

BusIndNews

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

December 21, 2006, No. 100

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DEAR MEMBERS

Dear Members

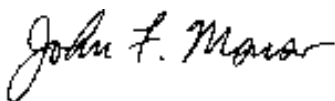
Note from the masthead that this is the 100th edition of BusIndNews – quite a milestone for us and we look forward to bringing more to you. You probably noticed that these days we are down to a monthly schedule, and we will try to be more frequent to keep you better informed in the future. Thanks to all of my colleagues that work on producing this E-Newsletter, and thanks to all of you for the support and help when we need it.

Speaking of help, as you know several years ago we created the original version of the *AICPA Audit Committee Toolkit* and it remains a very successful publication. In 2005 we launched two new versions of *Toolkit* – one for not-for-profit organizations and one for government organizations. Since then we have received a number of requests for a private-company version of the Audit Committee Toolkit. If you would like to participate in adapting the AICPA Audit Committee Toolkit for private companies, or if you work for a private company and have an audit committee charter that you would be willing to share with the task force, please contact our colleague Kayla Briggs at kbriggs@aicpa.org.

Our top story in this issue is the status of our semi-annual Economic Outlook Survey. You have been tremendously supportive of this survey for the last 2+ years and now we are taking it to the next level. See the story for more details. In addition, we have some guidance for you on FIN 48, and for public companies in the non-accelerated filer category there are some new developments to report to you as well. There is a lot of other news in this issue all with your unique perspective in mind, including the dates for our Spring 2007 series of free infocast presentations – so be sure to read it all the way through.

Happy Holidays to you all, and we will see you again in 2007.

Best regards,



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

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Economic Outlook for 2007

As we approach the close of 2006 we are preparing to take our Business and Industry Economic Outlook Survey to the next level. We have been polling the executive members of our business and industry membership on a semi-annual basis since June 2004, getting a reading on the economy as it is seen by you as CPA decision makers in your companies. The key differentiating feature of our survey is that it not only elicits the opinion of our members about the economy, but also about the prospects for their own company and about specific plans in key areas. In June we received over 2500 responses from AICPA members that are CEOs, CFOs, and Controllers in organizations of all types and sizes.

In January 2007 we are going to launch a new survey that we will be conducting on a quarterly basis. The new survey will query in the same basic areas of anticipated growth, spending, financing and workforce changes, but we have provided numeric ranges for your responses for more meaningful data. The number of questions will remain essentially the same and we anticipate that the time to complete will continue to be short.

Since we have had such a tremendous response from our members, we shared our success story with our own network of professional accountancy bodies from around the globe. As a result, beginning in 2007 we will coordinate our survey with the Institute of Chartered Accountants of England and Wales (ICAEW), which has been conducting its *Business Confidence Monitor* since 2005, and the Canadian Institute of Chartered Accountants (CICA) which is launching a survey of their members in business. We have agreed to some core questions for our surveys so that we can compare results across our borders. It is hoped that this lead will be followed in Ireland, Scotland and Australia in the near future and beyond that in the coming years.

If you get an e-mail invitation to participate in the Q1 2007 Business and Industry Economic Outlook Survey (expected to be in the field on January 9) please take a few minutes to complete the survey. This survey really helps us to create recognition for CPAs that work in corporate America by sharing your voice in a public way.

In the meantime if you would like to do a bit of “homework” and read what some of the pundits are saying about the economies around the globe, you might want to take a look at this excellent summary prepared by [Knowledge@Wharton](#).

AICPA Member Guidance on FIN 48, Accounting for Uncertain Tax Positions

For years beginning after December 15, 2006, all GAAP-based financial statements must account for uncertainty in income taxes in accordance with FIN 48, Accounting for Uncertain Tax Positions. Adoption of FIN 48 requires an analysis of all tax positions at the beginning of the period or, for calendar-year-end businesses, as of January 1, 2007. Tax positions may be recognized only if they meet a “more-likely-than-not” threshold of being realized if challenged by a taxing authority with full knowledge of the facts. If this level of certainty does not exist, no tax benefit may be booked, and, even if this level of certainty does exist, only the amount that has a greater than 50% chance of being sustained may be booked. Specific financial statement disclosures are required with respect to

**CONFERENCE
SPOTLIGHT**

**UPCOMING
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[Spring 2007 Controller's
Workshop](#)
March 15-16
San Antonio, TX
[Balanced Scorecard Back
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uncertain tax positions. Note that companies that issue quarterly financial statements must comply with FIN 48 for Q1 2007 financial statements that you issue.

To help financial statement preparers, auditors, and tax advisers meet this new requirement, our colleagues in Accounting Standards, Auditing and Attest Standards, and the Tax Team have developed a Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48. This 13-page practice guide includes highlights of FIN 48 and its implications for in-house accountants, auditors, and tax advisers. It is not authoritative, but is intended to assist members in quickly understanding the requirements of FIN 48. The practice guide is available for FREE to all AICPA members at www.aicpa.org/FIN48Guide.

SEC Releases Management's Assessment Guidance for Comment

On December 13 the SEC voted to propose for public comment interpretive guidance for management's evaluation of internal control over financial reporting required by Section 404(a) of the Sarbanes-Oxley Act. The Commission proposed related amendments to Regulation S-X to clarify the auditor's reporting requirement pursuant to Section 404(b) of the Sarbanes-Oxley Act.

The proposed guidance describes a risk-based approach and addresses many of the concerns that have been raised to the Commission including: excessive testing of controls; excessive documentation of processes, controls, and testing; and the ability to scale the evaluation to smaller companies. The guidance addresses four specific areas including:

1. Identification of risks to reliable financial reporting and the related controls
2. Evaluation of the operating effectiveness of controls
3. Reporting the overall results of management's evaluation
4. Documentation

Significant within the risk identification area is the fact that the guidance would not require that every control in a process be identified. Once those controls that adequately address the risk of material misstatement in the financial statements, are identified it would be unnecessary to include additional controls within management's evaluation. Similarly, the guidance provides for a risk based approach to the evaluation of controls identified according to the unique facts and circumstances of the company and would allow management to support its evaluation in a variety of ways. The guidance also illustrates how management can consider and utilize its existing daily interaction with its business, self-assessment, and other ongoing monitoring activities to support its evaluation.

The proposed guidance provides management with a framework, outside of the auditing literature, for making judgments about significant deficiencies and material weaknesses, includes situations that are considered strong indicators that a material weakness exists, and also explains the nature and extent of evidential matter that management must maintain in support of its assessment including how management has flexibility in approaches to documentation. The proposed

guidance indicates that in those situations in which management is able to rely on its daily interaction with its controls as a basis for its assessment, management may have limited documentation created specifically for the evaluation beyond documentation regarding how its interaction provided it with sufficient evidence.

Click on the following link for more details in the [SEC Press Release](#) or to download the interpretive guidance which is expected to be posted shortly.

PCAOB to Propose New Standard to Supersede AS2

As we go to press with this issue the PCAOB is expected to propose for public comment a new auditing standard to *supersede* AS2. In their [press release](#) the PCAOB identified five goals that will govern and guide the proposal for the new auditing standard:

1. Focus the internal control audit on the most important matters
2. Eliminate procedures that are unnecessary to achieve the intended benefits
3. Incorporate guidance on efficiency
4. Provide explicit and practical guidance on scaling the audit to fit the size and complexity of the company
5. A simplified standard

To download the proposed new standard click on the following link which will take you to the PCAOB [proposed standards](#) page of their website.

Small Company Filing Extensions Finalized

In a separate [SEC Press Release](#), the previously proposed 404 compliance deadline extensions for smaller public companies were announced. Under the new filing deadlines non-accelerated filers need to provide management's assessment on internal control for fiscal years ending after December 15, 2007. The deadline for providing the auditor's assessment of internal control has been extended to fiscal years ending after December 15, 2008. Click on the link above to view the press release in its entirety which contains a table summarizing the filing dates for all categories of companies.

Committee on Capital Markets Reform Issues Initial Report

In a recent article carrying the title [Capital Markets Report Urges 404 Fixes](#), CFO.com comments on the first report issued by the Committee on Capital Markets Reform, a bipartisan committee of luminaries from the business and academic communities. The executive summary of the Committee's report focuses on the loss of US public market competitiveness and the fact that in an increasingly global economy "markets need to attract business that has a choice", and that a "regulatory race to the bottom" is not the answer.

Although the CFO.com title focuses on 404 fixes, the Committee recommends "no statutory changes in the Sarbanes-Oxley Act." Rather, the proposed fixes have to do with changes in the implementation of the statute

including a redefinition of materiality.

TIC Seeks Input on Proposed FASB Standards on NFP Combinations

The AICPA's Technical Issues Committee is seeking input from members to help them develop their formal comments on the proposed FASB standards for combinations of not-for-profit organizations. In particular they are seeking input and hypothetical examples of the treatment of goodwill and other intangible assets in practice. Comments can be addressed to our colleague Linda Volkert at lvolkert@aicpa.org.

Accounting Skills in Demand by Audit Committees

According to a [SmartPros](#) article reporting on a survey of the composition of audit committees, although the number of accountants serving on audit committees has doubled over four years ago, the majority of audit committees still did not have an accountant in 2005.

To download a copy of the Huron Consulting survey which encompassed 700 audit committee members from 178 public companies from the NASDAQ 100 and Fortune 100 click on [survey results](#).

The [AICPA Audit Committee Matching System](#), one of the key components of our [Audit Committee Effectiveness Center](#), along with the Audit Committee Toolkits and e-Alerts, provides a mechanism for matching up the CPA skills of our members with audit committees who need our skills. Not just for public companies, the audit committee matching system serves as a resource for private companies and not-for-profit organizations as well. Register today! And if you are looking for an audit committee member, feel free to use the Search feature of this service (for free!).

Judith H. O'Dell to Chair Committee on Private Company Financial Reporting

Judith H. O'Dell, CPA, has been named Chair of the new Private Company Financial Reporting Committee. Judy is a former member of the AICPA Board of Directors and Chair of the Technical Issues Committee as well as trustee of the Financial Accounting Foundation (FAF) that oversees the FASB. The Committee is part of a broad initiative by the Financial Accounting Standards Board (FASB) and the AICPA to better meet the financial reporting needs of private companies and the users of their financial statements. The primary objective of the Committee will be to provide recommendations to the FASB that will help the FASB determine whether and where there should be differences in prospective and existing accounting standards for private companies. For more information, read the [press release](#). I have known Judy for many years, and I can tell you that she is a great choice for this role.

Guidance for New Private Company Auditing Standard

In a recent issue of *BusIndNews* we alerted you to the new auditing standard

SAS 112 *Communicating Internal Control Related Matters Identified in an Audit* which established new requirements for auditors of private companies.

As a result of some misunderstanding of certain concepts important to SAS No. 112, including the misperception that asking the auditor to draft the financial statements causes a control deficiency, the AICPA Audit and Attest Team has developed an audit risk alert to debunk this and other myths.

For your benefit and for the benefit of your audit committee and others, we have posted a summary of the essential requirements of SAS No.112 and the interpretive guidance to the [AICPA Audit Committee Effectiveness Center](#).

Inc. Magazine Expanding List of Privately-Owned Companies

Inc Magazine is expanding its list of the Inc. 500 to include 4,500 additional companies and is encouraging all independent US privately-owned companies to fill out qualification forms even if they might not yet qualify for the expanded list.

While ostensibly an opportunity to build a mailing list, being included on the list does create a potentially valuable opportunity for company recognition. In addition, Inc. asserts that it will use the information to advance the study of company growth and the entrepreneurial economy, and that it “shares its data with leading economists, academic institutions, and foundations.” To register your company, click on the following link to the [Inc 5000](#).

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CAREER CORNER

New Member Resource: Take Charge of your Career

In these fast changing times, it’s hard for busy professionals to recognize when new competencies need to be learned—and to make sure their core competencies continue to meet the current needs of the marketplace. Career planning can be difficult and overwhelming. But help is here. *Take Charge of Your Career*, a 5-step guide to help current and aspiring CPAs with their career planning, is now available for download from the Financial Management Center, at [Take Charge of Your Career](#)..

Created by the Business, Industry and Government team, but useful for current and aspiring CPAs, *Take Charge of Your Career* makes the career planning process less daunting. Anyone, at any point in his or her career, can use the guide’s tips and tools to avoid career stagnation and move closer to goals and aspirations. This free guide can also help you cope with changes, both planned and unplanned.

When used with the [AICPA Competency Self-Assessment Tool \(CAT\)](#) which is available online at <https://www.cpa2biz.com/CAT> , the guide can help current and future CPAs with their careers.

Please share this email and information with your members and staff. The Take Charge of Your Career Guide and Competency Assessment Tool are important resources that all our members should know about. For more information or to request someone to speak about the guide and CAT at your next meeting, please contact our colleague Kayla Briggs, AICPA Competency Center Champion, at kbriggs@aicpa.org, or 919-402-4822.

Ajilon Finance 2007 Salary Guide Available

The 2007 Salary Guide from Ajilon Finance, sponsors of our annual Business and Industry Hall of Fame Award is now available at [Ajilon Finance Toolkit](#). In addition to the Salary Guide there are a number of other resources available including their paper *The new road to CFO, the next decade's talent war*, and *Mergers and Acquisitions*, a guide to managing your company's human capital during times of transition.

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TECH CENTER

Major Product Announcements Mark Opening of XBRL Conference

A number of [major product announcements](#) marked the opening of the 14th International XBRL Conference held recently in Philadelphia, including solutions for taxonomy development as well as for the conversion, rendering and publishing of financial data in XBRL format. In addition the SEC previewed its Interactive Financial Report Viewer which enables users to interact with XBRL filings.

A complete listing of the product announcements is available at the link above. Click on the following link for [conference presentation materials](#) including the keynote speech by SEC Chairman Christopher Cox.

Charles Hoffman Presented AICPA Special Recognition Award

At the annual AICPA SEC/PCAOB Conference AICPA Vice-Chair Randy Fletchall presented Charles Hoffman with the 2006 Special Recognition award for his role in the development of XBRL.

In accepting the announcing the award, Hoffman spoke of his pride in the CPA profession and, as quoted in the [press release](#) announcing the award, he added that "People call me 'the father of XBRL', but I like to refer to myself as the guy who did the obvious. I was in the right place at the right time, with the right set of skills." Charlie is a very nice, smart and humble guy – we are lucky he was in that right place!

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LEARNING LINKS

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

.Spring 2007 MAG Infocast Series

Mark your calendars now for our Spring 2007 MAG Infocast Series to be offered in collaboration with CMA Canada, CIMA, the Chartered Institute of Management Accountants, and sponsored by SAP as follows:

Thursday March 22

Strategy Mapping: One Picture Worth a Thousand Words

Thursday April 19

IT Investments: Capturing the Return

Thursday May 17

Internet Marketing: Evaluating the Value Proposition

Following the model of the successful Fall 2006 Series these infocasts will be presented at 12pm ET by the authors of the underlying Management Accounting Guidelines and moderated by AICPA Vice President John Morrow. They will be free with AICPA members having the option of purchasing one CPE credit for \$29.95.

2007 SEC Quarterly Update Webcasts

The AICPA will also be continuing their successful SEC Quarterly Update Webcasts, focusing on what's "hot" at the SEC. The schedule for 2007 is:

Tuesday March 13, 2007 – 1-3PM ET

Tuesday June 19, 2007 – 1-3PM ET

Tuesday September 18, 2007 – 1-3PM

Tuesday December 18, 2007 – 1-3PM

Take advantage of your member and series discounts and order your subscription to the [2007 SEC Quarterly Update Series](#) today.

Not-for-Profit Strategy Briefing

If you work for or with a Not-for-Profit you may also be interested in the Not For Profit Strategy Briefing scheduled for Thursday June 7, 2007 from 1-3PM.

Details for these webcasts and more will be coming soon!

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

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CONFERENCE SPOTLIGHT

Don't Miss the Spring 2007 Controller's Workshop

If you missed the Controller's Workshop in July than make sure to attend this Spring in beautiful San Antonio, Tx on March 15-16 (Average high 74 degrees). David Blackwell, VP and CFO Global Procurement, Wal-Mart Stores, Inc will present the keynote on Corporate Social Responsibility – Business Sustainability in the 21st Century.

In addition to the main conference there will be optional conferences both before and after the main conference. For more information see [Controller's Workshop San Antonio](#). **Save \$70 when you register by January 20, 2007.**

Balanced Scorecard Back in 2007

Following on the success of last year's AICPA/Balanced Scorecard Forum, the AICPA will be offering a series of 3 Balanced Scorecard workshops this year:

Balanced Scorecard – Mapping Strategy (Workshop I) February 12-13, 2007

Balanced Scorecard – Cascading Strategy (Workshop II) March 14-15, 2007

Balanced Scorecard – Executing Strategy (Workshop III) April 9-10, 2007

All workshops will be held in the AICPA Boardroom in New York City. Watch for more details soon.

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