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## Career Corner

## Dear Members

We had two great opportunities in the last month or so to learn about issues facing the profession. In January we participated in the American Accounting Association's – Management Accounting Section meeting. It was interesting to hear firsthand the challenges the profession faces in keeping the pipeline of

Ph. D. qualified educators full in our colleges and universities. The imbalance between the supply and demand over the coming years will impact us all as we need more graduates to fill the wide variety of accounting related jobs in the market place.

We also held our semi-annual meeting of our Business & Industry Executive Committee. We had some good discussions about how the AICPA can best structure our support to meet the future needs of our members in business and industry. We also learned more about the profession's future as it relates to the implementation of International Financial Reporting Standards (IFRS) in the US. We all will be impacted by this conversion whether you are a public, private or non-profit organization and regardless of whether you are a preparer, user, or auditor of financial reports. The AICPA is developing plans as to how to help our business, industry and government members get ready for what may be the biggest change facing the profession in a long time (including SOX).

During late January and early February we completed our latest Business and Industry Economic Outlook Survey of AICPA members who hold leadership positions as chief executives, chief operating officers, chief financial officers or controllers in their companies. We thank the over 1,500 members who responded to the survey. And you may have noticed that we have partnered with the University of North Carolina's Kenan-Flagler School of Business in developing some of the questions and completing analysis of the responses.

For the first time since the AICPA poll began in December 2005, a 53 percent majority of CPA respondents said they were "pessimistic" about the economic outlook for the U.S. over the next 12 months. The survey showed an unprecedented 27 percentage point swing in pessimism from 26 percent who said in October they held negative expectations for the U.S. economy.

Be looking for coverage of our survey in the press over the coming days and weeks.

And thanks to those of you who have taken the time to send me an e-mail about what is on your mind. Your notes are like that "box of chocolates" ... I never know what I am going to get!!! So please keep your e-mails coming to [cmckittrick@aicpa.org](mailto:cmckittrick@aicpa.org). Spring is a day closer than it was.

Best regards,



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

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## Spotlight

### Member Volunteer Opportunities

#### Business and Industry Executive Committee

The feature article in our Members in Business and Industry Supplement to the February CPA Letter profiled the current Business and Industry Executive Committee (BIEC), which plays a key role in helping the AICPA identify current needs and future trends important to our members in business.

Serving on BIEC or any one of the more than 200 AICPA committees or task forces is an excellent and rewarding way of contributing your knowledge and perspective to the profession we are all proud to be a part of. For more information, or to apply for a volunteer position for the upcoming year, go to [Volunteer Central](#) on aicpa.org.

#### Journal of Accountancy Editorial Advisory Board

The Journal of Accountancy is adding members to its editorial advisory board for 2008. The principal duty of editorial advisers is reviewing manuscripts to help editors decide whether an article should be published in the Journal. Advisors also suggest subjects for possible coverage, critique the magazine each month after it is published and vote on the best article of the year to receive the annual Lawler Award. Note: There is a three-month trial period, which allows volunteers to gauge time commitment and fit. If interested, contact: Amelia Rasmus, Senior Assistant Editor, Journal of Accountancy - (919) 402-4449, [arasmus@aicpa.org](mailto:arasmus@aicpa.org).

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## Top Stories

### Economic Outlook Survey

Optimism concerning the outlook for the US economy plunged again this quarter and for the first time in the survey's history pessimists now outnumber optimists. This quarter 59% of respondents said they were Pessimistic or Very Pessimistic about the outlook for the US economy for the next 12 months. Not quite 12% said they were optimistic. The corresponding percentages in 4Q 2007 were 26% pessimistic and 30% optimistic. Optimism did vary across industries with pessimism most predominant in the Finance & Insurance, Retail Trade and Manufacturing industries. Respondents from the Technology industry were most optimistic.

Respondents' optimism about their own organizations continued to be much greater than their optimism about the US economy. When asked about their own organization 46% of respondents answered that they were optimistic or very optimistic while only 21% expressed pessimism. While this still represents a decline from the 4Q 2007 survey in which 59% of respondents expressed optimism, the decline is not nearly as sharp as the decline for the US economy. In addition optimists still outnumber pessimists by over a 2 to 1 margin. For more results see the [Economic Outlook survey](#) page on the FMCenter website.

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### Tax Highlights

A few highlights courtesy of our colleagues in the AICPA Tax Section:

[18, 2008](#)

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- Obviously the big news is the passage of the stimulus package – click on the [IRS information site](#) to determine your eligibility.
- Business items in the stimulus package include 1) increased Section 179 deduction maximum and phase-out threshold, and 2) an additional first year deduction of 50% of adjusted basis for qualifying personal property placed in service in 2008. For more information, see the [Economic Stimulus Act of 2008, Section 102](#); and the [JCT Report](#), page 8.]
- Sections 8 and 9 of the [Mortgage Forgiveness Debt Relief Act of 2007](#) increased penalties for partnership returns that are (1) not timely filed or (2) lack the information required to \$85 per month for up to 12 months for each owner and applied this penalty to S corporation returns. Both penalties are levied at the entity level.

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## **SEC to Propose Additional Deferral of 404 Audit Requirement Pending Cost Study**

The SEC [announced](#) that the four-member Commission unanimously agreed to propose a one-year extension of Section 404(b) auditor attestation requirement for smaller public companies until fiscal years ending on or after December 15, 2009. To view the SEC's proposal, please click on the following link: [Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers](#).

The purpose of the SEC's proposal to extend for one year Section 404 (b) requirements is so that the SEC can review the results of a cost-benefit study based on a broad array of companies currently complying with Section 404 under newly-issued guidance for companies and auditors. The SEC indicated that the report will also inform any decision to improve the efficiency and effectiveness of section 404 implementation.

The SEC's cost-benefit study of the implementation of Section 404 will consist of two main parts: 1) a Web-based survey of companies that are subject to Section 404; and 2) in-depth interviews including companies that are just now becoming compliant. The study is expected to be completed by late summer or early fall.

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## **PCAOB Adopts AS 6 – Evaluating Consistency of Financial Statements**

The PCAOB held an open meeting on Tuesday, January 29 to adopt their newest standard: [Auditing Standard No. 6 Evaluating Consistency of Financial Statements](#), and an accompanying set of amendments to the Board's interim auditing standards. This auditing standard enhances auditor reporting on accounting changes and corrections of misstatements by more clearly distinguishing between these events.

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## GAO Issues Report on Concentration in Audit Market

In January 2008, the United States Government Accountability Office (GAO) issued a report entitled [Audits of Public Companies Continued Concentration in Audit Market for Large Public Companies Does Not Call for Immediate Action](#). This report is an update to the GAO's initial report regarding consolidation of public accounting firms, which was a study mandated by Congress under the Sarbanes-Oxley Act of 2002.

The GAO concluded in its updated report that in light of limited evidence that the currently concentrated market for large public company audits has created significant adverse impact and the general lack of any proposals that were clearly seen as effective in addressing the risks of concentration or challenges facing smaller firms without serious drawbacks, they found no compelling need to take action. As a result, the report does not include any recommendations.

Below are highlights of the GAO's findings from its study:

- The continuing concentration in the market for larger public companies limits these companies' auditor choices but does not appear to have significantly affected audit fees.
- The largest accounting firms audit 98% of the more than 1,500 largest public companies – those with annual revenues of more than \$1 billion.
- 82% of large public companies believed their choice of auditor is limited to three or fewer firms, and about 60% viewed competition in their audit market as insufficient.
- Most small public companies reported being satisfied with the auditor choices available to them.
- Although audit fees rose significantly in recent years, market participants attributed these increases to expanding accounting and auditing requirements and higher costs for accounting firm personnel.
- Public company officials generally acknowledged that audit quality had increased.
- The loss of another large firm would further reduce large companies' auditor choice and could affect audit fee competitiveness.
- Most smaller accounting firms face various challenges in expanding to audit more public companies, although most are not interested in these larger companies.
- Based on a survey conducted by the GAO of large public companies, they indicated that smaller firms lacked the capacity and technical expertise they wanted in an auditor.
- The most significant challenges faced by the smaller firms in expanding their public company audit practices was the ability to add qualified staff and increasing their name recognition.
- Some have taken steps to increase their capacity by joining networks with other firms.

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## Deferral of FIN 48 for Private Companies is Final

On February 1, 2008, FASB issued [FSP FIN 48-2, Effective Date of FASB Interpretation No. 48](#) which defers the effective date of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), for certain nonpublic enterprises to the annual financial statements for fiscal years beginning after December 15, 2007. When effective, FIN 48 should be applied as of the beginning of the enterprise's fiscal year.

The Private Company Financial Reporting Committee (PCFRC) observed that there has been confusion about whether FIN No. 48 applies to pass-through entities, thereby affecting their

preparedness to apply the Interpretation's provisions by the original effective date. The issuance of FSP FIN 48-2 is a welcome response to the PCFRC's recent recommendation letter to the FASB.

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### **SEC Lifts Restrictions on Unregistered Shares**

New provisions of SEC Rule 144 issued in December and effective Feb 15, should make it easier for small companies to raise capital, by lifting several restrictions on selling restricted and control stock. According to the [CFO.com](#) article reporting on the changes, the SEC estimates that 60,500 notices to sell unregistered shares under Rule 144 are filed annually, so the rule should have widespread affect.

The SEC splits Rule 144 into two sections: reporting and non-reporting companies. For investors holding restricted stock in reporting companies, the amended rule reduces the holding period from one year to six months, and eliminates the current trading volume cap. Investors that hold control shares in reporting companies follow the same rules, except that trading volume restrictions apply. The mandates are slightly more stringent for investors holding shares of non-reporting companies.

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### **New Requirements for ERISA-covered 403(b) Plans**

Beginning in 2009, section 403(b) employee benefit plans sponsored by charitable organizations and schools, commonly known as "tax-shelter annuity plans," will be subject to the same reporting and audit requirements that currently exist for section 401(k) plans. Under new DOL regulations, ERISA-covered 403(b) plans with 100 or more participants generally will be required to file audited financial statements beginning with their 2009 Form 5500 filing. 403(b) plans with fewer than 100 participants will be eligible to use abbreviated reporting forms without audited financial statements.

The DOL estimates that approximately 7,000 403(b) plans will be subject to the new audit requirements and another 9,000 403(b) plans will be eligible for the waiver. The DOL regulations are available at [DOL Regs](#). The AICPA's Employee Benefit Plan Audit Quality Center (EBPAQC) [www.aicpa.org/EBPAQC](http://www.aicpa.org/EBPAQC) and Expert Panel have formed a joint task force to develop resources to help members with these new audit requirements.

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**Career Corner**

## Center for Creative Leadership Coaching on Coaching

The February issue of the Center for Creative Leadership's newsletter [Leading Effectively](#), has a series of good articles on coaching. The summary article, [Coaching for Results](#), identifies several ways that coaching helps to improve individual performance:

- *Greater self- and contextual-awareness.* Coaching is about you and where you work. You will gain insight about yourself as a leader within your organization.
- *Greater understanding of others.* A coach helps you understand why others might think and act the way they do. You'll learn about actions you can take to help them or to focus them in a direction that is better for the organization.
- *Enhanced ability to communicate.* A coach works with you to find ways to improve how you convey what is important to you, to the business and to others.
- *Enhanced ability to coach others.* Once you have experienced the value of coaching for your own development, you will be much more prepared to notice and leverage coaching opportunities with your team. This capacity will be a key differentiator between a good leader and a great one.

[The Coaching Relationship](#) addresses how to choose a coach and provides some practical guidance about the coaching relationship such as how sessions will take place, fees and dealing with confidentiality.

[Team Dynamics: Coaching Your Team](#) highlights some of the additional skills required for coaching a team. In addition to the skills and perspectives needed for one-on-one coaching, an effective team coach must have a systems-thinking perspective and focus on the team as a whole, requiring a particularly high degree of comfort with ambiguity as team dynamics often create unpredictability.

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## Cynthia Cooper Publishes WorldCom Story

In June 2002, Cynthia Cooper, then Vice President of Internal Audit at WorldCom, made a decision to release a report exposing the fraud that arguably was the "straw that broke the camel's back" leading to the passage of the Sarbanes-Oxley Act of 2002. In a recent interview article, [CFO.com](#) refers to her as "the mother of 404."

[Extraordinary Circumstances: The Journey of a Corporate Whistleblower](#), recently published by Wiley, is an autobiographical account of her experience leading up to this life-changing decision and its aftermath. In 2002, Cynthia Cooper was the Time Person of the Year along with fellow whistleblowers Coleen Rowley and Sherron Watkins. In 2004, she was inducted into the AICPA Business and Industry Hall of Fame.

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## 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.

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## Learning Links

### **AICPA, Dell, PC Magazine Offer Free Online Course for Small Business Management**

This three-part course consists of three on-demand lessons, each of which is accompanied by downloadable coursework. Best of all, this course is free! All you need is a Web browser to participate, and you can go through the lessons at your leisure.

Among the topics you will learn in this course are:

- Online and offline software options;
- Mobile accounting and finance tools;
- Using Crystal Reports and Crystal Reports.com;
- Using reporting tools in popular accounting software applications;
- Compliance software tools and Web sites.

Click on the following link to register for this free [Small Business](#) course.

### **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

## **2008 Strategic Management Infocast Series**

The dates have been set for the 2008 Strategic Management Infocast Series. We will once again be doing a series of three free infocasts (optional CPE for \$29.95) in the spring and in the fall.

Click on the following title links to register today for the following Spring Series events:

### **[Managing Opportunities and Risks: Developing Your Value Creation Lens](#)**

**Thursday April 17, 2008; Noon to 1:15pm ET (5:00pm – 6:15pm GMT)**

Does your “risk lens” see only potential hazards that should be avoided? Are you forgoing value creation opportunities by focusing on the downside of risk? Effective risk management can be a valuable source of competitive advantage, but only if risks and opportunities are viewed as two sides of the same coin.

This Infocast will provide tools for evaluating and managing risk-related opportunities:

- Strategies for identifying risks and opportunities
- Methods for identifying opportunities that ignite innovation
- Techniques that organizations can use to alter their risk appetite and capitalize on opportunities.

These tools and techniques will help you move beyond the view of risk as value-destroyer and develop a "value creation lens" you can use to realize your company's potential.

### **[Report Leadership: Online Corporate Reporting and Executive Compensation](#)**

**May 15, 2008; Noon to 1:15pm ET (5:00pm – 6:15pm GMT)**

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

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

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

## **CFO Roundtable Webcast Series**

Brought to you each quarter in March., May, September and December the CFO Roundtable Series is designed to cover a broad array of “hot topics” and subjects that are important to the CFO's personal success. [Register today](#) and reserve your seat for all four 2008 webcast presentations for the member price of \$249.

## **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, also at the member price of \$249, click on [SEC Quarterly Update](#).

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## Conference Spotlight

### [Fair Value Measurement Workshop](#)

**February 28-29, 2008**

**AICPA Boardroom**

This workshop will provide detailed examples of measuring the fair value of individual assets, especially as prepared by a valuation specialist. It will provide members in industry as well as their outside auditing firms the information necessary in confronting the challenges in making and attesting to fair value measurements.

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### [The Audit Committee's Role in Risk Oversight: Taking a Strategic View of the Enterprise](#)

**March 27-28, 2008**

**New York, NY**

AICPA has partnered with the Enterprise Risk Management Initiative faculty at North Carolina State University to offer this 1 ½ -day workshop to help audit committee members understand emerging expectations for greater risk oversight. This high-level forum — limited to 60 participants — 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, in addition to providing an opportunity for the exchange of ideas among other individuals currently serving in audit committee roles.

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### [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.

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### [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.

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