent higher medical costs than those without unmanaged stress. This study also showed that unmanaged stress was the second leading cause of rising health care costs. We are now in a very stress-filled time of year for most members of our profession, so stress management is something to keep at top of mind.

The article which can be accessed at [AccountingWeb.com](#) offers the following tips to handle your workplace stress:

- Exercise. We've all noticed top execs going to the gym at lunch, well there's a good reason and it's most likely stress. Maybe you can't suit up with the CEO, but you can join the local 'Y' for yoga or a swim, don running clothes in the restroom and jog around the building, or just go for a walk — go shopping, go outside, change your environment for 30 minutes.

- Manage your time. Prioritize tasks, write them down, and enjoy crossing them off the list when they're done.
- Turn off the cell phone and email — at least for a little while.
- Watch what you eat. Many of us compensate by eating candy, lapping up fancy coffee drinks and consuming other goodies when we're stressed. That's only a temporary feel good fix and will probably do more harm than good.
- Alcohol is another outlet people use to escape the hands of stress, which could eventually lead to abuse, dependence and medical consequences. Be aware that alcohol is never the best stress management solution.
- Take a short relaxation break. Take a few quiet minutes; close your eyes and take several deep breaths. Read the daily comics in your paper — laughter is healthy.
- Talk about it. Sometimes talking about your stress to family members or close friends is all it takes to provide you with needed relief. Another thing to keep in mind is that many companies offer an Employee Assistance Program (EAP) where you can call to talk about your stress with a professional counselor. If your employer doesn't offer an EAP, try United Way's 211 information line.

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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](#).

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LEARNING LINKS

Featured Self-Study CPE Offering

[2004 Tax Acts: Making Them Work For You](#) — New 2004 tax legislation has presented practitioners and businesses with numerous opportunities for tax planning for both business entities and individuals. The recently enacted Working Families Tax Relief Act of 2004 and the American Jobs Creation Act of 2004 introduce a variety of tax savings features that can be utilized for the benefit of tax payers. Act now and take advantage of a special 10% pre-publication discount offer!

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.

For more self study courses, please visit www.cpa2biz.com or call 888-777-7077.

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UPCOMING WEBCASTS

Quarterly Webcast Series Calendar Posted

The schedule for our two popular quarterly Webcast series has been posted. By registering for all four of either series you can save \$67.

The CFO Roundtable Webcast Series — brought to you each calendar quarter by the AICPA - is designed to cover a broad array of "hot topics" that successful organizations employ and subjects that are important to the CFO's personal success.

The SEC Quarterly Update Webcast Series — brought to you each calendar quarter by the AICPA and CFO.com — showcases the profession's leading experts on what's "hot" at the SEC.

Canning the Spam: Recipes For Controlling Unwanted eMail (CD-ROM)

If you missed this webcast when it was originally presented on April 28, 2004, you can still purchase the CD-ROM and get up to speed. Click here for [Canning the Spam](#) recipes.

Essentials of ESOPs

If you want to explore the possibility of adopting an ESOP you might want to check out the CD-Rom for [Essentials of ESOPs](#) originally presented in May 2004. Be sure to also take note of the recently issued temporary regulations about ESOP abuses referred to above.

For all of your continuing education needs from AICPA Info Bytes and Self-Study to Webcasts and On-Site Training go to [AICPA Learning](#).

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CONFERENCE SPOTLIGHT

Align Planning and Budgeting to Your Strategy — An AICPA/Balanced Scorecard Collaborative Executive Conference

As an additional benefit to our members we are also sponsoring in partnership with the **Balanced Scorecard Collaborative** this Executive Conference to be held **January 26-28, 2005** at the Trump International Sonesta Beach Resort in Sunny Isles (Miami), FL.

A unique opportunity to learn directly from Dr. Robert S. Kaplan, the worlds leading expert on performance measurement and activity-based costing and David Axson, a renowned performance management and benchmarking expert, this new conference will show you how to make the transition to Strategy-focused business planning by learning how to:

- Align strategic and operational planning and budgeting through the Balanced Scorecard
- Adapt quickly to change through continual planning and forecasting
- Assign resources dynamically through strategic initiative management
- Reduce detail and effort to increase planning efficiency and effectiveness
- Integrate activity-based costing and risk management for better results

To take advantage of this unparalleled learning experience, tailored to your unique needs with seven exemplary case studies, four roundtable discussions, two hands-on clinics and interactive panel go to [Align Planning and Budgeting to Your Strategy](#) and register using code **PBC510** to receive a 10% AICPA member discount.

Roger Staubach Keynote at Spring 2005 B&I Financial Executive Forum

This Spring's Financial Executive Forum to be held in Dallas in collaboration with the Texas State Society, May 10-14, is shaping up to be a terrific conference. In addition to Roger Staubach as the keynote speaker, we will be offering two exceptional full day pre- conference sessions on Tuesday May 10. The first of these will cover Business Continuity Planning, a topic you will be hearing more about if you have not already. We also have a new leadership program developed by Bill Bryan and Alan Patterson — *Tools for Effective and Ethical Leadership*. More to follow — mark your calendars now.

XBRL Conferences — 2004 & 2005

Under the rubric of "Financial Reporting Goes Global: XBRL and IFRS working together" the top ten findings of the 10th XBRL International Conference in Brussels, Belgium included the worldwide interest in XBRL with 450 delegates attending, representing 30 countries and the focus on business reporting rather than technologies.

For a complete list of the top ten findings and presentations from the conference go to [XBRL Conferences](#). There is also a link on that page to the [11th XBRL International Conference](#) to be held in **Boston, April 25-29th, 2005**. A mailing list request is available on that upcoming events page. Information on joining the XBRL Consortium is available at <http://www.xbrl.org/HowToJoin/>.

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