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DEAR MEMBERS

It's been a busy summer for us, and hopefully a productive yet restful one for you. It has been just about a month since our last issue of *BusIndNews*, so this issue will update you on a lot that has been happening. Let me tell you about a few things not otherwise included, and to highlight a few things that are included:

Economic Outlook Survey – We are thrilled with your support on this project – we had over 2500 respondents to the survey, and the results are included in this issue. We are working with our counterparts at accounting institutes in other countries to have concurrent surveys running so we can bring international insights to you for consideration. See our first article below for an analysis of results.

AICPA Exec Education with USC – I attended the executive education program presented in partnership with the University of Southern California. It was a very good program, focusing on strategy, leadership and communication. We got good feedback from the participants and will make changes to the program based on that feedback before offering the program again next year. I hope you have a chance to participate in the future – it was a great experience.

AICPA Financial Executives Forum – I have been getting a lot of e-mail about this event, usually held in late October. Regretfully, this program will not be held this year. It's not clear yet whether we will bring the event back in 2007, but in the meantime, we are looking closely at the conferences we offer for members in business & industry and plan to increase our offerings here but with more targeted events. I will let you know as plans develop.

Upcoming InfoCasts – For the next three months we will be offering an InfoCast focusing on recent management accounting guidelines (MAGs) on different aspects of risk and business continuity management. More information is available in this issue.

CITP – Many CPAs in business & industry have significant experience with technology systems. You may know that we have a specialty designation available for people with significant experience in this area. This is the designation called Certified Information Technology Professional. If you have this experience and are interested in adding this credential to your CV, see the brief article and link included in this issue.

Enjoy these remaining weeks of summer, and we look forward to being in touch again in September.

Best regards,

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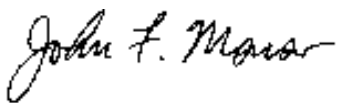
UPCOMING CONFERENCES

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9/18/2006-9/19/2006

[AICPA National Governmental and Not-for-Profit Training Program 2006](#)

Las Vegas, NV
10/16/2006-10/28/2006

[AICPA National Auto Dealership Conference](#)
Phoenix, AZ
10/25/2006-10/27/2006



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

TOP STORIES

AICPA Business and Industry Economic Survey Shows Decline in Optimism

The results of the semi-annual Business and Industry Economic Outlook survey continue to show further erosion of optimism about the economy as a whole at mid-year. Reflecting the responses of 2571 CPA decision makers, including 1324 CFOs and 234 CEOs, only 46% continue to be optimistic or very optimistic as of June 2006.

However, CPA optimism about the prospects for their own companies continues to be strong. When asked about prospects for their own organizations, 68% continue to be optimistic or very optimistic, with projections for overall business growth for the second half of 2006 down only slightly from the six month projections of December 2005. Moderate to substantial growth over the next six months is expected by 58% of the respondents, compared with 64% at December 2005; 15% expect declines, up from 12% in December 2005.

Growth from US markets appears to be softening. Fewer companies are expecting increased growth from US markets than reported in previous surveys, and the expectation of slower growth from US market sources has begun to trend up, especially among larger companies.

Plans for spending continue to be strong, especially among the largest of companies for IT and new product development. While training and development spending and workforce increases are still expected by most companies, the results in these areas are a bit mixed.

With respect to pressing issues, CPAs continue to be concerned about the impact of changes in short-term interest rates on inflation with 75% of the respondents indicating they were more concerned about the impact on inflation than on economic growth.

Energy and other input costs, including employee and benefit costs, continue to head the list of concerns. When asked about their ability to pass increased input costs on to customers in the price of their products or services, 26% indicated improved ability, 50% indicated minimal change, 24% indicated decreased ability.

For more details, go to <http://fmcenter.aicpa.org> under *News and Other Communications*.

SEC Extends SOX 404 Compliance Dates for Smaller Public Companies

On August 9, 2006 the SEC issued a proposal and a final Commission action to offer smaller public companies and many foreign private issuers further relief

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from compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

Under the [Non-Accelerated Filer Proposal](#) companies would be required to include a report on management's assessment of internal control for fiscal years ending on or after **December 15, 2007**. The deadline for providing the auditor's attestation would be for fiscal years ending on or after **December 15, 2008**. Under the proposal, new filers would not need to provide either until after filing one annual report.

The final rule for [Foreign Private Issuers](#) gives a one-year reprieve for filing an auditor's report on internal control to FPIs with market caps less than \$700 million - now extended to fiscal years ending on or after July 15, 2007.

COSO Small Business Webcast Archive Available

COSO's highly anticipated *Internal Control over Financial Reporting - Guidance for Smaller Public Companies* was rolled out with a webcast on July 11 that was viewed by more than 1750 participants. The [webcast](#) and the [Executive Summary](#) of the *Guidance* are being offered free via the links provided. Electronic and hard copy versions of the COSO guidance are available for [purchase](#).

While developed primarily to assist smaller public companies to comply with the requirements of SOX Section 404, the new Guidance articulates principles from the original COSO Internal Control Framework and provides approaches, examples and implementation tools that will make it valuable to all organizations wishing to implement or improve internal control over financial reporting.

Pension Protection Act of 2006 – Summary Analysis

As we go to press with this edition of *BusIndNews*, President Bush is expected to sign into law the Pension Protection Act of 2006 (the Act), which is the most comprehensive pension reform legislation since ERISA was enacted in 1974.

The AICPA's Employee Benefit Plan Audit Quality Center has prepared an analysis of key provisions of the Act, particularly those relating to financial, reporting, and related matters that are available in the public access area of the [EBPAQC website](#). For those who may not be familiar with the Center, it is a community of CPA firms committed to maintaining the highest quality of benefit plan audits. Is the auditor of your employee benefit plan a member of this Audit Quality Center? If not, ask them why.

FASB Pension Proposal Running into Resistance

On the accounting front of pension issues, [CFO.com](#) reports that negative comment letters received by the FASB on Phase I of their pension project are outpacing supporting comments 4-1. According to a Grant Thornton survey referenced by the article, 87% agree that future pension benefit obligations (PBO) should be on the balance sheet.

However, one major sticking point is with the FASB proposed method, which would require including future salary increases in the PBO calculation. In addition to conceptual arguments about the propriety of using a PBO that incorporates future salary increases, or an Accumulated Benefit Obligation

(ABO) that many advocate, the impact of the proposed PBO measure on financial statements would be so great that it would likely put many companies in default of debt covenants and also increase the trend toward freezing pension plans. Stay tuned – the FASB is expected to release its proposal in September.

Alternative Investments Task Force Provides Guidance

Over the past several years, certain not-for-profit organizations, healthcare entities, pension plans and investment companies have dramatically increased their investment in financial instruments that do not have a readily determinable market value, commonly referred to as alternative investments.

Due to the increased risk of misstatement inherent with these investments, the Auditing Standards Board established a task force that has developed a practice aid for auditors “[Alternative Investments - Audit Considerations](#)”. If you carry any of these on your balance sheet, you may want to download the document from the link provided so that you can anticipate any changes in the approach your auditors may take with respect to these investments.

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TECH CENTER

SEC Chair and AICPA President to Keynote XBRL International Forum

In our two previous editions we highlighted a number of XBRL events. In the interim it was announced that the AICPA will co-host with XBRL-US the [14th International XBRL Forum](#), and that SEC Chairman Christopher Cox and AICPA President Barry Melancon will be keynote speakers for the Forum. For more information on the Forum to be held in Philadelphia, December 4-6, click on the link provided.

AICPA Streamlines CITP Process

The AICPA has incorporated your feedback and has streamlined the process for applying for the CITP Credential. For more information on the benefits of joining the CITP Community and being recognized for your business and information technology expertise, go to [Infotech Center](#) or click on the following link to download the [CITP Application](#)

Ask the Tech Expert Service

Rich Lanza’s Ask the Expert service on the Store’s home page allows you to direct specific questions to him at rlanza@cpa2biz.com.

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CAREER CORNER

2006 Hall Of Famers Inducted at Controller's Workshop

The 2006 AICPA Business and Industry Hall of Fame induction ceremony, sponsored by Ajilon Finance, was held this year at the Controller's Workshop in Las Vegas. The AICPA Business & Industry Hall of Fame honors CPAs who demonstrate strong business ethics, lead by example and commitment, provide insight and vision using knowledge of broad business issues, and inspire and motivate others to excellence.

This year's inductees, noted for their contributions to creating and sustaining cultures of leadership, developing strong employees and strategic partnerships, and creating and envisioning strategies for company advancement were:

- William Harmon, CPA – President & CEO, Triana Energy Holdings, LLC

This inductee turned his former company, Columbia Energy & Resources, into the second largest oil and gas producer in the eastern US in the 1990s. He left the company, and as president and CEO of Triana Energy, he acquired his former company for \$330 million, and, in just two years' time, he built it up and sold it to the Chesapeake Energy Corporation for over \$3 billion. This transaction was dubbed the "2006 M&A Deal of the Year" by *Oil and Gas Investor Magazine*.

- Warren Haruki, CPA – President & CEO, Grove Farm Company

As the president and CEO of Grove Farm Company, Haruki is the leader of a development firm responsible for 10% of the Hawaiian island Kauai's entire land mass. Working toward diversified agriculture while enhancing Grove Farm's land and water assets, this Hall of Famer is focused on helping Kauai meet the needs of its island residents. Two years in a row he was recognized as one of *Hawaii's Ten Most Influential People* in *Hawaii Business Magazine*.

- Scott Green, CPA – Chief Administrative Officer, Weil, Gotshal & Manges

As the first-ever chief administrative officer for Weil, Gotshal & Manges – a law firm with 20 offices in 10 countries and over \$1 billion in revenue – Green originally joined the staff of the renowned global law firm as its first-ever director of audit & compliance. A winner in 2004 and 2006 of the *Institute of Internal Auditors Outstanding Contributor Award*, this inductee is also an Adjunct Professor of Finance and Banking at Hofstra University and the author of books on corporate governance.

- Mark Bartlett, CPA – Executive Vice President & CFO, Blue Cross Blue Shield of Michigan

As CFO and executive vice president, Bartlett's leadership is best demonstrated by the growth and financial success of his company – Blue Cross Blue Shield of Michigan – the state's single largest health insurance provider. In a competitive, rapidly changing health care marketplace, Bartlett has executed effective cost management programs, implemented

comprehensive benchmarking, spearheaded strategic acquisitions of for-profit subsidiaries, and introduced extensive financial modeling into all aspects of his company.

AICPA Launches Young CPA Network Featuring E-Newsletter and Web Site

The AICPA has launched the Young CPA Network geared toward new entrants to the profession. AICPA Chair Leslie Murphy spearheaded this initiative in an effort to connect to and inspire the profession's future leaders. The Network includes a monthly e-newsletter as well as a dedicated web site.

The [Young CPA Network](#) website features an "Ask a CPA" question and answer service that allows young CPAs to ask a more experienced CPA career-related questions via e mail. In a recent survey of young CPAs, 77% of the respondents indicated a desire to have access to an anonymous online service of this kind. AICPA volunteers will answer questions by responding directly to the inquiries and questions can be targeted to a CPA in public accounting, industry, government or academia.

New Program Bridges Gap from Business to Academia

In response to growing concerns about the dwindling number of PhD candidates in business schools, the American Association of Collegiate Schools of Business has developed a program to encourage more senior business leaders to consider bringing their valuable knowledge to a second career in academia.

The AACSB Bridge Program is a five-day intensive seminar that provides a pathway for high-level senior executives to become candidates for faculty positions.

The inaugural AACSB Bridge Program will take place Oct. 22-27 at the Paul Merage School of Business at the University of California, Irvine. A second course will be held at the University of Southern California in May 2007. For more information, click on the link to the [Bridge Program](#).

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LEARNING LINKS

Free Test Drive for New AICPA CPEExpress

The AICPA's popular online learning library has a new name and enhanced functionality. A 30 day free trial of CPEExpress, formerly known as InfoBytes, is being offered to introduce the new features and appearance of the product. For more info click on [CPEExpress](#) and register for your free trial.

Financial Training Decision-Makers: For information on in-house training and tools to manage professional development, go to [AICPA Learning](#) or call 1-800-634-6780, Option 1.

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UPCOMING WEBCASTS

AICPA to Offer Free Infocast Series on Risk Management – Save the Dates!

This fall the AICPA will offer a series of three free Infocasts featuring the authors of Management Accounting Guidelines from our “risk suite”. This series is also being offered to members of CMA-Canada, our partners in developing the MAGs, and to members of the Chartered Institute of Management Accountants in the UK (CIMA-UK) who will be joining with us in a three-way partnership for the development of future Guidelines.

The initial presentation on **September 21** will feature Marc Epstein of Rice University, primary author of *Identifying, Measuring, and Managing Organizational Risks for Improved Performance; The Reporting of Organizational Risks for Internal and External Decision Makers; and Integrating Social and Political Risk into Business Decisions*. Additional presentations are scheduled for **October 19**, featuring Eric Krell, author of *Business Continuity Management*, and **November 16**, featuring Epstein and Tamara Bekefi of Harvard University, co-author of *Integrating Social and Political Risk into Business Decisions*.

More information about the free Risk Management Infocast Series will be available soon at www.cpa2biz.com. Optional CPE credit is being offered at a nominal fee and a 50% discount is being offered in connection with the Series on the corresponding Management Accounting Guidelines.

[CFO Roundtable Series Q3 - The New COSO Guidance](#) - September 13

The subject of this quarter’s CFO Roundtable webcast on September 13 will be the new COSO Report: Guidance for Smaller Companies

[SEC Quarterly Update Series 2006 Q3](#) -September 20, 2006

This SEC Quarterly Update Webcast - brought to you each calendar quarter by the **AICPA** - showcases the profession's leading experts on what's "hot" at the SEC.

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

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CONFERENCE SPOTLIGHT

AICPA National Conference on Current SEC and PCAOB Developments

It is never too early to mark your calendar for the annual SEC/PCAOB conference. This year's event on December 11-13 will be simulcast from Washington to sites in New York, San Francisco, Chicago and Houston. Registration links to each of the locations can be found at [2006 SEC/PCAOB](#).

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