

BUSINDNEWS

E-NEWSLETTER FOR AICPA MEMBERS IN BUSINESS & INDUSTRY

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In This Issue

[AICPA Awards Grants for Management Accounting Research](#)

[BRAG Study on Cost and Profitability Open](#)

[COSO Releases Exposure Draft with Guidance on Monitoring Internal Control](#)

[New Ethics Interpretation on Indemnification and Limitation of Liability](#)

[FASB Issues Exposure Draft on Accounting for Hedging Activities](#)

[US FASB and IASB Seek Views on Two Consultative Documents on the Conceptual Framework](#)

[IFAC PAIB Committee Releases Paper Profiling Accountants in Business](#)

[Mysteries of Private Equity Revealed](#)

[Tax Implications of IFRS](#)

[IRS Guidance on HSA Transfers and Contribution Limits](#)

Dear Members

Summer is upon us and 2008 is almost half way over. Time flies!!

And it is increasingly clear that time will fly by and the next thing we know international standards will be upon us too! To help keep you informed on this very important development, the AICPA has introduced IFRS.com, a new Web site designed to help members and financial professionals learn about and stay informed on International Financial Reporting Standards (IFRS). The AICPA continues to work to provide the U.S. accounting profession with the tools CPAs need to learn about, understand and apply IFRS. You will find multimedia content on the web site including informational videos, explanatory material about IFRS, training programs and links to useful resources. Check it out at www.ifrs.com

The last presentation of our *free* Strategic Management Infocast Series sponsored by SAP and Robert Half will occur on Thursday June 19. The topic we will be presenting is *Impacting Future Value: Maximizing Intellectual Capital*. While these Infocasts are free, if you want to earn CPE for these events you can do so by paying \$29.50. Space is limited so register now. Infocasts are offered in collaboration with CIMA and CMA Canada.

I look forward to meeting many of you at the first of our 2008 Controller's Workshops in Las Vegas in July. Please be sure to introduce yourself to me. I always enjoy meeting members and listening to your concerns and opinions.

In addition, nominations for our 2008 AICPA Business and Industry Hall of Fame, sponsored by The Mergis Group will be accepted through June 30. The Hall of Fame Awards will be presented at our Controllers Workshop in Orlando this year on November 13-14. (See the related stories below for specific links.)

Please keep your thoughts, comments and questions coming to us via e-mail at cmckittrick@aicpa.org.

Best regards,



Christopher T. McKittrick, CPA
Director of Members in Business, Industry & Government

Career Corner

[Last Chance! Hall of Fame Nominations Closing June 30](#)

[Robert Half Survey Shows Accounting Hiring Flat](#)

[CPA Marketplace Resources Updated](#)

Tech Center

[XBRL Workshop – AICPA Boardroom, July 22-23](#)

[Free Infocast — The Important Role of the CPA in Application and Data Integration for Business Reporting – June 25, 2 - 3:30PM](#)

Learning Links

[2008 Financial Reporting Alert Now Available](#)

[Free Test Drive for New AICPA CPEXpress](#)

[Financial Training Decision-Makers:](#)

Codification Corner

[New Codification Website on AICPA.org](#)

Upcoming Webcasts

Save the Date:

Controller's Workshop, Las Vegas, NV – July 16-18, 2008

Lean Accounting Summit, Las Vegas, NV – September 17-18, 2008 (AICPA members receive a \$100 discount)

International Financial Executives Leadership Forum, Washington, DC – Sept. 24-26, 2008

Controller's Workshop, Orlando, FL – Nov. 13-14, 2008

Top Stories

AICPA Awards Grants for Management Accounting Research

The AICPA in collaboration with the Management Accounting Section of the American Accounting Association announced the recipients of grants awarded for management accounting research for 2008-2009.

Grants were awarded to study topics falling within three broad categories identified in the request for proposals - Strategic Management, Performance Management and Risk Management. The grants were awarded for the following projects:

- **A Strategic Framework for Internal Control Risk Identification and Analysis** – Barry Mishra and Erik Rolland of the A. Gary Anderson Graduate School of Management at the University of California – Riverside.
- **The Impact of Firm Strategy and Culture on Cost Restructuring** – Shannon W. Anderson of Rice University and Anne M. Lillis from the University of Melbourne.

Mishra and Rolland propose to develop a Strategic Risk Analysis Framework, applying an array of tools to identify the dimensions of risk associated with internal controls. It is their hope that their framework will contribute to a better integration of people, processes and technology in the development of a company's total internal control risk profile.

The Anderson and Lillis project is an extension of research they are currently conducting in Australia, and will involve a survey of AICPA members to provide data on cost management and cost restructuring decisions.

For the year ending July 31, 2008 grants were made for three projects that are nearing completion. Frank H. Selto and Ramiro Montealegre of the Leeds School of Business at the University of Colorado-Boulder and Thomas L.C.M. Groot of Vrije University, Amsterdam, Netherlands conducted interviews of companies in the US and Europe exploring management control of foreign sourcing relationships. Xiaoling Chen and Jianxin Gong of the University of Illinois at Urbana Champaign are completing an analysis of corporate turnaround situations looking at relationships between incentive systems and firm performance. Mark Beasley, Bonnie Hancock and Bruce Branson of the North Carolina State University College of Management's Enterprise Risk Management Initiative are conducting a survey of CFOs to evaluate critical success factors in ERM implementation.

Stay tuned for the results of these projects which are scheduled for completion by July 31, 2008.

[2008 Strategic Management Infocast Series](#)

[Impacting Future Value: Maximizing Intellectual Capital](#)

[CAQ LIVE INTERACTIVE WEBCAST: "Auditors' Responsibility When Illegal Acts are Suspected How 10A Really Works in Practice](#)

[Fall 2008 Strategic Management Infocast Series - Save the Dates](#)

[SEC Quarterly Update Webcast Series](#)

Conference Spotlight

[2nd Annual International Financial Executives Forum – Sep 24-26](#)

[AICPA/USC Executive Education – July 9-11](#)

[AICPA Controllers Workshop West – July 17-18](#)

[Lean Accounting Summit – Sept 16-18](#)

[Audit Committee and Risk Workshop – Repeat Performance October 23-24](#)

BRAG Study on Cost and Profitability Open

The AICPA, along with a number of other accounting and financial membership organizations, has agreed to support the Business Research and Analysis Group (BRAG) in facilitating a comprehensive study that will look at the methods and practices of customer, product and service cost and profitability measurement. The study hopes to discover and share best practices from companies around the world that are successful in understanding their customer, product and service costs and are making sound business decisions based on the results. Survey participants will receive access to all articles published by the BRAG team presenting findings from the study.

For additional information and access the online survey click on the following AICPA identified referrer link - www.bragstudies.com/AICPA. The survey is estimated to take approximately 20-30 minutes to complete.

[Back to top](#)

COSO Releases Exposure Draft with Guidance on Monitoring Internal Control

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) released an exposure draft on *Guidance on Monitoring Internal Control Systems*.

The development of this guidance on monitoring, which represents the concerted effort of the Grant Thornton team, a COSO task force, and the COSO Board, is rooted in the COSO Board's strong sense that the monitoring component of the Framework is not fully understood or utilized. The Board believes that proper implementation of monitoring can assist greatly in organizations achieving the dual objectives of improving internal control while reducing the costs of gaining continued assurance that internal control operates effectively.

The AICPA Business and Industry Executive Committee provided input on an earlier discussion document of this Guidance and will provide comment on this exposure draft as well. Your comments on the exposure draft can be shared via [COSO's Web-based feedback portal](#). The comment period will end August 15, 2008.

[Back to top](#)

Edited and managed by:

Kenneth W. Witt, CPA
Technical Manager
kwitt@aicpa.org

Nancy-Anne Potts
Project Manager
npotts@aicpa.org

New Ethics Interpretation on Indemnification and Limitation of Liability

The AICPA adopted a new ethics standard tightening ethics requirements for its members. Certain regulators such as the SEC and federal banking agencies prohibit organizations under their jurisdiction from entering into so-called indemnification and limitation of liability agreements for the performance of audit or other attest services. The new standard prohibits members from entering into agreements that include such indemnification and limitation of liability provisions when their employer or client is subject to the requirements of one of these regulators. Failure to comply with a regulator's requirement on the use of such agreements will be considered an act discreditable to the profession. The standard takes effect July 31 and is available on [AICPA website here](#).

[Back to top](#)

FASB Issues Exposure Draft on *Accounting for Hedging Activities*

On June 6 the FASB issued an Exposure Draft of a proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities* — an amendment of FASB Statement No. 133.

Specifically, the proposed statement would eliminate the multiple methods of hedge accounting currently being used for the same transaction. It also would require an entity to designate all risks as the hedged risk (with certain exceptions) in the hedged item or transaction, thus better reflecting the economics of such items and transactions in the financial statements.

The proposed standard, which can be accessed at the [FASB ED](#) webpage, invites individuals and organizations to submit comments on the proposed guidance. Responses must be received in writing by August 15, 2008.

[Back to top](#)

US FASB and IASB Seek Views on Two Consultative Documents on the Conceptual Framework

The US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have published consultative documents that seek public comment on two of the eight phases of their joint project to develop an improved conceptual framework. The objective of the project is to develop an improved conceptual framework that provides a sound foundation for developing future accounting standards.

The first document published is an Exposure Draft of chapters 1 and 2 of the

framework. It seeks views on an improved objective of financial reporting, the qualitative characteristics of information provided by financial reporting and constraints on the provision of that information. The draft reflects the Boards' updated proposals in the light of comments received on an initial consultation document published in July 2006. The Exposure Draft now proposes that the objective of financial reporting is to provide financial information that is useful to present and potential equity investors, lenders and other creditors in making decisions in their capacity as capital providers. It also presents an improved description of 'faithful representation', one of the qualitative characteristics that financial information should possess if it is to provide a useful basis for economic decisions.

The second document published sets out the Boards' preliminary views on the reporting entity concept and related issues. Although the reporting entity concept determines some important aspects of financial reporting, the Boards' existing frameworks do not address it specifically. The Boards' preliminary views are:

- . A reporting entity is a circumscribed area of business activity of interest to present and potential equity investors, lenders and other capital providers.
- . Control is the basis for determining the composition of a group reporting entity.
- . Consolidated financial statements should be prepared from the perspective of the group reporting entity.

The FASB and the IASB invite comments on both documents by 29 September 2008. They are available on their Websites, www.fasb.org and www.iasb.org.

[Back to top](#)

IFAC PAIB Committee Releases Paper Profiling Accountants in Business

The Professional Accountants in Business (PAIB) Committee has released three new publications including an information paper illustrating the essential role played by professional accountants in identifying and addressing the unique challenges faced by mid-sized enterprises.

[*The Crucial Roles of Professional Accountants in Business in Mid-Sized Enterprises*](#) features interviews of a diverse group of senior-level professional accountants on their experiences in mid-sized enterprises. Former AICPA Business and Industry Executive Committee Donna Mackenzie is one of those profiled in this publication.

All IFAC publications are available for download from the [IFAC online bookstore](#).

Mysteries of Private Equity Revealed

Access to the private equity portfolio of one of the world's largest limited partner investors, granted on the condition of anonymity, provided the data for a very revealing paper on some of the mysteries of the secretive private equity world. A recent Knowledge@Wharton article [Secrets of Private Equity](#) summarizes the paper "[The Economics of Private Equity](#)" presented by two professors from Yale and Wharton at an alternative investments conference held at Wharton.

According to the authors, the papers most important conclusions are:

1. Some 60% of PE revenues come from fixed-revenue sources that are unaffected by performance,
2. While VC firms tend to earn more than buyout firms per dollar under management, buyout funds are more scalable and can therefore earn more per partner and employee.
3. There are striking differences in the strategy and practice between VC and buyout funds - the principal components of the private equity industry. These strategic and operating differences dictate significantly different skill sets.

For more detail, click on the links above to access the article or the paper itself.

Tax Implications of IFRS

Over the past several months we have and will continue to keep you abreast of developments related to the move towards IFRS. While most of the focus of the IFRS conversation naturally revolves around financial accounting and reporting, the latest AICPA Tax Section E-Alert highlights some of the tax implications as well.

The most striking example is that LIFO isn't permitted under IFRS, and if the LIFO conformity rule continues, companies with older (lower cost) LIFO layers will have more income and related taxes. Many taxpayers have other tax methods that conform to book methods and the IRS is concerned that a significant number of taxpayers will make unauthorized changes in their tax accounting methods when GAAP is replaced by IFRS. Other IRS concerns include less detailed income statements, more schedule M items, and the lack of FIN 48 disclosures for some uncertain tax positions.

As companies shift to IFRS, each accounting policy should be reviewed for tax implications. The Tax Section will be covering tax-related IFRS developments and we will pass them along to you as they come.

[Back to top](#)

IRS Guidance on HSA Transfers and Contribution Limits

The latest Tax E-Alert also contained information about IRS [Notice 2008-51](#) covering qualified HSA funding distributions from an individual's IRA or Roth IRA to a Health Savings Account (HSA), and [Notice 2008-52](#) which offers guidance on calculating the maximum annual HSA contribution.

The statutory maximum for 2008 is \$2,900 for self-only HDHP coverage and \$5,800 for family HDHP coverage. In addition, the "full contribution rule" permits individuals who are HSA-eligible on December 1 to make a full year's contribution. The E-Alert also added the important caveat that severe penalties exist in both Notices for those who prematurely leave their high-deductible health plans (HDHPs).

[Back to top](#)

Career Corner

Last Chance! Hall of Fame Nominations Closing June 30

Do you know a CPA in Business & Industry whose value cannot be measured by numbers alone? Nominations are now open for the AICPA Business & Industry Hall of Fame, sponsored this year by The Mergis Group. The award presentation will be made at the 2008 Controller's Workshop in Orlando FL, November 13-14, 2008.

For more information, and the nomination forms go to [AICPA Business and Industry Hall of Fame](#) on the AICPA FM Center.

[Back to top](#)

Robert Half Survey Shows Accounting Hiring Flat

Results of the latest Robert Half International Financial Hiring Index reported on by [SmartPros](#) indicate that 84% of CFOs interviewed for the study plan to hold their staffing levels flat through Q3 2008. Their research also shows that accounting, finance and audit positions continue to be among the most challenging to fill with skilled employees.

[Back to top](#)

CPA Marketplace Resources Updated

The [CPA Marketplace](#) resources on C2B have been updated along with the rest of the C2B website. If you are in the job market, seeking to hire a CPA, or looking for professional development guidance, click on the link above to access these member benefits.

[Back to top](#)

Tech Center

XBRL Workshop – AICPA Boardroom, July 22-23

The objective of this seminar, being held in the AICPA Boardroom in New York, will be to provide a hands-on, interactive approach to understanding the new emerging information standard that is about to impact your company. Participants will have direct access to subject matter experts on tagging financial statements in XBRL and will walk away with:

- A clear understanding of how to tag financial statements in XBRL
- The ability to navigate the US GAAP Taxonomies
- An awareness of XBRL tools and their function
- Hands-on experience with tagging and viewing XBRL documents utilizing the Rivet Software tools (with on-site representatives).

[Register today](#) to take advantage of the both the early bird and member discount for this unique workshop opportunity!

[Back to top](#)

Free Infocast — The Important Role of the CPA in Application and Data Integration for Business Reporting – June 25, 2-3:30PM

This free Infocast presented by IT section will cover the promise and the reality of application and data integration in business reporting. Application and data integration paint a picture of an “information utopia” where systems can talk to each other seamlessly and managers always have the data they need. The reality is that accessing data from transactional systems and managing it to support operational, tactical, and executive decision making is a challenge. For more information and register go to [CPA2BIZ](#).

[Back to top](#)

Learning Links

2008 Financial Reporting Alert Now Available

This **Financial Reporting Alert** was designed for members of an entity's financial management and audit committee to identify and understand current accounting and regulatory developments affecting the entity's financial reporting. This "Cliff's Notes" style alert provides a quick overview of recently issued accounting standards and other developments such as XBRL, private company financial reporting, and convergence with international standards. To order your copy today go to [2008 FRA](#).

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

[Back to top](#)

Codification Corner

New Codification Website on AICPA.org

To help facilitate access to resources related to the codification, the AICPA has developed a [Codification Website](#) which features a link to the May 15 [AICPA webcast: *Understanding FASB's Accounting Standards Codification*](#), the May JofA article [Framing the Future: A First Look at the FASB's GAAP Codification](#), and other codification resources.

We have also compiled resources on our [Financial Management Center](#) for Members in Business, Industry and Government about the Codification project, including a [GAAP Codification Q & A](#), an archive of the recent FASB Webcast- [Move to Codification of US GAAP](#), and the FASB [Project Pages](#).

[Back to top](#)

Upcoming Webcasts

2008 Strategic Management Infocast Series

There is still time to register for the first presentation of our Spring 2008 Strategic Management Infocast Series. Each of these live interactive presentations is available free to members, or you may purchase one optional CPE credit for \$29.95. Register today!

[Impacting Future Value: Maximizing Intellectual Capital](#)

Thursday June 19, 2008; Noon to 1:15pm ET (5:00pm - 6:15pm GMT)

Intellectual capital has moved from the periphery to the core of most businesses. This Infocast will be based on the recently released Management Accounting Guideline (MAG) authored by Bernard Marr with input from a review committee composed of members from the AICPA, CIMA and CMA Canada. The infocast will be presented by Marr and review committee member Barry Baptie, a CMA Canada FCMA, and will provide a framework that will enable you to:

1. Identify which intellectual capital assets are most critical to value creation in your company.
2. Formulate key questions and performance indicators for managing and measuring intellectual capital initiatives.
3. Review and evaluate performance and the impact of intellectual capital management on delivering your strategic objectives.

The MAG [Impacting Future Value: Managing Intellectual Capital](#) is available as a free download from the AICPA Financial Management Center for Members in Business, Industry and Government, along with the complete library of MAGs and previous archived infocast presentations.

CAQ LIVE INTERACTIVE WEBCAST: "Auditors' Responsibility When Illegal Acts are Suspected How 10A Really Works in Practice"; Friday, June 27, 2008 1:00 p.m. - 2:30 p.m. (Eastern)

The Center for Audit Quality (CAQ) will host a live, interactive webcast on auditors' responsibility when illegal acts are suspected. This live webcast will be free of charge.

The CAQ will archive the live webcast on the CAQ's website for access by the public. To register for the live webcast, please click on the following link: [CAQ Webcast Registration](#).

[Back to top](#)

Fall 2008 Strategic Management Infocast Series - Save the Dates

The fall series will kick off on Sep 17 with a presentation by Robert Kaplan of Balanced Scorecard and ABC fame on Time-Based ABC. Programs based on

upcoming strategic Management Accounting Guidelines on Supply Chain Management and Managing Financial Risk will follow on Oct 16 and Nov 20. Mark your calendars today for these free 75 minute programs at 12 noon EST.

[Back to top](#)

SEC Quarterly Update Webcast Series

The SEC Quarterly Update Webcast Series showcases the profession's leading experts on what's "hot" at the SEC. The dates for this year's series have been set for June 18, Sept 17, Dec 10 and March, 2009. To register for this series, at the member price of \$249, click on [SEC Quarterly Update](#).

[Back to top](#)

Conference Spotlight

2nd Annual International Financial Executives Forum – Sep 24-26

The second annual International Financial Executives Forum presented by the AICPA in collaboration with CIMA and CMA Canada will be held at the Gaylord National in Washington, DC on **September 25-26** with pre-conference workshops being offered on Wednesday September 24.

Building on the success of the first annual Forum held last fall in Montreal, this 2nd annual IFELF event provides an outstanding opportunity to learn what other successful company leaders have done to expand their reach, and deliver results in the face of the challenges of a turbulent global economy.

Presentations will cover a spectrum of new and emerging issues in the global business environment, such as leadership, communication, global supply chain decision-making, tax, risk and finance best practices and many other topics.

For additional information or to register and take full advantage of both early-bird and member discounts go to [IFELF](#).

[Back to top](#)

[AICPA/USC Executive Education](#)

July 9-11, 2008

Los Angeles, CA

Through the use of case studies, business models, experiential exercises and team projects, you will focus on strategic thinking and development, strategy execution and leadership skills. You will also have the opportunity to network and interact with your peers.

[Back to top](#)

[AICPA Controllers Workshop West](#)

July 17-18 2008

Las Vegas, NV

Mark your calendars now for this always popular conference designed by Business & Industry members for Business & Industry members. Whether you're a CFO, a Controller, a Financial Manager or Staffer you will find many informative and useful sessions. Increase the contributions you make to your company's strategic objectives by attending this interactive, hands-on conference. Learn from leading experts who will share their knowledge gained through personal experiences and walk away with the training needed to develop your role as a key corporate decision-maker.

[Back to top](#)

Lean Accounting Summit

The AICPA has negotiated a \$100 discount for AICPA members to the 4th annual Lean Accounting Summit. The Summit will gather financial professionals including CFOs, Controllers, Managers, and staff at the Red Rock Casino and Resort in Las Vegas, September 16-18, 2008.

The Summit is an annual gathering of finance and accounting professionals seeking to better align managerial accounting to support and measure today's modern, lean operations. Learn from the world's brightest Lean and Lean Accounting minds.

Register with "aicpa" as your promo code and receive the \$100 discount. Learn more about the Summit at www.leanaccountingsummit.com

[Back to top](#)

Audit Committee and Risk Workshop – Repeat Performance

October 23-24

If you missed the workshop that took place in March 2008, *The Board and Audit Committee's Role in Risk Oversight: Taking a Strategic View of the Enterprise* will be repeated in the AICPA Boardroom on October 23-24, 2008.

Presented by the AICPA in partnership with the Enterprise Risk Management Initiative faculty at North Carolina State University, this high-level forum offers attendees an interactive setting for dialogue with leading experts on emerging trends related to the intersection of ERM and audit committee governance and strategic planning.

Limited to 60 participants this unique workshop also provides an excellent opportunity for the exchange of ideas among other individuals currently serving in audit committee roles. Click on [Board and Audit Committee Risk Oversight](#) to register today.

[Back to top](#)

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AICPA
1211 Avenue of the Americas
New York, NY 10036