

1987

## National CPE Curriculum : a pathway to excellence

American Institute of Certified Public Accountants. Continuing Professional Education Division

National Curriculum Project (American Institute of Certified Public Accountants)

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NATIONAL CONTINUING  
PROFESSIONAL EDUCATION  
CURRICULUM  
A PATHWAY TO EXCELLENCE



# NATIONAL CONTINUING PROFESSIONAL EDUCATION CURRICULUM:



A PATHWAY TO EXCELLENCE

**AICPA**

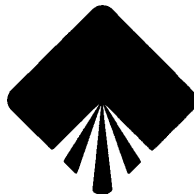
**AICPA** American Institute of  
Certified Public Accountants



# **National CPE Curriculum** A Pathway to Excellence

Prepared by the National Curriculum Task Forces  
of the Continuing Professional Education Division  
of the American Institute of Certified Public Accountants

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AICPA 100  
A CENTURY OF PROGRESS  
IN ACCOUNTING  
1887-1987

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

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**1234567890 CPE 8987**

## PREFACE

The National CPE Curriculum offers a framework of knowledge and skill areas intended to assist accountants in planning their professional development. The Curriculum also provides developers with a manual for designing comprehensive continuing professional education programs.

Over 200 members of the profession have contributed to the creation and implementation of the Curriculum. Representatives from more than forty states--including members of small, regional, and national firms; federal, state, and local governments; industry; academia; and state societies--have volunteered over 1,200 working days to the project.

After analyzing the tasks and activities performed by professional accountants in their work, task forces identified the various types of knowledge and skills to be acquired. The result of their study is an application-oriented curriculum that focuses on the learner's educational needs. The Curriculum outlines suggested sequences of continuing professional education programs for the three major segments of the profession--public practice, industry, and government.

The Curriculum is a flexible guide that will evolve further to reflect new developments in the business, professional, and technological environments. Curriculum units and categories will be revised to accommodate user input as well as the changing continuing education needs of the profession. In order for the Curriculum to be a useful tool, we invite your comments and suggestions.



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## INTRODUCTION

Educators have defined the term "curriculum" in various ways. Some say it is a set of subjects; others call it a sequence of courses; still others believe it comprises everything taught inside and outside the classroom. For the purposes of our Continuing Professional Education (CPE) Program, the Curriculum is a coordinated group of subjects that professional accountants should learn in order to perform their services competently. The knowledge and skills specified are based on the tasks undertaken by professional accountants in their work; thus, the Curriculum reflects the practical aspects of their endeavors.

Subject listings within the six fields of study can be used as a roadmap by CPE program developers and sponsors. No particular delivery system is prescribed by the Curriculum's contents; that decision is left to individual developers and sponsors. Furthermore, each component of the Curriculum can be used and presented in various formats, including group study, self-study, videotapes, audiotapes, seminars, and conferences.

Designed for CPE program participants with an undergraduate degree in accounting, the Curriculum embraces study areas for members of the accounting profession in public practice, industry, and government. Representative of every segment of the profession, the task-force members who developed the Curriculum addressed the CPE needs of their respective colleagues.

The present Curriculum is but the first installment of a continuing process of examining CPE needs for AICPA members. The content of the Curriculum will be periodically reviewed and modified as necessary to accommodate the ever-changing developmental needs of professional accountants.

### Structure of the Curriculum

The structure of the Curriculum is two-dimensional: It can be examined by Field of Employment or by Field of Study.

#### Fields of Employment

The Curriculum is organized into the three most prominent career tracks for CPAs: Public Practice, Industry, and Government. Separate Curriculum listings have been prepared for each of these three fields of employment. While we recognize that CPAs work in other fields of endeavor, CPE listings for these areas have not been developed at this time.

Public Practice--The public practice segment embraces all members who practice public accounting. They may be sole practitioners or members of small, medium, or large firms. Their areas of concentration include

auditing, advisory services, and taxation. Individuals who are general practitioners would also be included, as well as those who manage a public practice full-time.

Industry--Members in the industry segment may occupy various positions in private-sector industry, such as controllers, treasurers, chief accountants, or staff accountants.

Government--The government field of employment involves members employed by federal, state, and local governmental entities. These persons may be department heads, controllers, finance directors, internal auditors, and staff accountants in a governmental agency, department, or unit.

### Fields of Study

The Curriculum is subdivided into six subject matter areas, labeled fields of study. They are Accounting and Auditing, Advisory Services, Management, Personal Development, Specialized Knowledge and Applications, and Taxation. These fields represent the primary knowledge and skill areas needed by CPAs to perform professional services in all fields of employment. While we recognize that other fields of study or arrangements could be created, the Curriculum covers these six areas at this time.

Accounting and Auditing--This field of study includes accounting and financial reporting subjects, the body of knowledge dealing with recent pronouncements of authoritative accounting principles issued by the standard-setting bodies, and any other related subject generally classified within the accounting discipline. It also includes auditing subjects related to the examination of financial statements, operations systems, and programs; the review of internal and management controls; and the reporting on the results of audit findings, compilation, and review. This curriculum covers the needs of members in public practice, industry, and government; thus, there will be units for individuals involved in fields other than public practice.

Advisory Services--This field of study deals with all advisory services provided by professional accountants--management, business, personal, and other. It includes Management Advisory Services and Personal Financial Planning Services. This section also covers an organization's various systems, the services provided by consultant practitioners, and the engagement management techniques that are typically used. The systems include those dealing with planning, organizing, and controlling any phase of individual financial activity and business activity. Services provided encompass those for management, such as designing, implementing, and evaluating operating systems for organizations, as well as business advisory services and personal financial planning. For the most part, this curriculum is primarily for consultants in public practice; however, internal consultants employed by large corporations may find these subjects useful.

Management--This field of study considers the management needs of members in the three employment areas. Some subjects concentrate on the practice

management area of the public practitioner, such as organizational structures, marketing services, human resource management, and administrative practices. For individuals in industry, there are subjects dealing with the financial management of the organization, including information systems, budgeting, and asset management, as well as items covering management planning, buying and selling businesses, contracting for goods and services, and foreign operations. For members in government, this curriculum embraces budgeting, cost analysis, human-resource management, and financial management in state and local governmental entities. In general, the emphasis in this field is on the specific management needs of members and not on general management skills.

Personal Development--Becoming a competent people manager is the thrust of the subjects in this field of study, which covers such skills as communications, managing the group process, and dealing effectively with others in interviewing, counseling, and career planning. Public relations and professional ethics are also treated.

Specialized Knowledge and Applications--This field of study treats subjects related to specialized industries, such as not-for-profit organizations, health care, oil and gas. An industry is defined as specialized if it has unusual

- o Forms of organization
- o Economic structure
- o Sources of financing
- o Legislation or regulatory requirements
- o Marketing or distribution
- o Terminology
- o Technology

and

- o Employs unique accounting principles and practices
- o Encounters unique tax problems
- o Requires unique advisory services, or
- o Faces unique audit issues.

The first and only entry in this field of study is Not-for-Profit Organizations. Over time, various additional specialized industries will be covered.

Taxation--This field of study includes subjects dealing with tax compliance and tax planning. Compliance covers tax return preparation and review and IRS examinations, ruling requests, and protests. Tax planning focuses on applying tax rules to prospective transactions and understanding the tax implications of unusual or complex transactions. Recognizing alternative tax treatments and advising the client on tax saving opportunities are also part of tax planning. While this curriculum is aimed primarily at the public practitioner, tax professionals in industry will be interested in many subjects covered here.

Beyond these two dimensions of the Curriculum (Fields of Employment and Fields of Study) there are several subdivisions.

### Categories

Each field of study is broken down into subgroups called categories. For example, within the Taxation field of study there are sixteen categories, including Tax Research, Individual Taxation and Corporate Taxation.

### Learning Units

These are the key elements, or building blocks, of the Curriculum. A learning unit is a logical and integrated "whole body" of information or material whose content conforms to the AICPA's Continuing Professional Education Standards for Group and Self-Study Programs. For example, the Corporate Income Taxation Category consists of thirteen learning units, including Stock Redemptions, Corporate Liquidations and Reorganizations. While each learning unit represents a cohesive body of knowledge or skill, the size of units varies, depending on the nature of the field of study. For example, Taxation learning units tend to be broader than those in other fields of study because taxation embraces entire concepts, subject to complex interpretations, which often do not lend themselves to subdivision into narrow, separate units. Also, some introductory units may provide general treatment of many topics. Whereas other units, particularly advanced ones, may offer in-depth focus on one aspect of a subject or on a limited number of topics.

Each unit may be considered a CPE course in itself, or several units may be combined in various ways to form a course. This arrangement provides CPE program designers with maximum flexibility in accommodating the training needs of a variety of audiences. Designers can also assemble units in various ways to fit the instructional mode selected.

There is no specified time period during which the indicated content of a unit is to be covered in a course. This decision is left to the course developer. For example, the content of the Accounting Research unit may be covered in a general fashion in a four-hour group-study program based primarily on lectures. Using a seminar/workshop format in which participants are provided research case studies to complete, the same content may be presented over a two-day period.

The description of each learning unit includes the six components discussed below.

Level of CPE Course--Most course sponsors and providers of CPE programs designate the complexity of the material in a program. This designation stems from the AICPA Statement on CPE Standards, which specifies such a classification in relation to the learning objectives of each course. Thus, to maximize the usefulness of the Curriculum, each learning unit shows a level designation, which indicates the level of a course in which the unit should be included. These levels are as follows:

**Basic**--Covers fundamental principles and skills. This level is for individuals with limited or no exposure to the subject area(s).

**Intermediate**--Builds on the basic level or upon fundamental principles and skills and focuses on their application. This level is for individuals with some exposure to the subject area(s).

**Advanced**--Focuses on the development of in-depth knowledge, a variety of skills, and/or a broader range of applications. This level is for individuals with significant exposure to the subject area(s).

**Update**--Provides a general overview of new developments. It is for individuals with a background in this subject area who wish to be kept up to date.

**Objectives**--These statements explain what participants are expected to be able to do after they have completed a CPE program including this learning unit. They also help course designers decide on the appropriate instructional methods and determine how much time to devote to certain topics in the course. Participants can examine the objectives to ascertain whether the unit will help them attain their desired goals.

**Description**--This short narrative provides the user with a catalogue-like summary of the material covered in the learning unit. For more specific information about unit coverage, the user is encouraged to consult the detailed topic list.

**Requisite Knowledge and Experience**--This section is provided to help designers and other users determine which individuals should participate in a program that includes this learning unit. The statement describes the background and experience of the person prior to participation and may also indicate what previous knowledge he or she should have before taking the unit. In some cases, unit prerequisites will be listed. For example, before an individual participates in the Study and Evaluation of Internal Control--Preliminary Phase learning unit in the Accounting and Auditing curriculum, that person should have completed or acquired the knowledge included in the Developing the Engagement Plan and Work Program unit.

**Major Topics**--This section contains a detailed listing of the major topics covered in the unit. Frequently this listing will include subtopics of individual areas..

**Companion Units**--This last element indicates how a learning unit may be combined with other units to form a particular course. Generally, the companion units cited deal with related subject areas. For example, in the Management Planning in Industry category, the Business Planning Process unit can be combined with the Operational Planning Process unit. However, the companion unit listings are not meant to be exhaustive. Those mentioned are merely intended to illustrate certain combinations. Users can combine any units of the same level they wish in designing CPE courses.

The learning unit is an element of the Curriculum that is subject to change. As experience is gained in the use of this initial version, as the profession changes, and as new knowledge and skills emerge, the content of learning units will change. New units will be created and some will be deleted. Thus, the Curriculum is envisioned as a dynamic, living document, whose content will evolve continuously within a general framework of fields of study and fields of employment.

**National Curriculum Matrix**

CURRICULUM FIELDS OF EMPLOYMENT			
CURRICULUM FIELDS OF STUDY	Public Practice	Industry	Government
Accounting and Auditing			
Advisory Services			
Management			
Personal Development			
Specialized Knowledge and Applications*			
Taxation			

\*Pertains to unique areas, such as those found in specialized industries and government.

## Note to Course Developers

To recap, learning units are designed to provide maximum flexibility. One option available to course developers is to adapt the content of any learning unit to any type of delivery system. The Curriculum does not suggest any particular format, nor does it prefer one mode of delivery over another. Accordingly, developers can use group study, self-study, videotapes, conference settings or small seminar arrangements in presenting any unit.

The opportunity to combine several units into a particular course also provides flexibility. As noted earlier, the learning unit component, Companion Units, specifies the name of other units with which a unit may be combined to form a larger body of information in a course. (Generally, combinations should be among units having similar subject content and the same designated level of difficulty.) This type of packaging will be helpful in developing programs for particular audiences. For example, to satisfy the training needs for information about small businesses a slightly different approach from a material coverage standpoint may be required. A course developer might find it useful to extract selected topics from one unit and integrate them with other topics from another unit to cover the appropriate level of details for subjects involving small businesses. Similarly, a program for a specialized industry audience might include the combination of several units with certain topics in each of the units being dropped because they may not be applicable to that special industry.

For example, assume that a course developer were designing an audit course for staff accountants who were going to be auditing not-for-profit organizations (a specialized industry). In examining the units in the Substantive Testing Procedures category in the Accounting and Auditing curriculum, the developer may decide to include the following units in a two-day program on Audits of Not-for-Profit Organizations:

- o Variables Estimation Sampling
- o Attributes Sampling
- o Nonstatistical Sampling
- o Substantive Testing in First-Time Examinations

The developer may have decided on this combination because it will enable him or her to cover sampling and substantive testing together in an environment of not-for-profit entities. The special attributes of these organizations can be addressed integratively and participants can learn how to apply both statistical and nonstatistical sampling techniques in the substantive testing of the transactions phase of audit examinations.

Course developers should be alert to the need to make appropriate references to the CPE Curriculum in the literature describing their courses. All CPE program sponsors are urged to indicate in their course descriptions that all or some of its program contents include elements of the CPE Curriculum units. The criteria for indicating inclusion of a National CPE Curriculum unit in a course is that it substantially covers the objective(s) and topics of the



Curriculum unit. "Substantially covers" will be judged by a combination of presentation time and the percentage of course material devoted to the unit. As a guideline it is expected that no more than four Curriculum units per day will be included in a course.

When making specific references to the National Curriculum in promotion or other literature describing educational programs the following notation should be used:

National Curriculum Reference\*

\*In the opinion of the developer, this course substantially covers the objectives of the indicated AICPA National CPE Curriculum units. The Curriculum was developed for the accounting profession by the American Institute of Certified Public Accountants.

## HOW TO USE THE CURRICULUM

This volume consists of four parts:

Part One	Introduction
Part Two	National Curriculum Pathways
Part Three	Fields of Study
Part Four	Appendices and Index

Part One explains the nature and purpose of the Curriculum and methods of using it.

Part Two consists of three sections, or fields of employment, which list the applicable learning units for professionals in

Public Practice	(PP)
Industry	(II)
Government	(GG)

Part Three consists of six sections, which cover the following six fields of study, each of which is designated by a two-letter code:

Accounting and Auditing	(AA)
Advisory Services	(AS)
Management	(MG)
Personal Development	(PD)
Specialized Knowledge and Applications	(SS)
Taxation	(TX)

A detailed table of contents listing the units in each field of study appears at the beginning of each section.

Each field of study is divided into categories and learning units. Each unit has a numerical code, which designates the category, the unit within the category, and the unit level. Unit levels are indicated by the following numbers, which appear to the right of the decimal point:

- .1 Basic
- .2 Intermediate
- .3 Advanced
- .4 Update

To help readers determine the segment of the profession for which the unit has been designed, a two-letter identifier appears under each unit code. These letters determine applicability for professionals in

Practice	(PP)
Industry	(II)
Government	(GG)
Practice and Industry	(PI)

Government and Practice	(GP)
Industry and Government	(IG)
All Professions	(AL)

For example, the Accounting Concepts, Standards, and Reporting Update unit is designated by the following code:

AA1113.4  
PI

This identifier indicates it is the thirteenth unit in the 1100 Category (Financial Statements and Reports) of the Accounting and Auditing field of study. The number following the decimal point indicates that the unit level is update. The PI identifies the unit as one applicable to professionals in practice and industry.

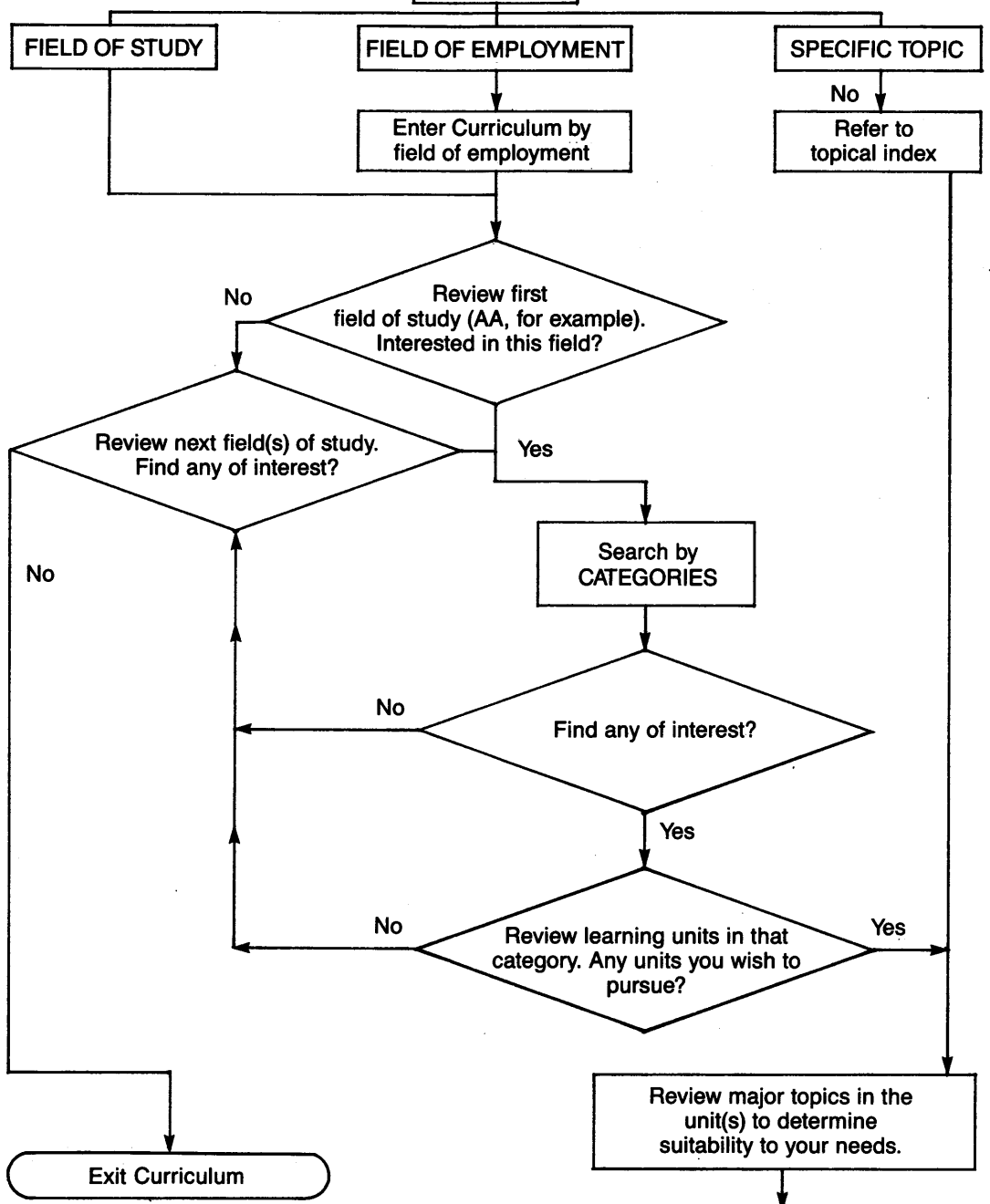
AA	1113	.4
Accounting and Auditing	1100 Category: Financial Statements and Reports  13th Unit: Accounting Concepts, Standards & Reporting Update	Update level
	PI	
	Public Practice and Industry	

Part Four includes two appendices and an index. Appendix I highlights two focus areas, Personal Financial Planning and Small Business; Appendix II contains acknowledgments of those who helped develop the National Curriculum. The Index covers references to all fields of study and is included at the end of this volume. Using the key-word method to facilitate reference to the various fields of study, categories, and units, the index is arranged alphabetically by topic and refers readers to specific units by unit number. A search for information may begin by consulting the Index, the table of contents preceding each field of study, the National Curriculum Pathways at the beginning of this volume, or the general Table of Contents. Tab guides have been provided to help readers locate major sections of this volume.

# HOW TO USE THE NATIONAL CURRICULUM

FOR COURSE SELECTION

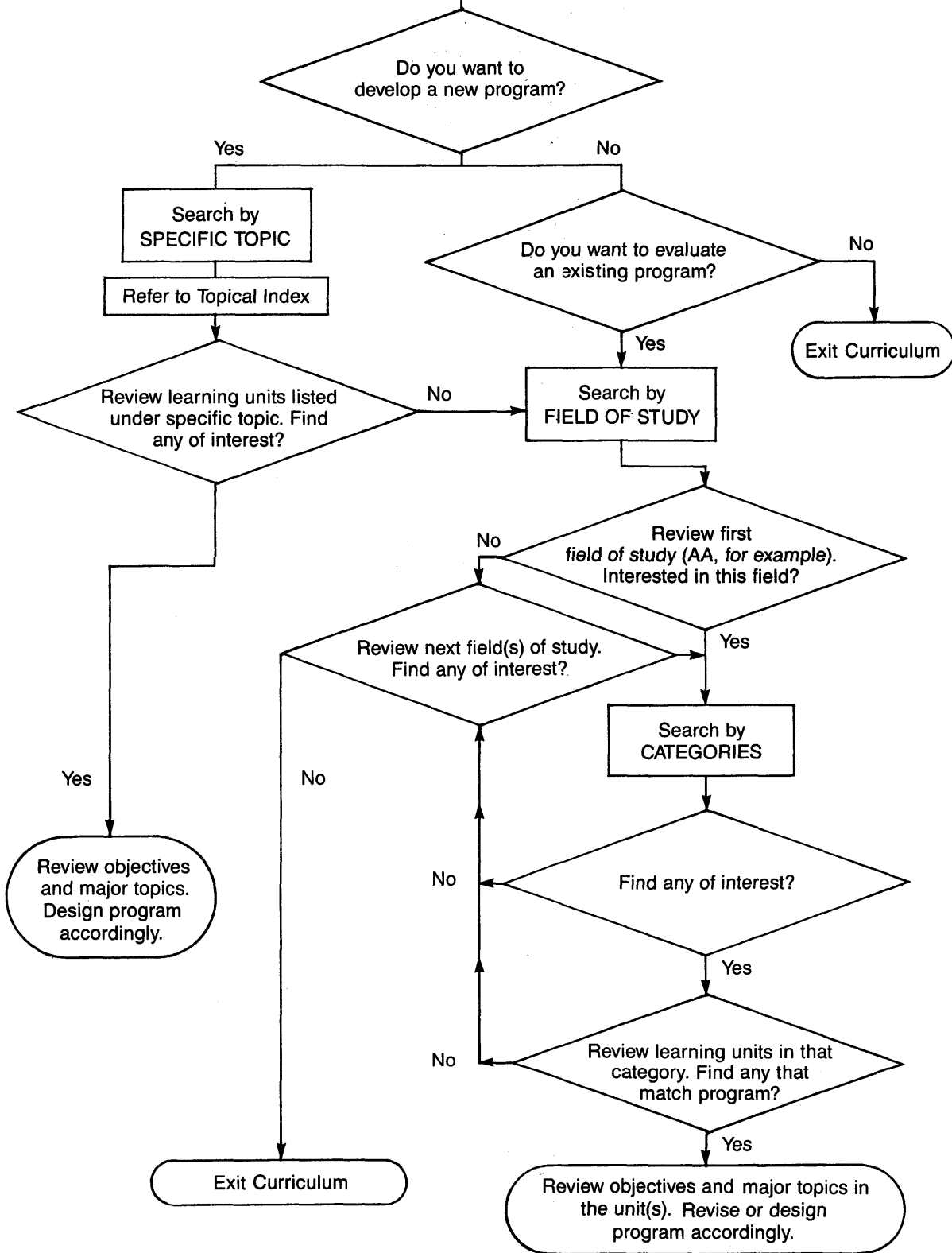
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**NOTE:** For more detailed examples of how to use the Curriculum in a specific area, see the sample curricula for Personal Financial Planning and Small Business in Appendix I.

# HOW TO USE THE NATIONAL CURRICULUM

FOR COURSE DEVELOPERS



NATIONAL CURRICULUM  
PATHWAYS  
(Fields of Employment)

**PP****NATIONAL CURRICULUM FOR MEMBERS IN PRACTICE**

- AA ACCOUNTING AND AUDITING
- AA1000 ACCOUNTING AND AUDITING RESEARCH
- AA1001.2 Accounting Research
- AA1002.3 Applying Problem-Solving Techniques to Accounting Issues
- AA1003.2 Auditing Research
- AA1100 FINANCIAL STATEMENTS AND REPORTS
- AA1101.1 Preparing Basic Generally Accepted Accounting Principles  
Financial Statements
- AA1102.2 Consolidated and Combined Financial Statements
- AA1103.2 Segment Reporting
- AA1104.2 Interim Financial Statements
- AA1105.2 Preparing and Reporting Prospective Financial Presentations
- AA1106.2 Preparing Financial Statements in Accordance with Other  
Comprehensive Bases of Accounting (OCBOA)
- AA1107.2 Analyzing Financial Statements
- AA1108.2 Earnings Per Share
- AA1109.2 Accounting Changes
- AA1110.2 Accounting and Reporting for Bankruptcies and Insolvencies
- AA1111.2 Preparing and Reporting on Personal Financial Statements
- AA1112.1 Review of Accounting and Professional Pronouncements
- AA1113.4 Accounting Concepts, Standards, and Reporting Update
- AA1200 MEASUREMENT, RECOGNITION, AND PRESENTATION OF SPECIFIC  
FINANCIAL STATEMENT ITEMS
- AA1201.2 Cash, Receivables, and Marketable Securities
- AA1202.2 Inventories
- AA1203.2 LIFO (last-in, first-out) Inventories
- AA1204.2 Investments, Intangibles, Deferred Charges, and Other  
Assets
- AA1205.2 Property, Plant, and Equipment
- AA1206.2 Current Liabilities, Deferred Credits, and Long-Term Debt
- AA1207.2 Accounting for Income Taxes
- AA1208.2 Accounting for Employers' Pension Plans
- AA1209.2 Commitments and Contingencies
- AA1210.2 Owners' Equity
- AA1211.2 Income and Expense Recognition - Special Considerations
- AA1212.2 Business Combinations
- AA1213.2 Foreign Operations
- AA1214.2 Leases
- AA1215.2 Price-Level Changes
- AA1216.1 Accounting for Real Estate

- AA1400 SEC PRACTICE**
- AA1401.2 Securities and Exchange Commission Accounting and Periodic Reporting
  - AA1402.2 Securities and Exchange Commission Registration Requirements
  - AA1403.2 Considerations in Going Public
  - AA1404.3 Considerations in Going Private
  - AA1405.3 Advanced Securities and Exchange Commission Accounting and Periodic Reporting
  - AA1406.4 Securities and Exchange Commission Update

**AA1500 GOVERNMENT ACCOUNTING AND REPORTING - CORE**

- AA1501.1 Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments
- AA1502.1 Introduction to Fund Accounting and Reporting for the Federal Government
- AA1503.1 Basic Accounting and Financial Reporting for State and Local Governments
- AA1504.1 Basic Accounting and Financial Reporting for the Federal Government
- AA1505.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Financial Section
- AA1506.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: Notes to Financial Statements
- AA1507.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Introductory and Statistical Sections
- AA1508.2 Preparing Interim Financial Statements and Reports for State and Local Governments
- AA1509.2 Preparing Special-Purpose Financial Reports for State and Local Governments
- AA1510.2 Researching State and Local Government Accounting and Reporting Issues
- AA1511.2 Researching Federal Government Accounting and Reporting Issues
- AA1512.4 State and Local Government Accounting and Reporting Update
- AA1513.4 Federal Government Accounting and Reporting Update

**AA1600 GOVERNMENT ACCOUNTING AND REPORTING - SPECIALIZED**

- AA1601.2 Grant Accounting and Financial Reporting for State and Local Governments
- AA1602.2 Grant Accounting and Financial Reporting for the Federal Government
- AA1603.2 Pension Accounting and Financial Reporting for State and Local Governments
- AA1604.2 Lease Accounting and Financial Reporting for State and Local Governments



- AA1605.2 Fixed-Asset Accounting and Financial Reporting for State and Local Governments
- AA1606.2 Debt Accounting and Financial Reporting for State and Local Governments
- AA1607.2 Special Assessments Accounting and Financial Reporting for Local Governments
- AA1608.2 Joint Activities Accounting and Financial Reporting for State and Local Governments
- AA1609.2 Utilities Accounting and Financial Reporting for State and Local Governments
- AA1610.2 Accounting and Financial Reporting for State and Local Government Hospitals and Other Health-Care Facilities
- AA1611.2 Accounting and Financial Reporting for Colleges and Universities of State and Local Governments
- AA1612.2 Accounting and Financial Reporting for Transportation Systems of State and Local Governments
- AA1613.2 Accounting and Financial Reporting for Special Financing Authorities of State and Local Governments
- AA1614.2 Capital Projects Accounting and Financial Reporting for State and Local Governments
- AA1615.2 Accounting and Financial Reporting for Nonprofit Organizations of State and Local Governments
- AA1616.2 School District Accounting and Financial Reporting
- AA1617.3 Notes to Financial Statements of State and Local Government Entities
- AA1618.1 Developing Funds in the Federal Government: Accounting Principles and Procedures

**AA1700 MICROCOMPUTER APPLICATIONS - ACCOUNTING AND AUDITING**

- AA1701.2 Using Microcomputers in Accounting
- AA1702.2 Using Microcomputers in Auditing
- AA1703.3 Using Microcomputer Audit Application Software
- AA1704.4 Current Developments in Microcomputer Systems Related to Accounting and Auditing - An Update

**AA1800 PLANNING AND SUPERVISION - ACCOUNTANTS' SERVICES**

- AA1801.2 Use of Specialists, Internal Auditors, and Other Auditors
- AA1802.2 Materiality and Risk Considerations in Audit Engagements
- AA1803.2 Understanding the Client's Business in Planning an Engagement
- AA1804.2 Developing the Engagement Plan and Work Program
- AA1805.2 Engagement Management
- AA1806.2 Review of Working Papers

- AA1900            STUDY AND EVALUATION OF INTERNAL CONTROL**
- AA1901.1        Introduction to the Study and Evaluation of Internal Control
- AA1902.2        Study and Evaluation of Internal Control - Preliminary Phase
- AA1903.2        Evaluating a Simple System of Internal Control
- AA1904.3        Evaluating a Complex System of Internal Control
- AA1905.2        Documentation of the Study and Evaluation of a System of Internal Control
- AA1906.2        Flow Charting
- AA1907.2        Testing and Evaluating Compliance with Internal Controls
- AA1908.2        Reporting on Material Internal Control Weaknesses and Constructive Suggestions on Internal Controls
- 
- AA2000            AUDITING AND EDP**
- AA2001.1        Basic Computer Concepts
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MG1000 HUMAN RESOURCES MANAGEMENT IN A PUBLIC ACCOUNTING PRACTICE

MG1008.2 Career Planning and Development

MG1100 HUMAN RESOURCES MANAGEMENT IN INDUSTRY

MG1101.1 Human Resources Management Overview

MG1102.2 Planning, Recruiting, Selecting, and Outplacing Personnel

MG1103.2 Personnel Evaluation Systems

MG1104.2 Compensation and Fringe Benefits

MG1105.2 Promotion

MG1106.2 Continuing Professional Education

MG1107.4 Human Resources Management Update

MG1700 TAX MANAGEMENT

MG1702.3 Organizing and Managing a Tax Department in Industry

MG1800 MANAGEMENT INFORMATION SYSTEMS IN INDUSTRY

MG1801.1 Overview of Management Information Systems

MG1802.2 System Design and Development

MG1803.2 System Installation

MG1804.2 Security Systems of Management Information Systems

MG1805.2 Software Evaluation and Selection

MG1806.2 Equipment Evaluation and Selection

MG1807.2 Microcomputer Systems

MG1808.2 Minicomputer Systems

MG1809.2 Mainframe Computer Systems

MG1810.2 Management Information Systems Internal and Operating  
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MG1811.2 Data and Telecommunications

MG1812.2 Office Automation

MG1813.3 Developing Software

MG1814.2 Organization of a Management Information Systems  
Function

MG1815.2 Alternative Methods to In-House Data Processing  
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MG1818.4 Management Information Systems Update

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- MG2000 BUDGETING IN INDUSTRY**
- MG2001.1 Budgeting--Understanding the Process, Tools, and Methods  
 MG2002.2 Preparing the Budget  
 MG2003.2 Use of Budgets as Operational Tools  
 MG2004.3 Designing an Interactive Electronic Data  
           Processing/Management Information Systems Budgeting  
           System  
 MG2005.2 Capital Budgeting - Techniques and Analysis
- MG2200 MANAGEMENT PLANNING IN INDUSTRY**
- MG2201.1 Overview of Planning  
 MG2202.3 Strategic Planning Process  
 MG2203.2 Business Planning Process  
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- MG2400 ASSET MANAGEMENT IN INDUSTRY**
- MG2401.2 Cash Management Systems  
 MG2402.2 Credit, Collections, and Receivables  
 MG2403.2 Inventory Planning and Control  
 MG2404.2 Manufacturing and Materials Management  
 MG2405.2 Fixed-Asset Management  
 MG2406.3 Short-Term and Long-Term Investment Management
- MG2500 RESEARCH METHODS AND ANALYTICAL TECHNIQUES IN INDUSTRY**
- MG2501.2 Researching Accounting and Finance Problems: Data  
           Selection and Analysis  
 MG2502.2 Modeling and Simulations for Business Decision-Making  
 MG2503.2 Data Gathering Techniques  
 MG2504.2 How to Use Decision Aids
- MG2600 CONTRACTING FOR GOODS AND SERVICES IN INDUSTRY**
- MG2601.1 Contracting - A General Understanding  
 MG2602.2 Contracting - Writing and Responding to Requests  
           for Proposals  
 MG2603.2 Contract Management  
 MG2604.1 Introduction to Government Contracts  
 MG2605.2 Monitoring Cost, Schedule, and Performance of Government  
           Contracts
- MG2700 BUYING AND SELLING BUSINESSES**
- MG2701.2 Mergers, Acquisitions, and Divestitures

MG2702.3 Analyzing and Deciding on Candidates for Mergers and  
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**MG2800 FOREIGN OPERATIONS IN INDUSTRY**

MG2801.2 Import/Export Procedures and Operations  
MG2802.2 Establishing Foreign Operations  
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**MG2900 OTHER - INDUSTRY**

MG2901.2 Preparing and Presenting Management Reports  
MG2902.2 Financial Analysis for Decision-Making  
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MG2904.2 Insurance and Risk Management  
MG2905.2 Personal Financial Planning  
MG2906.2 Selecting Personal Computers  
MG2907.2 The Impact of Economic Trends and Indicators on  
Business Strategies  
MG2908.2 The Impact of Politics and Legislation on  
Business Strategies  
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**PD**

**PERSONAL DEVELOPMENT**

**PD1000 COMMUNICATION SKILLS**

PD1001.2 Effective Writing  
PD1002.2 Effective Professional Public Presentations  
PD1003.2 Effective Listening  
PD1004.2 Effective Professional Reading  
PD1005.2 Nonverbal Communication

**PD1100 MANAGEMENT AND THE GROUP PROCESS**

PD1101.2 Resolving Conflicts  
PD1102.2 Managing Styles  
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**PD1200 INTERPERSONAL MANAGEMENT SKILLS**

PD1201.2 Effective Interviewing

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- PD1202.2 Coaching and Motivating
- PD1203.2 Evaluating Performance
- PD1204.2 Effective Counseling
- PD1205.2 Delegating
- PD1206.2 Negotiating
- PD1207.2 Problem Solving and Decision Making
- PD1208.2 Selling Professional Services
- PD1209.2 Being Assertive

PD1300 OTHER PERSONAL DEVELOPMENT SKILLS

- PD1301.2 Memory Skills
- PD1302.2 Time Management
- PD1303.2 Stress Management
- PD1304.2 Goal Setting
- PD1305.2 Positive Self-Image
- PD1306.2 Understanding Yourself and Your Impact on Others
- PD1307.2 Balance of Life
- PD1308.2 Increasing Creativity

PD1500 PROFESSIONAL ETHICS

- PD1501.2 Ethics and Values in Business Decisions

SS SPECIALIZED KNOWLEDGE AND APPLICATIONS

SN NOT-FOR-PROFIT ORGANIZATIONS

SN1000 ACCOUNTING AND AUDITING

- SN1001.1 Basic Concepts of Fund Accounting for Not-for-Profit Organizations
- SN1002.2 Fund Balances and Transfers - Not-for-Profit Organizations
- SN1003.2 Accounting for Revenues in Not-for-Profit Organizations
- SN1004.2 Cost Allocations for Not-for-Profit Organizations
- SN1005.2 Functional Accounting and Financial Reporting in Not-for-Profit Organizations
- SN1006.2 Grant and Contract Accounting and Reporting in Not-for-Profit Organizations
- SN1007.2 Indirect Costs for Grants and Contracts in Not-for-Profit Organizations
- SN1008.2 Investment Issues in Accounting for Not-for-Profit Organizations
- SN1009.2 Accounting for Gambling and Lotteries in Not-for-Profit Organizations
- SN1010.2 Accounting and Financial Reporting for Student Loan Programs in Colleges and Universities

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- SN1011.2 Preparing and Presenting Management Reports in Not-for-Profit Organizations
- SN1012.2 Accounting and Financial Reporting for Colleges and Universities: Special Considerations
- SN1013.2 Accounting and Financial Reporting for Voluntary Health and Welfare Organizations: Special Considerations
- SN1014.2 Accounting and Financial Reporting for Not-for-Profit Organizations Other Than Colleges and Universities, Health-Care, and Voluntary Health and Welfare Organizations: Special Considerations
- SN1015.2 Studying, Designing, and Evaluating Internal Control in Not-for-Profit Organizations: Special Considerations
- SN1016.2 Substantive Testing Procedures in Not-for-Profit Organizations: Special Considerations
- SN1017.2 Auditing Not-for-Profit Organizations: Special Considerations
- SN1018.4 Accounting and Auditing Update for Not-for-Profit Organizations

**SN1100 ADVISORY SERVICES**

- SN1101.2 Management Advisory Services for Not-for-Profit Organizations: Special Considerations

**SN1200 MANAGEMENT OR SPECIALIZED KNOWLEDGE AND APPLICATIONS**

- SN1201.1 Introduction to Not-for-Profit Organizations
- SN1202.1 Responsibilities of the Board of Directors of a Not-for-Profit Organization
- SN1203.1 Fund Raising in Not-for-Profit Organizations
- SN1204.3 Staff Policies and Procedures for Not-for-Profit Organizations
- SN1205.2 Volunteer Effectiveness in Not-for-Profit Organizations
- SN1206.2 Volunteer Management Information Systems in Not-for-Profit Organizations
- SN1207.2 Budgeting for Not-for-Profit Organizations
- SN1208.2 Marketing for Not-for-Profit Organizations: Special Considerations
- SN1209.2 Insurance and Risk Management for Not-for-Profit Organizations
- SN1210.2 Selecting and Evaluating an Independent Auditor or a Special Consultant for a Not-for-Profit Organization
- SN1211.3 Alternative Revenue Sources in Not-for-Profit Organizations
- SN1212.3 Mergers, Acquisitions, and Divestitures in Not-for-Profit Organizations: Special Considerations
- SN1213.2 Developing a Practice for Not-for-Profit Organizations

**SN1300 TAX**  
**SN1301.2 Special Tax Consideration of Tax-Exempt Organizations**

**TX TAXATION**

**TX1000 TAX RESEARCH**

TX1001.1 Basic Tax Research  
TX1002.2 Intermediate Tax Research  
TX1003.3 Creative Tax Research

**TX1100 TAX ACCOUNTING**

TX1101.1 Accounting Methods and Periods  
TX1102.2 Income Tax Aspects of Inventories

**TX1400 CORPORATE INCOME TAXATION**

TX1401.1 Preparation of Corporate Income Tax Returns and  
Introduction to Basic Corporate Income Tax Concepts  
TX1402.2 Corporate Formations  
TX1403.2 Corporate Nonliquidating Distributions  
TX1404.2 Stock Redemptions  
TX1405.2 Corporate Liquidations  
TX1406.2 Accumulated Earnings Tax and Personal Holding Companies  
TX1407.2 Concepts of S Corporations  
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TX1409.3 Reorganizations  
TX1410.3 Consolidated Tax Returns  
TX1411.3 Tax Aspects of Business Planning  
TX1412.3 Closely Held Corporations  
TX1413.4 Corporate Tax Developments - Update

**TX1500 CORPORATE TAX CONSIDERATIONS IN INDUSTRY**

TX1501.1 Corporate Tax Compliance - Federal, State, and Local  
TX1502.2 Corporate Tax Planning

**TX1700 ESTATE AND TRUST TAXATION**

TX1701.1 Fiduciary Accounting  
TX1702.1 CPA's Role In Estate Administration  
TX1703.1 Introduction to Income Taxation of Estates and Trusts



TX1704.1 Introduction to Estate Taxation  
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TX1706.2 Problems in Income Taxation of Estates and Trusts  
TX1707.2 Problems of Estate and Gift Taxation  
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TX1714.3 Case Studies in Estate Planning  
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**TX1800 COMPENSATION CONSIDERATIONS FOR TAXATION**

TX1801.1 Introduction to Qualified Pension and Profit-Sharing  
Plans  
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TX1803.2 Cash or Deferred Arrangements (CODAs)  
TX1804.2 Loans and Distributions for Qualified Plans  
TX1805.3 Employee Stock Ownership Plans (ESOPs)  
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TX1807.4 Compensation Planning - Update

**TX2000 INTERNATIONAL TAXATION**

TX2001.1 Survey of Foreign Tax Aspects of International Operations  
TX2002.1 Tax Treatment of Americans Abroad and Nonresident Aliens  
TX2003.3 Advanced Taxation of International Operations  
TX2004.4 Taxation of International Operations - Update

**TX2100 STATE AND LOCAL TAXES**

TX2101.2 Corporate Interstate Taxation  
TX2102.2 State and Local Taxation  
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**TX2400 GENERAL TAXATION**

TX2401.4 General Tax Update

**TX2500 SPECIAL TAX MATTERS**

TX2501.1 Tax Aspects of Bankruptcy and Insolvency  
TX2502.1 Payroll Taxes (Federal)  
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TX2504.1 Tax Implications of Community Property  
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**AA ACCOUNTING AND AUDITING****AA1500 GOVERNMENT ACCOUNTING AND REPORTING - CORE**

- AA1501.1 Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments
- AA1502.1 Introduction to Fund Accounting and Reporting for the Federal Government
- AA1503.1 Basic Accounting and Financial Reporting for State and Local Governments
- AA1504.1 Basic Accounting and Financial Reporting for the Federal Government
- AA1505.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Financial Section
- AA1506.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: Notes to Financial Statements
- AA1507.2 Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Introductory and Statistical Sections
- AA1508.2 Preparing Interim Financial Statements and Reports for State and Local Governments
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- AA1510.2 Researching State and Local Government Accounting and Reporting Issues
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- AA1512.4 State and Local Government Accounting and Reporting Update
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**AA1600 GOVERNMENT ACCOUNTING AND REPORTING - SPECIALIZED**

- AA1601.2 Grant Accounting and Financial Reporting for State and Local Governments
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- AA1605.2 Fixed-Asset Accounting and Financial Reporting for State and Local Governments

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AA1607.2 Special Assessments Accounting and Financial Reporting  
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AA1608.2 Joint Activities Accounting and Financial Reporting  
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AA1610.2 Accounting and Financial Reporting for State and Local  
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AA1612.2 Accounting and Financial Reporting for Transportation  
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AA1613.2 Accounting and Financial Reporting for Special Financing  
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AA1614.2 Capital Projects Accounting and Financial Reporting for  
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AA1615.2 Accounting and Financial Reporting for Nonprofit  
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AA1616.2 School District Accounting and Financial Reporting

AA1617.3 Notes to Financial Statements of State and Local  
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AA1618.1 Developing Funds in the Federal Government: Accounting  
Principles and Procedures

**AA1700 MICROCOMPUTER APPLICATIONS - ACCOUNTING AND AUDITING**

AA1701.2 Using Microcomputers in Accounting

AA1703.3 Using Microcomputer Audit Application Software

**AA1800 PLANNING AND SUPERVISION - ACCOUNTANTS' SERVICES**

AA1801.2 Use of Specialists, Internal Auditors, and Other  
Auditors

AA1802.2 Materiality and Risk Considerations in Audit  
Engagements

AA1803.2 Understanding the Client's Business in Planning an  
Engagement

AA1804.2 Developing the Engagement Plan and Work Program

AA1805.2 Engagement Management

AA1806.2 Review of Working Papers

**AA1900 STUDY AND EVALUATION OF INTERNAL CONTROL**

AA1901.1 Introduction to the Study and Evaluation of Internal  
Control

AA1902.2 Study and Evaluation of Internal Control - Preliminary  
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AA1903.2 Evaluating a Simple System of Internal Control  
AA1904.3 Evaluating a Complex System of Internal Control  
AA1905.2 Documentation of the Study and Evaluation of a System  
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AA1906.2 Flowcharting  
AA1907.2 Testing and Evaluating Compliance with Internal  
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AA1909.2 Evaluating and Reporting on Internal Control Systems  
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**AA2000 AUDITING AND EDP**

AA2001.1 Basic Computer Concepts  
AA2002.2 Computer-Assisted Audit Techniques  
AA2003.3 Computer-Assisted Audit Techniques II - Mainframes  
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**AA2100 SUBSTANTIVE AUDIT PROCEDURES**

AA2101.1 Basic Concepts of Substantive Testing  
AA2102.2 Analytical Review  
AA2103.2 Related-Party Transactions  
AA2106.1 Introduction to Audit Sampling  
AA2107.2 Variables Estimation Sampling  
AA2108.2 Attributes Sampling  
AA2109.2 Probability-Proportional-to-Size Sampling  
AA2110.2 Nonstatistical Sampling  
AA2111.2 Substantive Testing in First-Time Examinations  
AA2112.2 Substantive Testing of Cash  
AA2113.2 Substantive Testing of Receivables  
AA2114.2 Substantive Testing of Inventories  
AA2117.2 Substantive Testing of Investments and Marketable  
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AA2118.2 Substantive Testing of Accounts Payable and Accrued  
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**AA2200 INDEPENDENT AUDITORS' REPORTS**

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AA2203.2 Subsequent Occurrences - Subsequent Events and  
Subsequent Discovery of Facts Existing at the  
Date of the Auditor's Report  
AA2209.2 Special-Purpose Reports on Internal Accounting Control  
at Service Organizations

- AA2300            GOVERNMENT AUDITING**
- AA2301.1        Auditing in the Government Environment
- AA2302.2        Unique Aspects of Financial Auditing for State and  
                  Local Governments
- AA2303.2        Unique Aspects of Financial Auditing for the Federal  
                  Government
- AA2304.2        Understanding the Entity's Activities in Planning  
                  an Audit for State and Local Governments
- AA2305.2        Basic Audit Reviewing Skills for Federal, State, and  
                  Local Governments
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                  Local Governments
- AA2307.2        Introduction to the Study and Evaluation of Internal  
                  Control in State and Local Governments
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                  Control in the Federal Government
- AA2309.2        Reporting on Material Internal Control Weaknesses and  
                  Constructive Suggestions in Internal Controls  
                  in State and Local Governments
- AA2310.2        Reporting on Material Internal Control Weaknesses  
                  and Constructive Suggestions on Internal Controls  
                  in the Federal Government
- AA2311.2        Agency Representations in Federal, State, and Local  
                  Governments
- AA2312.2        Legal Correspondence in State and Local Governments
- AA2313.2        Substantive Testing of Property and Equipment  
                  in Federal, State, and Local Governments
- AA2314.2        Substantive Testing of Prepaids and Other Assets  
                  in Federal, State, and Local Governments
- AA2315.2        Substantive Testing of Fund Balances in State and  
                  Local Governments
- AA2316.2        Substantive Testing of the Operating Statement  
                  Accounts in State and Local Governments
- AA2317.2        Reviewing Supplementary Information Required by  
                  the Governmental Accounting Standards Board  
                  in State and Local Governments
- AA2318.2        Auditing Research in Federal, State, and Local  
                  Governments
- AA2319.4        Auditing Update in State and Local Governments
- AA2320.4        Auditing Update in the Federal Government

**AA2400            GOVERNMENT AUDITING - SPECIALIZED**

- AA2401.2        Financial and Compliance Audits for Federal, State,  
                  and Local Governments
- AA2402.2        Auditing of Internal Control - Federal Sector
- AA2403.2        Economy-and-Efficiency Audits - Federal, State, and  
                  Local Governments
- AA2404.2        Program-Results (Effectiveness) Audits - Federal,  
                  State, and Local Governments

AA2405.3 Single Audit Concepts and Procedures - State and Local Governments  
 AA2406.2 Federal Grant Program Audits - State and Local Governments  
 AA2407.2 Auditing Expenditures for State and Local Governments  
 AA2408.2 Auditing Expenditures for the Federal Government  
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 AA2410.2 Investigative Audits in Federal, State, and Local Governments  
 AA2411.3 Auditing Special Financial Statement Items Unique to State and Local Governments  
 AA2412.3 Auditing Special Entities Associated With State and Local Governments  
 AA2413.2 Contract Auditing  
 AA2414.2 Auditing for Fraud, Abuse, and Illegal Acts

**AA2600 ACCOUNTING AND AUDITING - GENERAL**

AA2601.1 Working Paper Preparation and Documentation  
 AA2603.2 Audits of Pension Plans  
 AA2604.2 Emerging Management Accounting Concepts and Practices

**MG**

**MANAGEMENT**

**MG1000 HUMAN RESOURCES MANAGEMENT IN A PUBLIC ACCOUNTING PRACTICE**

MG1008.2 Career Planning and Development

**MG1200 HUMAN RESOURCES MANAGEMENT IN GOVERNMENT**

MG1201.1 Human Resources Management Overview in Government  
 MG1202.2 Recruitment, Selection, and Orientation in Federal, State, and Local Governments  
 MG1203.2 Continuing Professional Education in Federal, State, and Local Governments  
 MG1204.2 Human Resources Utilization and Scheduling in Federal, State, and Local Governments  
 MG1205.2 Personnel Evaluation Systems in Federal, State, and Local Governments  
 MG1206.2 Compensation, Human Resources, Labor Contracts, and Civil Service in Federal, State, and Local Governments  
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 MG1209.2 Terminating Staff in Federal, State, and Local Governments

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- MG1210.2 Office Administration and Personnel Policies in  
Federal, State, and Local Governments
- MG1211.4 Human Resources Development Update - Federal, State,  
and Local Governments
- MG1900 MANAGEMENT INFORMATION SYSTEMS IN STATE AND LOCAL GOVERNMENTS**
- MG1901.3 Developing Software in State and Local Governments
- MG1902.2 Alternatives to In-House Data Processing for  
State and Local Governments  
**SEE ALSO: MG1800 Management Information Systems in Industry**
- MG2100 BUDGETING AND COST ANALYSIS IN STATE AND LOCAL GOVERNMENTS**
- MG2101.1 The Budgeting Process and Types of Budgets for the  
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- MG2102.1 The Budgeting Process and Types of Budgets for State and  
Local Governments
- MG2103.2 Preparing and Controlling the Operating Budget for  
State and Local Governments--Governmental Funds
- MG2104.2 Preparing and Controlling the Operating Budget -  
Proprietary Funds for State and Local Governments
- MG2105.2 Preparing the Capital Budget for State and Local  
Governments
- MG2106.2 Long-Range Financial Planning for State and Local  
Governments
- MG2107.1 OMB Circular A-87 - Cost Principles Applicable to  
Grants and Contracts with State and Local Governments
- MG2108.2 Concepts and Tools for Costing Government Services for  
State and Local Governments
- MG2109.2 Contracting Out Federal, State, and Local Government  
Services
- MG2110.2 Cost Analysis for Internal Service Funds for State and  
Local Governments
- MG2111.1 Cost Accounting for Federal Government Contracts
- MG2112.2 Establishing Rates for Proprietary Services for State  
and Local Governments
- MG2300 FINANCIAL MANAGEMENT IN GOVERNMENT**
- MG2301.1 The Elected Official's Role in Financial Planning and  
Control for State and Local Governments
- MG2302.2 Cash Management for the Federal Government
- MG2303.2 Cash Management and Investment Policies and Procedures  
for State and Local Governments
- MG2304.1 Real and Personal Property Taxes, Assessment (Billing)  
Collection and Enforcement for State and Local  
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MG2305.2 Inventory Planning and Control for State and Local Governments

MG2306.2 Property and Infrastructure Management for State and Local Governments

MG2307.3 Long-Term Capital Improvements and Development Management for State and Local Governments

MG2308.2 Debt Policy and Management for State and Local Governments

MG2309.1 Uniform Administrative Requirements for Federal Grants in Aid: OMB Circulars A-102 and A-110

MG2310.3 Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments

MG2311.2 Gambling and Lotteries Revenue Management for State and Local Governments

MG2312.2 Alternative Revenue Sources for State and Local Governments

MG2313.2 Fundamentals of Procurement and Contractual Management for State and Local Governments

MG2314.1 Unique Tax Reporting for State and Local Governments

MG2315.2 Risk Management and Insurance for State and Local Governments

MG2316.1 Public Employee Retirement Systems for State and Local Governments

MG2317.2 Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments

MG2318.2 Banking Practices in State and Local Governments

PD

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PD1206.2        Negotiating  
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PD1208.2        Selling Professional Services  
PD1209.2        Being Assertive

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PD1301.2        Memory Skills  
PD1302.2        Time Management  
PD1303.2        Stress Management  
PD1304.2        Goal Setting  
PD1305.2        Positive Self-Image  
PD1306.2        Understanding Yourself and Your Impact on Others  
PD1307.2        Balance of Life  
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**PD1400            PUBLIC RELATIONS**

PD1402.2        Press Relations for Federal, State, and Local Governments  
PD1403.2        Federal, State, and Local Governments' Relations with the  
                  Public/Client Organizations  
PD1404.2        Interaction Among Government Levels

**PD1500            PROFESSIONAL ETHICS**

PD1503.2        Professional Ethics for Members in Government

NATIONAL CURRICULUM  
FIELDS OF STUDY

AA  
ACCOUNTING  
& AUDITING

**AA****ACCOUNTING AND AUDITING**

<b>AA1000</b>	<b>ACCOUNTING AND AUDITING RESEARCH</b>	
AA1001.2	Accounting Research	PP
AA1002.3	Applying Problem-Solving Techniques to Accounting Issues	PP
AA1003.2	Auditing Research	PI
<b>AA1100</b>	<b>FINANCIAL STATEMENTS AND REPORTS</b>	
AA1101.1	Preparing Basic Generally Accepted Accounting Principles Financial Statements	PI
AA1102.2	Consolidated and Combined Financial Statements	PI
AA1103.2	Segment Reporting	PI
AA1104.2	Interim Financial Statements	PI
AA1105.2	Preparing and Reporting Prospective Financial Presentations	PI
AA1106.2	Preparing Financial Statements in Accordance With Other Comprehensive Bases of Accounting (OCBOA)	PI
AA1107.2	Analyzing Financial Statements	PI
AA1108.2	Earnings Per Share	PI
AA1109.2	Accounting Changes	PI
AA1110.2	Accounting and Reporting for Bankruptcies and Insolvencies	PI
AA1111.2	Preparing and Reporting on Personal Financial Statements	PI
AA1112.1	Review of Accounting and Professional Pronouncements	PI
AA1113.4	Accounting Concepts, Standards, and Reporting Update	PI
<b>AA1200</b>	<b>MEASUREMENT, RECOGNITION, AND PRESENTATION OF SPECIFIC FINANCIAL STATEMENT ITEMS</b>	
AA1201.2	Cash, Receivables, and Marketable Securities	PI
AA1202.2	Inventories	PI
AA1203.2	LIFO (last in, first out) Inventories	PI
AA1204.2	Investments, Intangibles, Deferred Charges, and Other Assets	PI
AA1205.2	Property, Plant, and Equipment	PI
AA1206.2	Current Liabilities, Deferred Credits, and Long-Term Debt	PI
AA1207.2	Accounting for Income Taxes	PI
AA1208.2	Accounting for Employers' Pension Plans	PI
AA1209.2	Commitments and Contingencies	PI
AA1210.2	Owners' Equity	PI
AA1211.2	Income and Expense Recognition - Special Considerations	PI
AA1212.2	Business Combinations	PI
AA1213.2	Foreign Operations	PI
AA1214.2	Leases	PI
AA1215.2	Price-Level Changes	PI
AA1216.1	Accounting for Real Estate	PI

<b>AA1400</b>	<b>SEC PRACTICE</b>	
AA1401.2	Securities and Exchange Commission Accounting and Periodic Reporting	PI
AA1402.2	Securities and Exchange Commission Registration Requirements	PI
AA1403.2	Considerations in Going Public	PI
AA1404.3	Considerations in Going Private	PI
AA1405.3	Advanced Securities and Exchange Commission Accounting and Periodic Reporting	PI
AA1406.4	Securities and Exchange Commission Update	PI
<b>AA1500</b>	<b>GOVERNMENT ACCOUNTING AND REPORTING - CORE</b>	
AA1501.1	Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments	GP
AA1502.1	Introduction to Fund Accounting and Reporting for the Federal Government	GP
AA1503.1	Basic Accounting and Financial Reporting for State and Local Governments	GP
AA1504.1	Basic Accounting and Financial Reporting for the Federal Government	GP
AA1505.2	Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Financial Section	GP
AA1506.2	Preparing Comprehensive Annual Financial Reports for State and Local Governments: Notes to Financial Statements	GP
AA1507.2	Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Introductory and Statistical Sections	GP
AA1508.2	Preparing Interim Financial Statements and Reports for State and Local Governments	GP
AA1509.2	Preparing Special-Purpose Financial Reports for State and Local Governments	GP
AA1510.2	Researching State and Local Government Accounting and Reporting Issues	GP
AA1511.2	Researching Federal Government Accounting and Reporting Issues	GP
AA1512.4	State and Local Government Accounting and Reporting Update	GP
AA1513.4	Federal Government Accounting and Reporting Update	GP
<b>AA1600</b>	<b>GOVERNMENT ACCOUNTING AND REPORTING - SPECIALIZED</b>	
AA1601.2	Grant Accounting and Financial Reporting for State and Local Governments	GP
AA1602.2	Grant Accounting and Financial Reporting for the Federal Government	GP
AA1603.2	Pension Accounting and Financial Reporting for State and Local Governments	GP

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AA1604.2	Lease Accounting and Financial Reporting for State and Local Governments	GP
AA1605.2	Fixed-Asset Accounting and Financial Reporting for State and Local Governments	GP
AA1606.2	Debt Accounting and Financial Reporting for State and Local Governments	GP
AA1607.2	Special Assessments Accounting and Financial Reporting for Local Governments	GP
AA1608.2	Joint Activities Accounting and Financial Reporting for State and Local Governments	GP
AA1609.2	Utilities Accounting and Financial Reporting for State and Local Governments	GP
AA1610.2	Accounting and Financial Reporting for State and Local Government Hospitals and Other Health-Care Facilities	GP
AA1611.2	Accounting and Financial Reporting for Colleges and Universities of State and Local Governments	GP
AA1612.2	Accounting and Financial Reporting for Transportation Systems of State and Local Governments	GP
AA1613.2	Accounting and Financial Reporting for Special Financing Authorities of State and Local Governments	GP
AA1614.2	Capital Projects Accounting and Financial Reporting for State and Local Governments	GP
AA1615.2	Accounting and Financial Reporting for Nonprofit Organizations of State and Local Governments	GP
AA1616.2	School District Accounting and Financial Reporting	GP
AA1617.3	Notes to Financial Statements of State and Local Governmental Entities	GP
AA1618.1	Developing Funds in the Federal Government: Accounting Principles and Procedures	GP
<b>AA1700</b>	<b>MICROCOMPUTER APPLICATIONS - ACCOUNTING AND AUDITING</b>	
AA1701.2	Using Microcomputers in Accounting	AL
AA1702.2	Using Microcomputers in Auditing	PP
AA1703.3	Using Microcomputer Audit Application Software	AL
AA1704.4	Current Developments in Microcomputer Systems Related to Accounting and Auditing - An Update	PP
<b>AA1800</b>	<b>PLANNING AND SUPERVISION - ACCOUNTANTS' SERVICES</b>	
AA1801.2	Use of Specialists, Internal Auditors, and Other Auditors	GP
AA1802.2	Materiality and Risk Considerations in Audit Engagements	AL
AA1803.2	Understanding the Client's Business in Planning an Engagement	GP
AA1804.2	Developing the Engagement Plan and Work Program	GP
AA1805.2	Engagement Management	GP
AA1806.2	Review of Working Papers	AL

<b>AA1900</b>	<b>STUDY AND EVALUATION OF INTERNAL CONTROL</b>	
AA1901.1	Introduction to the Study and Evaluation of Internal Control	AL
AA1902.2	Study and Evaluation of Internal Control - Preliminary Phase	AL
AA1903.2	Evaluating a Simple System of Internal Control	AL
AA1904.3	Evaluating a Complex System of Internal Control	AL
AA1905.2	Documentation of the Study and Evaluation of a System of Internal Control	AL
AA1906.2	Flowcharting	AL
AA1907.2	Testing and Evaluating Compliance with Internal Controls	AL
AA1908.2	Reporting on Material Internal Control Weaknesses and Constructive Suggestions on Internal Controls	PI
AA1909.2	Evaluating and Reporting on Internal Control Systems in Federal Operations	GG
<b>AA2000</b>	<b>AUDITING AND EDP</b>	
AA2001.1	Basic Computer Concepts	AL
AA2002.2	Computer-Assisted Audit Techniques	AL
AA2003.3	Computer-Assisted Audit Techniques II - Mainframes	AL
AA2004.3	Computer-Assisted Audit Techniques III - Mini- and Microcomputers	AL
<b>AA2100</b>	<b>SUBSTANTIVE AUDIT PROCEDURES</b>	
AA2101.1	Basic Concepts of Substantive Testing	AL
AA2102.2	Analytical Review	AL
AA2103.2	Related-Party Transactions	AL
AA2104.2	Client/Auditee Representations	PI
AA2105.2	Lawyers' Letters	PI
AA2106.1	Introduction to Audit Sampling	AL
AA2107.2	Variables Estimation Sampling	AL
AA2108.2	Attributes Sampling	AL
AA2109.2	Probability-Proportional-to-Size Sampling	AL
AA2110.2	Nonstatistical Sampling	AL
AA2111.2	Substantive Testing in First-Time Examinations	GP
AA2112.2	Substantive Testing of Cash	AL
AA2113.2	Substantive Testing of Receivables	AL
AA2114.2	Substantive Testing of Inventories	AL
AA2115.2	Substantive Testing of Property, Plant, and Equipment	PI
AA2116.2	Substantive Testing of Prepaids, Intangibles, and Other Assets	PI
AA2117.2	Substantive Testing of Investments and Marketable Securities	AL
AA2118.2	Substantive Testing of Accounts Payable and Accrued Liabilities	AL
AA2119.2	Substantive Testing of Notes Payable and Long-Term Debt	AL



AA2120.2	Substantive Testing of Income Taxes	PI
AA2121.2	Substantive Testing of Equity Accounts	PI
AA2122.2	Substantive Testing of Income Statement Accounts	PI

**AA2200            INDEPENDENT AUDITORS' REPORTS**

AA2201.2	Reporting on Audited Financial Statements	GP
AA2202.2	Reporting on Condensed Financial Statements and Selected Financial Data	PP
AA2203.2	Subsequent Occurrences - Subsequent Events and Subsequent Discovery of Facts Existing at the Date of the Auditor's Report	AL
AA2204.2	Reviewing Supplementary Information Required by the Financial Accounting Standards Board	PI
AA2205.2	Other Reports - SAS No. 14, SAS No. 35, and Attestation Reports	PP
AA2206.2	Reports on Applying Agreed-Upon Procedures	PP
AA2207.2	Accountants' Services and Reports on Prospective Financial Presentations	PP
AA2208.2	Review of Interim Financial Information - Public Companies	PP
AA2209.2	Special-Purpose Reports on Internal Accounting Control at Service Organizations	AL
AA2210.2	Reporting on Internal Control Engagements	PI

**AA2300            GOVERNMENT AUDITING**

AA2301.1	Auditing in the Government Environment	GP
AA2302.2	Unique Aspects of Financial Auditing for State and Local Governments	GP
AA2303.2	Unique Aspects of Financial Auditing for the Federal Government	GP
AA2304.2	Understanding the Entity's Activities in Planning an Audit for State and Local Governments	GP
AA2305.2	Basic Audit Reviewing Skills for Federal, State, and Local Governments	GP
AA2306.3	Advanced Audit Reviewing Skills for Federal, State, and Local Governments	GP
AA2307.2	Introduction to the Study and Evaluation of Internal Control in State and Local Governments	GP
AA2308.2	Introduction to the Study and Evaluation of Internal Control in the Federal Government	GP
AA2309.2	Reporting on Material Internal Control Weaknesses and Constructive Suggestions in Internal Controls in State and Local Governments	GP
AA2310.2	Reporting on Material Internal Control Weaknesses and Constructive Suggestions on Internal Controls in the Federal Government	GP
AA2311.2	Agency Representations in Federal, State, and Local Governments	GP
AA2312.2	Legal Correspondence in State and Local Governments	GP

AA2313.2	Substantive Testing of Property and Equipment in Federal, State, and Local Governments	GP
AA2314.2	Substantive Testing of Prepaids and Other Assets in Federal, State, and Local Governments	GP
AA2315.2	Substantive Testing of Fund Balances in State and Local Governments	GP
AA2316.2	Substantive Testing of the Operating Statement Accounts in State and Local Governments	GP
AA2317.2	Reviewing Supplementary Information Required by the Governmental Accounting Standards Board in State and Local Governments	GP
AA2318.2	Auditing Research in Federal, State, and Local Governments	GP
AA2319.4	Auditing Update in State and Local Governments	GP
AA2320.4	Auditing Update in the Federal Government	GP
<b>AA2400</b>	<b>GOVERNMENT AUDITING - SPECIALIZED</b>	
AA2401.2	Financial and Compliance Audits for Federal, State, and Local Governments	GP
AA2402.2	Auditing of Internal Control - Federal Sector	GP
AA2403.2	Economy-and-Efficiency Audits - Federal, State, and Local Governments	GP
AA2404.2	Program-Results (Effectiveness) Audits - Federal, State, and Local Governments	GP
AA2405.3	Single Audit Concepts and Procedures - State and Local Governments	GP
AA2406.2	Federal Grant Program Audits - State and Local Governments	GP
AA2407.2	Auditing Expenditures for State and Local Governments	GP
AA2408.2	Auditing Expenditures for the Federal Government	GP
AA2409.2	Auditing Revenues for State and Local Governments	GP
AA2410.2	Investigative Audits in Federal, State, and Local Governments	GP
AA2411.3	Auditing Special Financial Statement Items Unique to State and Local Governments	GP
AA2412.3	Auditing Special Entities Associated With State and Local Governments	GP
AA2413.2	Contract Auditing	GP
AA2414.2	Auditing for Fraud, Abuse, and Illegal Acts	GP
<b>AA2500</b>	<b>ACCOUNTING SERVICES FOR SMALL BUSINESS</b>	
AA2501.2	Compilation and Review of Financial Statements	PP
AA2502.3	Complex Problems in Compilation and Review Engagements	PP
AA2503.4	Compilation and Review Services Update	PP
AA2504.2	Write-up Services for Small Business Clients	PP

<b>AA2600</b>	<b>ACCOUNTING AND AUDITING - GENERAL</b>	
AA2601.1	Working Paper Preparation and Documentation	AL
AA2602.2	Auditor Responsibilities for Errors or Irregularities	PI
AA2603.2	Audits of Pension Plans	PP
AA2604.2	Emerging Management Accounting Concepts and Practices	AL
AA2605.3	Conducting a Peer Review	PP
AA2606.3	Acceptance and Continuance of Clients	PP
AA2607.4	Auditing Update	PI
AA2608.1	Accountants' Services Related to Clients Contracting With the Federal Government	PI

**AA1001.2 ACCOUNTING RESEARCH**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify accounting problems and use various sources of accounting literature to solve them.
- o Apply research skills to solve moderately complex accounting problems.
- o Document research and communications results.

**Description**

This unit explains the research process, the use of existing sources of accounting literature to solve accounting problems, and writing memos and reports to document the research.

**Requisite Knowledge and Experience**

This unit is for individuals with limited practical experience in accounting research.

**Major Topics**

- o The fundamentals of research: how to identify and approach problems and organize research efforts
- o How to identify and use tools for accounting research
- o Which sources and types of accounting literature to tap
- o The key steps in the research process
- o How to document the research and communicate results

**Companion Units**

This unit can be combined with the Auditing Research (AA1003.2) unit.

**AA1002.3    APPLYING PROBLEM-SOLVING TECHNIQUES TO ACCOUNTING ISSUES**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify accounting problems.
- o Generate ideas and/or solutions.
- o Gather and analyze appropriate accounting data.
- o Resolve complex accounting issues.

**Description**

This unit explains how to identify accounting problems, gather and analyze data, and generate ideas and/or solutions. Participants will also be shown how to apply these problem-solving techniques to identify and resolve complex accounting and reporting issues.

**Requisite Knowledge and Experience**

This unit is for individuals who have extensive experience in accounting and have completed the Accounting Research (AA1001.2) unit.

**Major Topics**

- o Identify and define accounting problems:
  - Mapping; webbing (a means of taking notes and writing down ideas)
  - Analogies
- o Generate ideas/solutions:
  - Effective brainstorming
  - Perception exercises; breaking out of rigid thought patterns
  - Visualization
  - Enhancing intuition
- o Analyze and evaluate ideas/solutions:
  - Force-field analysis
- o Organize information:
  - How to remember; grouping
  - Techniques to increase understanding and retention

**Companion Units**

This unit is designed to stand alone.

**AA1003.2    AUDITING RESEARCH**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify sources of audit guidance and use them to solve auditing problems.

**Description**

This unit covers the sources of audit guidance and the ways they are used.

**Requisite Knowledge and Experience**

This unit is for individuals with a good working knowledge of generally accepted auditing standards.

**Major Topics**

- o Sources of audit guidance:
  - AICPA Statements on Auditing Standards
  - AICPA interpretations
  - AICPA audit and accounting guides
  - AICPA Auditing Standards Statements of Position
  - Audit research monographs
  - Audit procedures studies
  - Other sources (articles, papers, etc.)
- o Locating and using specific sources

**Companion Units**

This unit can be combined with the Accounting Research (AA1001.2) unit.

**AA1101.1    PREPARING BASIC GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FINANCIAL  
PI            STATEMENTS**

**Objectives**

This unit is designed to enable participants to prepare basic financial statements in accordance with generally accepted accounting principles (GAAP).

**Description**

This unit covers presentation techniques for basic financial statements and related disclosures.

**Requisite Knowledge and Experience**

This unit is for individuals with an entry-level understanding of accounting.

**Major Topics**

- o GAAP financial statement preparation
- o Required GAAP disclosures
- o Format and presentation guidelines
- o Use of checklists:
  - Major publications that include checklists
  - Use of in-house checklists

**Companion Units**

This unit is designed to stand alone.

## AA1102.2 CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

PI

### Objectives

This unit is designed to enable participants to -

- o Apply the principles of consolidation and combination.
- o Prepare worksheets and intercompany eliminating entries for consolidated and combined financial statements.
- o Prepare consolidated and combined financial statements and related disclosures.

### Description

This unit explains the principles of consolidation and combination and the preparation of consolidated and combined financial statements.

### Requisite Knowledge and Experience

This unit is for individuals who understand the basic concepts of financial statement presentation and have little or no practical experience in preparing consolidated financial statements.

### Major Topics

- o The purpose of consolidation and combination
- o The principles and standards of consolidation
- o Consolidated, consolidating, and combined statements
- o Preparing consolidated worksheets and intercompany eliminating entries
- o Special considerations:
  - Foreign subsidiaries
  - Treatment of minority interests
  - Use of the equity method to present unconsolidated subsidiaries
  - Acquisition or disposition of a subsidiary
  - Joint ventures
  - "Push-down accounting"

### Companion Units

This unit may be combined with the Business Combinations (AA1212.2) and the Segment Reporting (AA1103.2) units.



**AA1103.2    SEGMENT REPORTING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify enterprises that should disclose segment information.
- o Define reportable segments.
- o Prepare and present segment disclosures.

**Description**

This unit covers the practices and procedures for segment reporting.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in preparing basic historical financial statements.

**Major Topics**

- o The standards that establish segment reporting requirements
- o How to identify enterprises required to disclose segment information
- o How to determine reportable segments
- o The accounting principles used in preparing segment information
- o How to present required disclosures of reportable segments

**Companion Units**

This unit may be combined with the Consolidated and Combined Financial Statements (AA1102.2) unit.

**AA1104.2 INTERIM FINANCIAL STATEMENTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Explain the accounting and reporting requirements relating to interim financial statements.
- o Prepare interim financial statements in accordance with generally accepted accounting principles (GAAP).

**Description**

This unit explains the accounting and reporting principles required to prepare interim financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in preparing the basic annual historical GAAP financial statements.

**Major Topics**

- o The issues related to interim reporting, including its limitations
- o The measurement of revenues and costs in interim financial statements
- o Financial statement presentation
- o Disclosure requirements
- o Special considerations:
  - Income tax provisions
  - LIFO (last in, first out) inventories
  - Significant, unusual, or infrequent items occurring in interim periods

**Companion Units**

This unit may be combined with the Review of Interim Financial Information - Public Companies (AA2208.2) unit.

**AA1105.2    PREPARING AND REPORTING PROSPECTIVE FINANCIAL PRESENTATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to prepare and present prospective financial presentations.

**Description**

This unit covers authoritative literature relating to the preparation of and reporting on prospective financial presentations. It also deals with how accountants can render these services.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in preparing and reporting on historical financial statements.

**Major Topics**

- o The uses of prospective financial statements
- o The various forms of prospective financial presentations
- o Authoritative literature
- o Financial projections, financial forecasts, partial presentations, and other key terms
- o Internal-use presentations
- o Presentation guidelines and disclosures for projections and forecasts

**Companion Units**

This unit may be combined with the Accountants' Services and Reports on Prospective Financial Presentations (AA2207.2) unit.

**AA1106.2    PREPARING FINANCIAL STATEMENTS IN ACCORDANCE WITH OTHER  
PI            COMPREHENSIVE BASES OF ACCOUNTING (OCBOA)**

**Objectives**

This unit is designed to enable participants to -

- o Prepare basic financial statements in accordance with other comprehensive bases of accounting (OCBOA).
- o Prepare required footnote disclosures.

**Description**

This unit covers presentation techniques for basic financial statements and related disclosures.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in preparing historical generally accepted accounting principles financial statements and have taken the Preparing Basic Generally Accepted Accounting Principles Financial Statements (AA1101.1) unit.

**Major Topics**

- o Other comprehensive bases of accounting:
  - Cash basis
  - Modified cash basis
  - Income tax basis
- o Financial statement presentation and guidelines

**Companion Units**

This unit is designed to stand alone.

**AA1107.2 ANALYZING FINANCIAL STATEMENTS**  
**PI**

**Objectives**

This unit is designed to enable participants to analyze, interpret, and communicate financial statement information.

**Description**

This unit explains how to analyze and interpret financial statement information.

**Requisite Knowledge and Experience**

This unit is for individuals who have an entry-level understanding of accounting and have taken the Preparing Basic Generally Accepted Accounting Principles Financial Statements (AA1101.1) unit.

**Major Topics**

- o Purposes of financial statements
- o Inherent limitations of financial statements
- o Financial analysis:
  - Cash-flow analysis
  - Ratio analysis
  - Regression analysis
  - Trend analysis
  - Financial models
- o Financial models currently available, including microcomputer applications
- o Sources of comparison, such as industry data
- o Price-level financial statements

**Companion Units**

This unit can be a component of a level II staff-training program and can be combined with the Analytical Review (AA2102.2) unit.

**AA1108.2 EARNINGS PER SHARE**  
**PI**

**Objectives**

This unit is designed to enable participants to calculate and report earnings-per-share information for complex capital structures of organizations.

**Description**

This unit explains how to calculate and report earnings per share in basic financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with an entry-level understanding of accounting.

**Major Topics**

- o The use of earnings-per-share information
- o The standards establishing earnings-per-share requirements
- o The key elements in earnings-per-share calculations, including stock options, stock rights, and convertible securities, and their effect
- o Calculation methods and techniques
- o Presentation and disclosure of earnings per share

**Companion Units**

This unit can be a component of a level II staff-training program.

AA1109.2 ACCOUNTING CHANGES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify an accounting change and the time it occurred.
- o Determine the amount of change and its proper financial presentation.
- o Prepare the appropriate disclosures.

**Description**

This unit covers the accounting, financial presentation, and disclosure considerations for accounting changes.

**Requisite Knowledge and Experience**

This unit is for individuals with an entry-level understanding of accounting.

**Major Topics**

- o The various types of accounting changes:
  - Reporting entity
  - Change in estimate
  - Change in accounting method
  - Change in principle
- o The generally accepted accounting principles for each type of accounting change:
  - How and when to recognize change in the financial statements
  - Disclosure requirements

**Companion Units**

This unit can be a component of a level II staff-training program and can be combined with the Reporting on Audited Financial Statements (AA2201.2) unit.

**AA1110.2 ACCOUNTING AND REPORTING FOR BANKRUPTCIES AND INSOLVENCIES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply the proper accounting methods and financial reporting requirements to insolvencies.
- o Perform appropriate services for bankruptcy and insolvency proceedings.

**Description**

This unit details the accountant's role in bankruptcy and insolvency proceedings. It also covers the applicable accounting methods and reporting requirements and accountants' services for debtors, trustees, and creditors' committees.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in preparing and reporting on basic generally accepted accounting principles historical financial statements.

**Major Topics**

- o Types and methods of bankruptcy
- o Accountants' adversary and advocacy roles with respect to creditors' committees, trustees, and debtors
- o Retention of the accountant
- o Accounting services
- o Audit procedures and special areas of inquiry
- o Financial reporting:
  - Prospective financial statements
  - Going concern or liquidation basis
  - Valuation problems
  - Troubled debt situations

**Companion Units**

This unit is designed to stand alone.



AA1111.2 PREPARING AND REPORTING ON PERSONAL FINANCIAL STATEMENTS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Prepare personal financial statements, including the required disclosures.
- o Apply current value concepts to statement items.
- o Provide appropriate services related to personal financial statements.
- o Recognize and resolve specific practice problems.

**Description**

This unit covers the preparation of personal financial statements with appropriate disclosures and accountants' reports.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in preparing personal financial statements.

**Major Topics**

- o Prepare personal financial statements:
  - Generally accepted accounting principles for personal financial statements
  - Data gathering: unique problems and techniques to resolve
  - Estimated value accounting, including valuation of closely held businesses
  - Practice problems and presentation alternatives
- o Report on personal financial statements:
  - Compilation
  - Review
  - Audit

**Companion Units**

This unit is designed to stand alone.

**AA1112.1 REVIEW OF ACCOUNTING AND PROFESSIONAL PRONOUNCEMENTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Explain the accounting or disclosure requirements of those authoritative pronouncements that affect their organization.
- o Describe the criteria for an authoritative pronouncement to apply to an organization.
- o Identify the effects of applying an authoritative pronouncement to an organization.

**Description**

This unit provides participants with an overview of the authoritative literature that supports accounting and disclosure under generally accepted accounting principles. It is intended to cover the main points of the major pronouncements of the Financial Accounting Standards Board (FASB).

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of accounting concepts and some experience in applying them.

**Major Topics**

- o A history of accounting standards: Accounting Research Bulletin, Accounting Principles Board, FASB, and the like
- o The Conceptual Framework
- o A review of the implications of individual pronouncements; such as the following:
  - Income tax accounting
  - Employee compensation
  - Business combination - pooling and purchase
  - Consolidation and the equity method
  - Earnings per share
  - Foreign currency translation
  - Interest capitalization
  - Others
- o A review of agenda matters of the FASB, the AICPA, and others

**Companion Units**

This unit is designed to stand alone.

AA1113.4 ACCOUNTING CONCEPTS, STANDARDS, AND REPORTING UPDATE  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify significant changes in accounting principles resulting from pronouncements that have been issued recently or are being considered by the Financial Accounting Standards Board and are being developed by other sources, such as academia and the AICPA.
- o Assess the impact of potential accounting changes on financial statements.

**Description**

This unit covers recent and potential changes in accounting principles and practices and their effects on financial statements.

**Requisite Knowledge and Experience**

This unit is for practitioners who have a thorough knowledge of existing accounting principles.

**Major Topics**

- o Significant recently issued accounting pronouncements
- o Significant alternative accounting principles and theories being considered and developed
- o The potential effects of any changes on financial statements and disclosures

**Companion Units**

This unit can be combined with other update units in other categories.

AA1201.2 CASH, RECEIVABLES, AND MARKETABLE SECURITIES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles (GAAP) recognition and measurement methods for cash, receivables, and marketable securities.
- o Record transactions and prepare financial statement presentations for these items.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, valuation, and presentation of cash receivables and marketable securities in financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical experience in measurement, valuation, and presentation of quick assets.

**Major Topics**

- o Basic accounting and reporting requirements for these items, according to GAAP
- o Specific measurement standards and valuation techniques for the following:
  - Cash
  - Accounts receivable
  - Allowance for doubtful accounts
  - Current marketable securities
- o Financial statement presentation and disclosure

**Companion Units**

This unit typically would be a component of a level I staff-training program combined with the Substantive Testing of Cash (AA2112.2), Substantive Testing of Receivables (AA2113.2), and Substantive Testing of Investments and Marketable Securities (AA2117.2) units.

**AA1202.2 INVENTORIES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles recognition and measurement methods for inventories.
- o Record transactions and prepare financial statement presentation for inventories.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, valuation, and presentation of inventories in financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical experience in measurement, valuation, and presentation of inventories.

**Major Topics**

- o Basic accounting and reporting requirements for inventories
- o Special considerations:
  - Cost methods
  - Valuation considerations
- o Financial statement presentation and disclosure

**Companion Units**

This unit typically would be a component of a level I staff-training program combined with the Substantive Testing of Inventories (AA2114.2) or the LIFO (last in, first out) Inventories (AA1203.2) units.

**AA1203.2 LIFO (LAST IN, FIRST OUT) INVENTORIES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles (GAAP) measurement and valuation methods for LIFO (last in, first out) inventories.
- o Record transactions and prepare financial statement presentation for LIFO inventories.
- o Prepare financial statement disclosures.

**Description**

This unit is covers accounting and financial reporting for LIFO inventories. Practical problems of conversion to LIFO will also be reviewed.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in accounting for inventories who have completed the Inventories (AA1202.2) and the Substantive Testing of Inventories (AA2114.2) units or who have equivalent knowledge.

**Major Topics**

- o Advantages and disadvantages of LIFO
- o Selecting an appropriate LIFO method:
  - Unit method
  - Dollar value
  - Pooling
  - Double extension
  - Link chain
- o Planning and executing a conversion
- o Accounting procedures and implications:
  - Computation and reconciliation of reserves
  - Disclosure and presentation
- o Tax aspects and implications of LIFO
- o Interim financial reporting

**Companion Units**

This unit can be combined with the Inventories (AA1202.2) unit.

AA1204.2 INVESTMENTS, INTANGIBLES, DEFERRED CHARGES, AND OTHER ASSETS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Measure and report on noncurrent investments, intangibles, deferred charges, and other assets.
- o Identify specific generally accepted accounting principles recognition and measurement methods for investments, intangibles, deferred charges, and other assets.
- o Record transactions and prepare financial statement presentation for investments, intangibles, deferred charges, and other assets.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, valuation, and presentation of investments, intangibles, deferred charges, and other assets in financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in measurement, valuation, and presentation of investments, intangibles, deferred charges, and other assets.

**Major Topics**

- o A definition of the following elements:
  - Investments (other than current)
  - Intangibles (goodwill)
  - Deferred charges, patents, and trademarks (other than current)
  - Other assets
- o A review of basic accounting and reporting requirements for these items
- o An analysis of the standards for capitalization, amortization and valuation
- o An explanation of financial statement presentation and disclosures

**Companion Units**

This unit typically would be a component of a level I staff-training program combined with the Substantive Testing of Prepaids, Intangibles, and Other Assets (AA2116.2) and the Substantive Testing of Investments and Marketable Securities (AA2117.2) units.

**AA1205.2 PROPERTY, PLANT, AND EQUIPMENT**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles recognition and measurement methods for property, plant, and equipment.
- o Record transactions and prepare financial statement presentations for property, plant, and equipment items.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, valuation, and presentation of property, plant, and equipment in financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in measurement, valuation, and presentation of property, plant, and equipment.

**Major Topics**

- o Basic accounting and reporting requirements for these items
- o Special considerations:
  - Methods and effect of acquiring by cash, deferred payment, stock exchange, donation, mixed acquisitions
  - Assets constructed for own use
  - Installation costs, razing old buildings, and so on, before operational use
  - Capitalization of interest costs
  - Outlays after use - improvements, rearrangements, replacements, repairs
  - Revaluing for obsolescence
  - Selection and application of depreciation methods - straight line, production, service life, accelerated and compound interest methods
  - Special depreciation systems, including group and composite life, retirement, and replacement
  - Physical inspection of assets
- o Financial statement presentation and disclosure



### **Companion Units**

This unit typically would be a component of a level I staff-training program or combined with the Substantive Testing of Property, Plant, and Equipment (AA2115.2) unit.

AA1206.2 CURRENT LIABILITIES, DEFERRED CREDITS, AND LONG-TERM DEBT  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles recognition and measurement methods for current liabilities, deferred credits, and long-term debt.
- o Record transactions and prepare financial statement presentations for current liabilities, deferred credits, and long-term debt.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, valuation, and presentation of current liabilities, deferred credits, and long-term debt.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in measurement, valuation, and presentation of current liabilities, deferred credits, and long-term debt.

**Major Topics**

- o The definition of current liabilities, deferred credits, and long-term debt:
  - Review of basic accounting and reporting requirements for these items
  - Types of current liabilities - dividends payable, short-term notes, deferred revenue accounts payable, accrued liabilities, and the like
  - Types of long-term debt
  - Types of deferred credits
- o The standards establishing accounting and reporting requirements:
  - Estimation of current liabilities - guarantee and warranty obligations, and the like
  - Special long-term debt considerations - refinancing, early extinguishment of debt
  - Review of long-term debt agreements and disclosure requirements
  - Compliance with covenant restrictions
  - Amortization methods for debt issue costs and related premium or discount, such as straight line, bonds outstanding, and present value amortization
  - Imputed interest

o Financial statement presentation and disclosures

**Companion Units**

This unit typically would be a component of a level I staff-training program combined with the Substantive Testing of Accounts Payable and Accrued Liabilities (AA2118.2) and the Substantive Testing of Notes Payable and Long-Term Debt (AA2119.2) units.

**AA1207.2 ACCOUNTING FOR INCOME TAXES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Describe the fundamental principles of financial reporting for income taxes.
- o Compute the accounting income tax provision for corporations not subject to special income tax considerations.
- o Determine the proper presentation and disclosure of the income tax liability and expense in the financial statements.
- o Identify other significant special tax considerations.

**Description**

This unit covers measurement, allocation, and presentation of income taxes.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of tax concepts applicable to corporations and are familiar with the application of generally accepted accounting principles to financial statements.

**Major Topics**

- o The purpose and rationale of accounting principles for income taxes
- o Permanent and timing differences:
  - Definition identification
  - Distinguishing originating and reversing differences
- o The computation of the current provision
- o Deferred taxes:
  - Establishing the use of net-change and gross-change methods
  - Amortization using the net-change and gross-change methods
- o Net operating losses:
  - Carrybacks - impact on current and deferred provisions
  - Carryforwards - limitations on recognition of benefit
- o Investment tax credits - methods and carryforwards

- o Balance sheet and income statement presentation and disclosure:
  - General principles
  - Treatment of net operating losses
  - Intraperiod allocations

#### Companion Units

This unit can be combined with the Substantive Testing of Income Taxes (AA2120.2) unit.

**AA1208.2 ACCOUNTING FOR EMPLOYERS' PENSION PLANS**  
**PI**

**Objectives**

This unit is designed to enable participants to apply accounting and reporting requirements to employers' pension plans.

**Description**

This unit covers accounting and reporting requirements for employers' pension plans.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in measurement and reporting for employers' pension plans.

**Major Topics**

- o The various types of plans, such as defined contribution plans and defined benefit plans
- o Actuarial assumptions and techniques
- o Treatment of actuarial gains and losses
- o Insured plans
- o Determination of net periodic pension cost
- o Recognition of additional liability
- o Reporting requirements and disclosure
- o Disclosure of multiemployer pension-plan contributions and unfunded liability
- o Settlements, terminations, and curtailments

**Companion Units**

This unit is designed to stand alone.

**AA1209.2    COMMITMENTS AND CONTINGENCIES**  
**PI**

**Objectives**

This unit is designed to enable participants to identify, account for, and report commitments and contingencies in accordance with generally accepted accounting principles.

**Description**

This unit covers the application of accounting standards regarding commitments and contingencies using practical case problems.

**Requisite Knowledge and Experience**

This unit is for participants with little or no practical experience in dealing with commitments and contingencies.

**Major Topics**

- o The standards establishing commitments and contingencies requirements
- o The types of commitments and contingencies present in the normal business environment:
  - Commitments: sales and purchase contracts, construction programs, and the like
  - Contingencies: asserted and unasserted claims, legal cases, warranties and guarantees, contingent sales, and the like
- o Accounting for and reporting in financial statements
- o Financial statement presentation and disclosures

**Companion Units**

This unit can be combined with the Lawyers' Letters (AA2105.2) and the Legal Correspondence in State and Local Governments (AA2312.2) units.

AA1210.2 OWNERS' EQUITY  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify specific generally accepted accounting principles recognition and measurement methods for elements of owners' equity.
- o Record transactions and prepare financial statement presentations for owners' equity.
- o Prepare financial statement disclosures.

**Description**

This unit covers the measurement, recognition, and presentation of elements of owners' equity.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in measurement, recognition, and presentation of owners' equity accounts.

**Major Topics**

- o Basic accounting and reporting requirements for owners' equity
- o Special considerations:
  - Definition of legal capital
  - Issuance of stock in exchange for cash, debt, or services
  - Types of dividends and their effect
  - Retained earnings concepts - appropriated and unappropriated
  - Treasury stock and repurchase of shares
- o Financial statement presentation and disclosures

**Companion Units**

This unit typically would be a component of a level I staff-training program or combined with the Substantive Testing of Equity Accounts (AA2121.2) unit.



**AA1211.2 INCOME AND EXPENSE RECOGNITION - SPECIAL CONSIDERATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply the measurement, valuation, and financial reporting and presentation considerations for income and expense recognition.
- o Determine the appropriate disclosures.

**Description**

This unit explains income and recognition principles and the ways to apply them in order to measure, value, and report income and expense in various complex situations.

**Requisite Knowledge and Experience**

This unit is for individuals with a basic understanding of revenue and expense recognition concepts.

**Major Topics**

- o Generally accepted accounting principles relating to revenue and expense recognition
- o Special revenue considerations:
  - Installment sales
  - Percentage completion
  - Sales in which right of return exists
  - Leases: sales type
  - Franchise revenue
  - Product financing agreements
  - Involuntary conversion
  - Nonmonetary transactions
  - Sales-leaseback transactions
  - Real estate sales
  - Other specialized situations and industries
- o Special expense considerations:
  - Compensated absences
  - Research and development costs
  - Nonmonetary transactions
- o Financial reporting and disclosures

### **Companion Units**

This unit can be a component of a level II staff-training program. It can also be combined with the Substantive Testing of Income Statement Accounts (AA2122.2) unit.

AA1212.2 BUSINESS COMBINATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe the methods of accounting for a business combination.
- o Identify and apply the proper method of accounting for a business combination.
- o Record and disclose the effect of a business combination.

**Description**

This unit covers the selection and application of proper accounting methods for business combinations.

**Requisite Knowledge and Experience**

This unit is for individuals who have an understanding of the preparation of consolidated statements and have taken the Consolidated and Combined Financial Statements (AA1102.2) unit.

**Major Topics**

- o The types of business combinations
- o A comparison of the pooling-of-interest method with the purchase method of recording a business combination
- o The criteria for selecting the proper accounting method
- o Implementation procedures for the pooling method and the purchase method
- o Preacquisition contingencies
- o Accounting for costs of intangible assets, including goodwill
- o Financial statement presentation and disclosures

**Companion Units**

This unit is designed to stand alone.

AA1213.2 FOREIGN OPERATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify appropriate accounting considerations for investments in non-U.S. operations.
- o Apply accounting and reporting requirements for foreign currency transactions.
- o Remeasure and translate financial statements of non-U.S. operations.

**Description**

This unit covers the concepts and principles necessary to properly recognize the results of foreign operations and to perform foreign currency remeasurement and translation of financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in the preparation of financial statements.

**Major Topics**

- o Recognition of foreign earnings
- o Foreign currency transactions
- o Foreign currency translations:
  - Objectives of translations
  - Determination of functional currency
  - Special provisions for translations of highly inflationary economics
  - Accounting treatment of translation gain and losses
  - Methods of translation
  - Remeasurement of records not kept in functional currency
- o Net income exclusions
- o Forward exchange contracts
- o Income tax consequences
- o Financial statement presentation and disclosures

**Companion Units**

This unit is designed to stand alone.

AA1214.2 LEASES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify major concepts of accounting regarding leases by lessors and lessees.
- o Record transactions and prepare financial statement presentation and disclosure for leases.

**Description**

This unit covers the accounting and reporting of leases by lessors and lessees.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in accounting and reporting of leases.

**Major Topics**

- o The concept of leasing:
  - Capitalization vs. operating
  - Amounts to capitalize
  - Lease provisions
- o Accounting by lessors:
  - Major guidelines
  - Presentation and disclosure
- o Accounting by lessees:
  - Major guidelines
  - Presentation and disclosures
- o Special accounting problems:
  - Residual values
  - Sales-type leases
  - Initial direct costs
  - Sale-leaseback
  - Leases involving real estate
  - Leveraged leasing
- o Tax considerations

**Companion Units**

This unit is designed to stand alone.

**AA1215.2 PRICE-LEVEL CHANGES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Describe the effects of changing prices on historical financial statement information.
- o Calculate and present price-level change information when required by professional standards.

**Description**

This unit covers the methods of determining and disclosing the effect of changing prices on financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in preparing basic financial statements.

**Major Topics**

- o The effects of changing prices on historical financial statement information
- o The standards establishing price-level information requirements, including definition and examples of key terms, such as monetary asset vs. nonmonetary asset
- o The applicability of standards
- o Constant purchasing power measurements and current cost measurements
- o Special considerations:
  - Available indices
  - Foreign operations
  - Calculation methods and procedures
- o Presentation and required disclosures

**Companion Units**

This unit is designed to stand alone.

AA1216.1 ACCOUNTING FOR REAL ESTATE  
GP

**Objectives**

To enable participants to -

- o Identify specific generally accepted accounting principles for real estate entities.
- o Recognize gains and losses on real estate transactions.
- o Capitalize the appropriate costs.
- o Prepare financial statement disclosures.

**Descriptions**

This unit covers accounting and reporting requirements for real estate entities.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in accounting and reporting for real estate.

**Major Topics**

- o Profit recognition methods:
  - Accrual
  - Deposit
  - Installments
  - Cost recovery
- o Cost capitalization principles
- o Interest considerations:
  - Imputed
  - Capitalization
- o Net realizable value applications

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Summarize the operations of the Securities and Exchange Commission (SEC) and the laws that it administers.
- o Explain the key points of the Securities Act of 1933 and the Securities Exchange Act of 1934.
- o Describe accounting rules under Regulation S-X and reporting and disclosure requirements under Regulation S-K.
- o Differentiate between the purposes of and requirements for preparing and filing Forms 10-K, 10-Q, and 8-K.
- o Identify the basic registration forms and the reporting requirements specified in the SEC acts.
- o Explain rules and regulations related to proxy solicitations.

### Description

This unit orients participants to the SEC and the SEC Acts and explains how to prepare and file SEC periodic reporting Forms 10-K, 10-Q, and 8-K. In addition, this unit reviews the most common registration forms: S-1, S-2, and S-3. Periodic reporting forms are covered on an item-by-item basis. The relationship between the proxy rules and the annual report to shareholders is also covered.

### Requisite Knowledge and Experience

This unit is for individuals with no prior SEC reporting experience. Participants should have or expect to assume some responsibility for the preparation or review of SEC filing forms.

### Major Topics

- o The Securities Acts and the SEC:
  - The organization of the SEC and the laws that it administers
  - The Securities Act of 1933 and the Securities Exchange Act of 1934
  - The integrated disclosure system
- o Form 10-K annual reporting and disclosure requirements:
  - General requirements for Form 10-K
  - Item-by-item analysis of the form



- o Regulation S-X form and content of financial statements required in Form 10-K:
  - Financial statement and supplementary data requirements of Form 10-K
  - Financial statement supporting schedule requirements
  - Regulation S-X requirements that go beyond generally accepted accounting principles
- o Form 10-Q quarterly report:
  - Preparing and filing Form 10-Q
  - Requirements of regulations S-K and S-X as they apply to Form 10-Q
  - Item-by-item analysis emphasizing those requirements that differ from Form 10-K
- o Form 8-K current report:
  - General requirements of the form
  - Reportable events under Form 8-K
  - Item-by-item analysis of the form
- o An overview of the securities registration requirements
- o Proxy solicitation requirements:
  - Rules and regulations related to proxy solicitations
  - The relationship between the proxy statement and the annual report to shareholders

#### **Companion Units**

This unit can be combined with the Securities and Exchange Commission Registration Requirements (AA1402.2) unit.

AA1402.2    SECURITIES AND EXCHANGE COMMISSION REGISTRATION REQUIREMENTS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe the organizational structure of the Securities and Exchange Commission (SEC) and the contents of the Securities Act of 1933 and the Securities Exchange Act of 1934.
- o Summarize what is required to bring a securities offering to the selling stage.
- o Identify the various elements of the registration process.
- o Explain the requirements for preparing a Form S-1 registration statement.
- o Prepare the financial statements and supplementary data requirements of Form S-1.
- o Define the Articles of Regulation S-X.
- o Explain the eligibility requirements and the incorporation by reference provisions of Forms S-2 and S-3.
- o Identify the availability and reporting requirements for specialized registrations.

**Description**

This unit provides participants with the proper tools for planning and understanding the SEC registration process and shows how to prepare and file the appropriate forms. It explains the SEC's three-tiered registration system (S-1, S-2, S-3) as well as the rules for using cost-effective alternatives, including the issuance of securities without formal registration with the SEC.

**Requisite Knowledge and Experience**

This unit is for individuals with no SEC registration experience. Participants should have or expect to assume some responsibility for preparing or reviewing SEC registration forms.

**Major Topics**

- o The Securities Laws and the SEC:
  - The organization of the SEC and the laws that it administers
  - The integrated disclosure system
  - Common registration forms and registration options under the Securities Act of 1933

- o The registration process:
  - Planning and preparing the registration statement
  - Filing and processing the registration statement
  - Filing amendments
  - Effectiveness of the registration statement
  - Post-effective amendments
  - Contents of a typical registration statement and general administrative requirements
  - Letter to the underwriter
  
- o Form S-1 registration statement:
  - General information and administrative requirements
  - Item-by-item analysis of the form
  
- o Regulation S-X: form and content of financial statements required in registration forms:
  - Financial statement and supplementary data requirements under Item 11(e) of Form S-1
  - Articles of Regulation S-X
  - SEC accounting and reporting requirements beyond generally accepted accounting principles
  
- o Forms S-2 and S-3:
  - Eligibility requirements and general components of Forms S-2 and S-3
  - Incorporation by reference provisions
  - Differences in reporting under Forms S-1, S-2, and S-3
  
- o Specialized registrations:
  - Form S-8: registration statement of employee stock-option plans
  - Form S-14: registration statement for Rule 145 merger proxies
  - Form S-15: short-form registration statement for certain business combinations
  - Regulation D: exemption from Regulation D for limited offers and sales of securities
  - Regulation C, Rule 415: shelf registrations

#### Companion Units

This unit can stand alone, or it can be combined with the Securities and Exchange Commission Accounting and Periodic Reporting (AA1401.2) unit.

AA1403.2    CONSIDERATIONS IN GOING PUBLIC  
PI

**Objectives**

This unit is designed to enable participants to -

- o Assess the advantages, disadvantages, and alternatives an organization should consider when deciding whether to go public.
- o Describe significant factors related to being a public company.
- o Explain the steps of going public.
- o Analyze how an offering price is determined.
- o Appraise the relationship between the investment banking firm and the company.

**Description**

This unit provides insight into the going public process. It examines the significant factors an organization should consider when deciding whether to go public and the steps an organization should take after the decision has been made. The subsequent relationship with regulators and the financial community is also covered.

**Requisite Knowledge and Experience**

This unit is for executives who are involved in or responsible for the public offering decision or process in a company. Participants should have a basic understanding of initial public offerings and securities registration requirements and should have taken the Securities and Exchange Commission Accounting and Periodic Reporting (A1401.2) and the Securities and Exchange Commission Registration Requirements (AA1402.2) units.

**Major Topics**

- o The decision to go public:
  - Advantages and disadvantages
  - Other possible financing alternatives that might be more attractive
- o Effects of being a public company:
  - Insider transactions, cheap stocks, prerequisites, and junior stock
  - Securities and Exchange Commission (SEC) scrutiny
  - Disclosure requirements
  - Involvement of the SEC and legal and accounting firms

- o The process of going public:
  - Sequence of events
  - Key factors in a successful offering
  
- o Selecting an underwriter:
  - How to choose an investment banker
  - Types of underwriting
  - How an underwriter investigates a company and evaluates its prospects
  
- o Pricing the stock and after-market receptivity:
  - Recent market experience for initial public offerings
  - Case studies on valuations and after-market receptivity of selected initial public offerings

#### Companion Units

This unit is designed to stand alone.

AA1404.3    CONSIDERATIONS IN GOING PRIVATE  
PI

**Objectives**

This unit is designed to enable participants to -

- o Assess the advantages, disadvantages, and alternatives an organization should consider when deciding whether to go private.
- o Describe the steps necessary to go private.
- o Evaluate the impact of going private on vendors, customers, lenders, employees, stockholders, and others.
- o Explain the tender offer or proxy requirements.
- o Analyze how to determine the repurchase price and funding alternatives.

**Description**

This unit analyzes the considerations and mechanics in changing from a public to a private enterprise. Included is a review of the ways the decision might be viewed by the organization's public and of the financing alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals interested in obtaining information on the process of going private.

**Major Topics**

- o The decision to go private:
  - Advantages, disadvantages
  - Financing alternatives
- o Steps in the going private process:
  - Sequence of events
  - Dealing with minority shareholders
- o The impact of changing from a public to a private company on vendors, customers, lenders, dissident shareholders, and employees
- o Tender offer or proxy requirements
- o Determining the offering price and financing the buyback:
  - Recent market experience
  - Net book value

- Capitalization of earnings concepts
- Internal/external financing
- Leveraged buyouts

#### **Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Identify and solve complex Securities and Exchange Commission (SEC) accounting and reporting problems.
- o Summarize and interpret SEC rules and regulations to ensure compliance with SEC accounting and reporting issues.

### Description

This unit shows those responsible for SEC accounting and reporting how to solve complex SEC accounting and reporting issues. The unit is largely case-oriented, offering participants the opportunity to solve simulated real-life situations in small work-session groups.

### Requisite Knowledge and Experience

This unit is for individuals responsible for compliance with the Securities Act of 1933 and the Securities Exchange Act of 1934. Individuals should have a prior understanding and working knowledge of Regulation S-X and Regulation S-K and should have completed the Securities and Exchange Commission Accounting and Periodic Reporting (AA1401.2) unit, or have equivalent knowledge.

### Major Topics

Case exercises and discussion of the following:

- o Alternative disclosures of use of proceeds
- o Management discussion and analysis
- o Executive compensation
- o Segment reporting
- o Foreign currency translation
- o Transactions with management and others
- o Summary of selected financial data
- o Income taxes
- o Staff accounting bulletin
- o Interim financial reporting

### Companion Units

This unit is designed to stand alone.



AA1406.4    SECURITIES AND EXCHANGE COMMISSION UPDATE  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify recent Securities and Exchange Commission (SEC) developments and current agenda matters reporting requirements.
- o Analyze deficiencies noted in recent SEC filings.
- o Appraise recent enforcement actions of interest to financial executives.
- o Explain special registration exemptions and alternatives.

**Description**

This unit gives participants the opportunity to analyze the effect of recent and contemplated regulations and rulings of the SEC on financial reporting and disclosure. The unit addresses annual and quarterly reporting issues, as well as recent changes in registration requirements and related accounting topics.

**Requisite Knowledge and Experience**

This unit is for experienced financial managers needing an update on recent SEC accounting and reporting developments. Participants should have a basic understanding of SEC registration and periodic reporting requirements.

**Major Topics**

- o Common SEC developments:
  - Common deficiencies in recent SEC filings
  - Recent staff accounting bulletins
- o Management's discussion and analysis of financial results of operation:
  - SEC requirements
  - Legal implications
- o Securities registration matters
- o Proxy review program developments
- o Recent SEC enforcement actions
- o Emerging developments and issues at the SEC

**Companion Units**

This unit can stand alone or it can be combined with a similar update unit on Federal Accounting Standards Board matters.

### Objectives

This unit is designed to enable participants to -

- o Describe the general operating environment of state and local governments and assess its impact on governmental accounting and reporting principles.
- o Identify the governmental accounting standards-setting bodies and the process for establishing standards.
- o Explain the basic principles of governmental accounting and demonstrate their application to financial reporting.

### Description

This unit acquaints participants with the unique environment of state and local governments. It distinguishes the difference between the public and private sectors and will provide an understanding of the fundamentals of government accounting and reporting. It also identifies the authoritative bodies and literature and outlines the standards-setting process.

### Requisite Knowledge and Experience

This unit is for individuals who have limited government or governmental accounting experience and are entering state or local government as an employee, governmental accountant/auditor, or consulting practitioner.

### Major Topics

- o The environment of state and local governments
- o Differences between the public and private sectors:
  - State and local government (municipal) law vs. business law
  - Organization structures
  - Lack of profit motivation and performance evaluation measurements
  - Separation of resource providers and service beneficiaries
- o Authoritative literature and the standards-setting process and bodies
- o Orientation to the basic principles of state and local government accounting and financial reporting
- o Illustrations of state and local government financial reporting:
  - Interim reporting
  - Annual reporting

**Companion Units**

This unit may be combined with the Auditing in the Government Environment (AA2301.1) unit.

**AA1502.1 INTRODUCTION TO FUND ACCOUNTING AND REPORTING FOR THE FEDERAL  
GP GOVERNMENT**

**Objectives**

This unit is designed to enable participants to -

- o Describe the general operating environment of the federal government and assess its impact on governmental accounting and reporting principles.
- o Identify the governmental accounting standards-setting bodies and the process for establishing standards.
- o Explain the basic principles of governmental accounting and demonstrate their application to financial reporting.

**Description**

This unit acquaints participants with the unique environment of the federal government. It distinguishes the difference between the public and private sectors and provides an understanding of the fundamentals of government accounting and reporting. It also identifies the authoritative bodies and literature and outlines the standards-setting process.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited government or governmental accounting experience and are entering federal government as an employee, governmental accountant/auditor, or consulting practitioner.

**Major Topics**

- o The environment of the federal government
- o Differences between the public and private sectors:
  - Organization structures
  - Lack of profit motivation and performance evaluation methods
  - Separation of resource providers and service beneficiaries
- o Authoritative literature
- o Orientation to the basic principles of federal government accounting and financial reporting
- o Illustrations of federal government financial reporting:
  - Interim reporting
  - Annual reporting

**Companion Units**

This unit may be combined with the Auditing in the Government Environment (AA2301.1) unit.

AA1503.1 BASIC ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL  
GP GOVERNMENTS

**Objectives**

This unit is designed to enable participants to use the basic accounting principles and perform the routine activities and basic financial reporting for state and local governments of medium complexity.

**Description**

This unit covers the fundamentals of governmental fund accounting and financial reporting so that participants can understand and use these accounting principles in state or local government.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in fund accounting and who will be involved with some aspect of fund accounting in a state or local government environment. Since participants should have an understanding of state and local government, they should have taken the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) unit, or have equivalent knowledge.

**Major Topics**

- o Accounting and financial reporting for governmental funds and account groups, proprietary funds, and fiduciary funds:
  - Illustrative transactions
  - Journal entries
  - Preparation of financial statements for each fund

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to apply the basic accounting principles and perform the routine activities and basic financial reporting for federal government.

### Description

This unit covers the fundamentals of governmental fund accounting and financial reporting so that participants can understand and apply these accounting principles.

### Requisite Knowledge and Experience

This unit is for individuals who have little or no experience in fund accounting and who will be involved with some aspect of fund accounting in the federal government environment. Since participants should have an understanding of state and local government, they should have taken the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) unit, or have equivalent knowledge.

### Major Topics

- o Accounting and financial reporting for governmental funds and account group:
  - Illustrative transactions
  - Journal entries
  - Preparation of financial statements:
    - Fund group statements
    - Consolidated departmental statements

### Companion Units

This unit is designed to stand alone.

AA1505.2 PREPARING COMPREHENSIVE ANNUAL FINANCIAL REPORTS FOR STATE AND LOCAL  
GP GOVERNMENTS: THE FINANCIAL SECTION

**Objectives**

This unit is designed to enable participants to -

- o Define the reporting entity.
- o Prepare financial statements, notes, other disclosures, and supporting schedules for the financial section of the comprehensive annual financial report (CAFR).

**Description**

This unit identifies the reporting entity and the purposes of the CAFR financial statements. It also covers the preparation of the financial statements, accompanying notes, other disclosures, and supporting schedules.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for preparing or auditing CAFRs for state or local governments. These individuals should have completed the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) and Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) units.

**Major Topics**

- o Defining the reporting entity
- o The CAFR:
  - Introduction (financial statements and notes to the financial statements)
  - Financial section (financial statements and notes to the financial statements)
  - Statistical tables
  - Government Finance Officers Association Certificate of Conformance
- o Financial statement presentations (applying the financial reporting "pyramid"):
  - Combined general-purpose financial statements
  - Combining financial statements
  - Individual fund financial statements
  - Supporting schedules

### Companion Units

This unit may be combined with any other intermediate-level units in the Government Accounting and Reporting - Core (AA1500) category of this curriculum, except the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.



### Objectives

This unit is designed to enable participants to -

- o Identify, outline, and explain the fundamental components of the notes to the financial statements.
- o Prepare the notes to the financial statements for a governmental unit of medium complexity.
- o Identify and explain the various specialized disclosure requirements for the annual financial report.

### Description

This unit explains how to outline and prepare the notes to the financial statements of the comprehensive annual financial report (CAFR) and to interpret the basic disclosure requirements for its preparation.

### Requisite Knowledge and Experience

This unit is for individuals who have a basic understanding of governmental accounting and financial reporting and have taken the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) unit.

### Major Topics

- o Notes to the financial statements:
  - The role of stewardship, compliance, and accountability:
    - Budget law and practice
    - Budgetary control
    - Budget to actual reconciliations
    - Amendments
  - Summary of significant accounting policies:
    - Introduction
    - Financial reporting entity
    - Basis of accounting
    - Other pertinent specific policies
  - Detailed notes on funds and account groups:
    - Assets
    - Liabilities
    - Fund equity
    - Interfund transactions

- Segment information
  - Commitments and contingent liabilities
  - Subsequent events
- o Examples of actual notes for each major category generally found in the annual reports
  - o Overview of the Governmental Accounting Standards Board/National Council of Governmental Accountants statements and interpretations, and illustrations of specific disclosure requirements

#### **Companion Units**

This unit can be combined with any other intermediate-level units in the Government Accounting and Reporting - Core (AA1500) category of this curriculum, except the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.

**PREPARING COMPREHENSIVE ANNUAL FINANCIAL REPORTS FOR STATE AND LOCAL GOVERNMENTS: THE INTRODUCTORY AND STATISTICAL SECTIONS**

**Objectives**

This unit is designed to enable participants to -

- o Identify and explain the components of the introductory and statistical sections of the comprehensive annual financial report (CAFR).
- o Prepare the introductory and statistical sections of the CAFR for governmental unit of medium complexity.
- o Recognize the need and opportunity for innovative content in the introductory and statistical sections.

**Description**

This unit explains how to prepare the introductory and statistical sections of the CAFR for a governmental unit of medium complexity.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of governmental accounting and financial reporting and have taken the following units:

- o Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1)
- o Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)

**Major Topics**

- o The introductory section:
  - Purpose of the introductory section: importance of the image it conveys
  - Components of the introductory section
  - Examples of basic introductory section components
  - Examples of innovative introductory section components
  - Emphasis on the transmittal letter
- o The statistical section:
  - The purpose of the statistical section:
    - Historical perspective (similar to official statement data)
    - Users and uses of the statistical section data

- The components of the statistical section:
  - General government statistics
  - Long-term debt statistics
  - Property tax statistics
  - General information (demographics)
- Examples of basic statistical section components
- Emphasis on the need for innovative approaches to represent important analyses for the governmental unit

#### **Companion Units**

This unit may be combined with any other intermediate-level units in the Government Accounting and Reporting - Core (AA1500) category of this curriculum, except the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.

### Objectives

This unit is designed to enable participants to design and prepare appropriate interim operating statements, balance sheets, and statements of change in financial position for governmental, proprietary, and fiduciary funds.

### Description

This unit familiarizes participants with the purposes and objectives of interim financial reporting in the government sector, as well as with the concepts, approaches, design, and preparation of interim operating statements, balance sheets, and statements of change in financial position for state and local governmental units of medium complexity.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for preparing or reviewing interim financial reports for governmental reporting entities and who understand and are able to use the principles of fund accounting.

### Major Topics

- o The purposes and objectives of interim financial statements and reports:
  - Governmental Accounting Standards Board/National Council of Governmental Accountants guidance
  - Governmental and similar fiduciary funds
  - Proprietary and similar fiduciary funds
- o Governmental and similar fiduciary fund financial statements:
  - Interim operating statements [budgetary and generally accepted accounting principle (GAAP) basis]:
    - Concepts and approaches
    - Examples
    - Designing appropriate interim operating statements
  - Interim balance sheets (includes account groups):
    - Concepts and approaches
    - Examples
    - Designing appropriate interim balance sheets

- o Proprietary and similar fiduciary fund financial statements:
  - Interim operating statements (budgetary and GAAP basis):
    - Concepts and approaches
    - Examples
    - Designing appropriate interim operating statements
  - Interim balance sheets (includes account groups):
    - Concepts and approaches
    - Examples
    - Designing appropriate interim balance sheets
  - Interim statements of changes in financial position:
    - Concepts and approaches
    - Examples
    - Designing appropriate interim statements of change in financial position
  - Preparing interim financial reports:
    - Financial statements
    - Graphs, charts, and so on
    - Transmittal letters and narration

#### Companion Units

This unit may be combined with other intermediate-level units in the Government Accounting and Reporting - Core (AA1500) category of this curriculum, except the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.

AA1509.2 PREPARING SPECIAL-PURPOSE FINANCIAL REPORTS FOR STATE AND LOCAL  
GP GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Distinguish between special-purpose and general-purpose financial reports.
- o Identify, explain the uses of, and prepare the major types of special-purpose financial reports for state and local governments.

**Description**

This unit covers the major types of special-purpose financial reports for state and local governments, their underlying concepts, and the way they are prepared.

**Requisite Knowledge and Experience**

This unit is for individuals who have some practical experience in governmental accounting and financial reporting and have taken the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) and the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) units.

**Major Topics**

- o The concepts and elements that distinguish special-purpose reports from general-purpose reports
- o The preparation of the major types of special-purpose reports for state and local governments:
  - Legal compliance statements and reports (for example, state-mandated reports and detailed budgetary statements, schedules, and reports)
  - Contractual compliance statements and reports (for example, those required by bond indenture or federal grant or contract)
  - Component unit financial statements and reports (that is, where the unit is part of a larger reporting entity)
  - Individual fund/account group and selected funds/account group statements and schedules (for example, those for the General Fund or the Debt Service Funds)
  - Consolidated statements and reports (for example, those for experimental or popular reporting to the general public)

- Other special-purpose statements and reports (for example, managerial statements and reports for make-or-buy and do-or-contract decisions, and utility rate-setting statements, schedules, and reports)

#### Companion Units

This unit can be combined with the following units:

- o Grant Accounting and Financial Reporting for State and Local Governments (AA1601.2)
- o Debt Accounting and Financial Reporting by State and Local Governments (AA1606.2)
- o Accounting and Financial Reporting for Special Financing Authorities of State and Local Governments (AA1613.2)
- o Capital Projects Accounting and Financial Reporting for State and Local Governments (AA1614.2)

This unit may also be combined with any other intermediate-level unit in the Government Accounting and Reporting - Core (AA1500) category of this curriculum, except the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.



AA1510.2 RESEARCHING STATE AND LOCAL GOVERNMENT ACCOUNTING AND REPORTING  
GP ISSUES

**Objectives**

This unit is designed to enable participants to -

- o Identify and state the problem(s) to be researched.
- o Perform accounting research for the governmental sector using pronouncements of the standard-setting bodies and other authoritative resources.

**Description**

This unit demonstrates the fundamental tools for and methods of conducting accounting and reporting research. The unit also identifies information sources for research in governmental accounting and reporting.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for solving accounting and reporting problems or need some direction in solving them. They should understand governmental accounting and reporting requirements.

**Major Topics**

- o The fundamentals of research, including how to approach and organize the research effort
- o Recognizing and defining researchable accounting and reporting problems
- o Information sources, including pronouncements of the standard-setting bodies and other authoritative resources
- o Accounting research methods
- o Documenting and presenting research results
- o Anticipating the need for future research

**Companion Units**

This unit can be combined with the Auditing Research in Federal, State, and Local Governments (AA2318.2) unit.

**AA1511.2 RESEARCHING FEDERAL GOVERNMENT ACCOUNTING AND REPORTING ISSUES**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and state the problem(s) to be researched.
- o Perform accounting research for the governmental sector using pronouncements of the standard-setting bodies and other authoritative resources.

**Description**

This unit demonstrates the fundamental tools for and methods of conducting accounting and reporting research. The unit also identifies information sources for research in governmental accounting and reporting.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for solving accounting and reporting problems or need some direction in solving them. They should understand governmental accounting and reporting requirements.

**Major Topics**

- o The fundamentals of research, including how to approach and organize the research effort
- o Recognizing and defining researchable accounting and reporting problems
- o Information sources, including pronouncements of the standard-setting bodies and other authoritative resources
- o Accounting research methods
- o Documenting and presenting research results
- o Anticipating the need for future research

**Companion Units**

This unit can be combined with the Auditing Research in Federal, State, and Local Governments (AA2318.2) unit.

AA1512.4 STATE AND LOCAL GOVERNMENT ACCOUNTING AND REPORTING UPDATE  
GP

**Objectives**

This unit is designed to enable participants to -

- o Explain and use recent authoritative pronouncements on governmental accounting and financial reporting.
- o Summarize pending governmental accounting and financial reporting exposure drafts, discussion memos, and the like.
- o Identify other developments and emerging issues regarding governmental accounting and financial reporting.

**Description**

This unit brings participants up to date on recent or pending changes in governmental accounting and financial reporting that may be applied to their practice.

**Requisite Knowledge and Experience**

This unit is for individuals who have a thorough understanding of governmental accounting and reporting and are responsible for accounting and reporting for government entities.

**Major Topics**

- o Recent pronouncements of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB)
- o Discussion memos, exposure drafts, or other items recently issued or being considered and developed by the GASB, FASB, and Congress
- o New accounting concepts and theories being developed by other groups, for example, by the academic research and accounting firms
- o The implementation and disclosure of new standards
- o The potential effects of pending exposure drafts, discussion memos, and the like

**Companion Units**

This unit can be combined with the Auditing Update in State and Local Governments (AA2319.4) unit.

AA1513.4 FEDERAL GOVERNMENT ACCOUNTING AND REPORTING UPDATE  
GP

**Objectives**

This unit is designed to enable participants to -

- o Explain and use recent authoritative pronouncements on governmental accounting and financial reporting.
- o Summarize pending governmental accounting and financial reporting exposure drafts, discussion memos, and the like.
- o Identify other developments and emerging issues regarding governmental accounting and financial reporting.

**Description**

This unit brings participants up to date on recent or pending changes in governmental accounting and financial reporting that may be applied to their practice.

**Requisite Knowledge and Experience**

This unit is for individuals who have a thorough understanding of governmental accounting and reporting and are responsible for accounting and reporting for government entities.

**Major Topics**

- o Discussion memos, exposure drafts, or other items recently issued or that are being considered and developed by the Department of Treasury, Office of Management and Budget, and General Accounting Office
- o New accounting concepts and theories being developed by other groups, for example, by the academic research and accounting firms
- o The implementation and disclosure of new standards
- o The potential effects of pending exposure drafts, discussion memos, and the like

**Companion Units**

This unit can be combined with the Auditing Update in Federal Government (AA2320.4) unit.

AA1601.2 GRANT ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL  
GP GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify and explain the major characteristics of the various types of federal grants awarded to state and local governments, including their objectives, features, and provisions.
- o Perform grant accounting and fiscal reporting in conformity with generally accepted accounting principles (GAAP) and in compliance with grantor provisions.

**Description**

This unit covers the major characteristics of the principal types of federal grants awarded to state and local governments. It also details the grant accounting and financial reporting requirements needed to comply with grant provisions and to conform to GAAP.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or are about to become involved in grant accounting and financial reporting, and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit, or have equivalent knowledge.

**Major Topics**

- o Operating, capital, and discretionary grants and how they differ from entitlements and shared revenues
- o Selected major federal grantor agencies, grant programs, and grant program objectives, features, and provisions (including significant compliance requirements):
  - Direct grants
  - Pass-through grants
- o Grant accounting and financial reporting:
  - Report formats required by the grantor
  - GAAP basis

### Companion Units

This unit can be combined with the following units:

- o Preparing Special-Purpose Financial Reports for State and Local Governments (AA1509.2)
- o Federal Grant Program Audits - State and Local Governments (AA2406.2)
- o Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments (MG2310.3)

### Objectives

This unit is designed to enable participants to -

- o Identify and explain the major characteristics of the various types of federal grants awarded to state and local governments, including their objectives, features, and provisions.
- o Perform grant accounting and fiscal reporting in conformity with generally accepted accounting principles (GAAP) and in compliance with grantor provisions.

### Description

This unit covers the major characteristics of the principal types of federal grants awarded to state and local governments. It also details the grant accounting and financial reporting requirements needed to comply with grant provisions and to conform to GAAP.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for or are about to become involved in grant accounting and financial reporting and have taken the Basic Accounting and Financial Reporting for the Federal Government (AA1504.1) unit, or equivalent, and Uniform Administrative Requirements for Federal Grants in Aid: OMB Circulars A-102 and A-110 (MG 2309.3) unit.

### Major Topics

- o Operating, capital, and discretionary grants and the ways they differ from entitlements and shared revenues
- o Selected major federal grantor agencies, grant program objectives, features, and provisions (including significant compliance requirements):
  - Direct grants
  - Pass-through grants
- o Grant accounting and financial reporting:
  - Report formats required by the grantor
  - GAAP basis

### Companion Units

This unit can be combined with the Federal Grant Program Audits - State and Local Governments (AA2406.2) and the Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments (MG2310.3) units.



**AA1603.2 PENSION ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL  
GP GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Distinguish between accounting, reporting, and disclosures for public employee retirement systems (PERS) and reporting and disclosure requirements for employer governments who deal with pension accounting and financial reporting.
- o Use the major features of PERS accounting and financial reporting (on both fiduciary and generally accepted accounting principles bases), including statistical tables and other disclosures.
- o Prepare the required employer disclosures (including statistical tables) of pension-related expenditures, expenses, and obligations.

**Description**

This unit covers the accounting, reporting, and disclosure requirements for PERS and employers, the preparation of PERS financial statements and disclosures, and employer disclosures of PERS-related expenditures, expenses, obligations, and statistical information.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or are about to become involved in pension accounting and financial reporting or employer pension-related reporting and disclosure for a state or local government. Participants should also have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The distinction between accounting, financial reporting, and disclosure for PERS and employer reporting and disclosure of pension-related expenditures, expenses, and obligations
- o Definitions of actuarial concepts and terms
- o PERS and pension trust funds (PTF)
  - Accounting concepts, methods, and procedures

- Financial reporting:
    - To participants under fiduciary method
    - Generally accepted accounting principles, under National Council of Governmental Accounting (NCGA) Statement 6 and/or Financial Accounting Standards Board (FASB) Statement 35
  - Disclosures and statistical tables, under NCGA 6 and/or FASB 35
- o Employer pension reporting and disclosure:
- NCGA 6 requirements
  - FASB 35 provisions

#### Companion Units

This unit can be combined with the Public Employee Retirement Systems for State and Local Governments (MG2316.1) unit.

**AA1604.2 LEASE ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL  
GP GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify and explain the incentives for leasing.
- o Distinguish between operating and capital leases.
- o Explain and use the lease-related authoritative literature in accounting, reporting, and disclosing operating and capital leases for governmental and proprietary funds.

**Description**

This unit prepares the participants to identify and distinguish between operating and capital leases, recognize their advantages and disadvantages, and use the lease-related authoritative literature in lease accounting and financial reporting for governmental and proprietary funds.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or are about to become involved in government leasing and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o Incentives for governments to lease; restrictions on government leasing
- o Distinctions between operating and capital leases, including types of leases in government
- o Authoritative pronouncements (for example, Financial Accounting Standard Board Statement 13 as amended and National Council of Governmental Accountants Statement 5)
- o Examples, including journal entries, of accounting for:
  - Operating leases - governmental funds and proprietary funds
  - Capital leases - governmental funds and proprietary funds

- o Lease-related disclosures:
  - Operating leases
  - Capital leases

**Companion Units**

This unit can be combined with the Preparing the Capital Budget for State and Local Governments (MG2105.2) unit.

AA1605.2    **FIXED-ASSET ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL**  
GP            **GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Use the authoritative literature regarding governmental fixed-asset accounting and financial reporting.
- o Design and implement a governmental fixed-asset accounting system.

**Description**

This unit provides participants with an understanding of the authoritative literature on state and local government fixed-asset accounting and financial reporting and prepares them to use those standards and to design and implement a fixed-asset accounting system.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for, or are about to become involved in, government fixed-asset accounting and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o Types of fixed assets encountered in government
- o Authoritative literature on fixed-asset accounting and reporting:
  - Proprietary funds
  - Trust funds
  - General fixed assets
- o Designing and implementing fixed-asset accounting systems:
  - System design principles and approaches
  - Implementing the system:
    - Identifying existing fixed assets and known costs
    - Estimating the original cost of fixed assets when cost records are not available
  - Additions, betterments, and renewals
  - Disposal by sale, retirement, or replacement
  - Transfer among funds and account groups

### **Companion Units**

This unit can be combined with the Preparing the Capital Budget for State and Local Governments (MG2105.2) and the Property and Infrastructure Management for State and Local Governments (MG2306.2) units.

AA1606.2 DEBT ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL  
GP GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify the various types of debt incurred by governments.
- o Perform the accounting and reporting for traditional and newer types of government debt.
- o Design appropriate debt-management strategies and systems.
- o Determine the appropriateness of various debt-financing alternatives.

**Description**

This unit prepares participants to identify the various types of debt incurred by state and local governments; distinguish among them; perform the accounting and financial reporting for such debts; and design appropriate debt-management strategies, approaches, and systems.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or about to become involved in government debt management, accounting, or reporting, and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The meaning of debt, and the difference between debt and encumbrances, and between revenue bonds and general obligation bonds
- o Short-term and intermediate-term government debt: accounting and reporting:
  - Traditional types of debt: vouchers payable, warrants payable, notes payable
  - Newer types of debt: commercial paper
- o Long-term government debt: accounting and reporting:
  - Traditional types of debt: bonds payable, certificates of obligation
  - Newer types of debt: demand bonds, deep discount (zero coupon) bonds

- o Designing appropriate debt-management strategies, approaches, and systems
- o Advance refundings of long-term debt
- o Preparing official statements for bond offerings
- o Complying with special bond indenture provisions

#### **Companion Units**

This unit can be combined with the Debt Policy and Management for State and Local Governments (MG2308.2) unit. It can also be combined with the Preparing Special-Purpose Financial Reports for State and Local Governments (AA1509.2) unit.



AA1607.2 SPECIAL ASSESSMENTS ACCOUNTING AND FINANCIAL REPORTING FOR LOCAL  
GP GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Explain the nature of special assessments and the various ways they are used in local government finance.
- o Apply the authoritative literature to special assessment accounting and financial reporting.
- o Recognize and resolve the problems often encountered in special assessment accounting and financial reporting.
- o Design an appropriate special assessment accounting system.

**Description**

This unit covers the nature of special assessment financing as used in local governments, the authoritative literature on special assessment accounting and financial reporting, applying the authoritative literature by preparing journal entries and financial statements, special problems of special assessment accounting and financial reporting, and designing and implementing special assessment accounting systems.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or about to become involved in special assessment financing, accounting, and reporting and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The meaning of special assessments and special assessment funds
- o Various ways special assessments are used in local government financing, including consideration of variations in related statutory provisions and customs
- o Financing special assessment services and capital projects
- o Accounting for and reporting "services" special assessments:
  - Governmental funds
  - Proprietary funds

- o Accounting for and reporting "capital" special assessments:
  - Governmental funds
  - Proprietary funds
  
- o Special problems of special assessment accounting and reporting:
  - Determining the validity and collectibility of assessments
  - Revenue recognition: alternate methods
  - Disposing of excess assessments
  - Supplemental assessments
  
- o Designing and implementing special assessment accounting systems

#### Companion Units

This unit can be combined with the Capital Projects Accounting and Financial Reporting for State and Local Governments (AA1614.2) unit.

### Objectives

This unit is designed to enable participants to -

- o Recognize and define joint activities in the state and local government environment.
- o Explain the present and potential uses of joint ventures in government.
- o Implement appropriate accounting and financial reporting for government joint activities, including appropriate note disclosures of joint ventures.
- o Recognize and solve several special joint venture accounting and reporting problems.

### Description

This unit familiarizes participants with the various types of joint activities commonly found in state and local governments; prepares them to recognize the possible uses of joint ventures in government; and enables them to understand and apply the authoritative literature on government joint venture accounting and financial reporting, including note disclosures.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for or about to become involved in state and local government joint activity accounting and financial reporting, and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

### Major Topics

- o Joint activities and how they differ from joint ventures
- o The ways in which governments engage in joint ventures with other governments and with private businesses and other organizations
- o Accounting for and reporting joint ventures financed through the following:
  - Governmental (and similar fiduciary) funds:
    - Government joint ventures
    - Proprietary joint ventures
  - Proprietary (and similar fiduciary) funds:
    - Proprietary joint ventures
    - Government joint ventures

- Disclosures of joint ventures
- Special joint venture accounting and reporting problems

### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Recognize and explain the unique aspects of utility accounting.
- o Comply with the laws and regulatory requirements faced by a state or local government utility.
- o Perform the accounting and financial reporting for a government utility of medium complexity.

### Description

This unit acquaints participants with the various types of utilities found in government, their related laws and regulations, and the distinction between generally accepted accounting principles (GAAP) basis and regulatory basis of accounting and financial reporting. It will also enable participants to apply the authoritative literature in the accounting for and reporting on a government utility on both the GAAP and the regulatory bases.

### Requisite Knowledge and Experience

This unit is for individuals responsible for accounting and financial reporting for government utilities and those who must assure legal and regulatory compliance with government utilities. Participants should have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit, or have equivalent knowledge.

### Major Topics

- o The various utilities operated by governmental units
- o Applicable laws and regulations (for example, Federal Energy Regulatory Commission and National Association of Regulatory Utilities Commissioners)
- o The distinction between regulatory and GAAP accounting and financial statements
- o The application of GAAP and regulatory bases of accounting:
  - Assets
  - Liabilities
  - Revenues
  - Expenses

o Financial statements:

- GAAP
- Regulatory

**Companion Units**

This unit is designed to stand alone.

AA1610.2 ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND LOCAL GOVERNMENT  
GP HOSPITALS AND OTHER HEALTH-CARE FACILITIES

**Objectives**

This unit is designed to enable participants to -

- o Identify the major types of hospital and health-care activities commonly found in the state and local government environment.
- o Determine when the accounting and financial reporting for such activities should follow the "hospital" model and when it should follow the "general government" model.
- o Analyze the major types of transactions typical of hospital activities and prepare the journal entries to record these transactions.
- o Prepare the primary hospital financial statements.
- o Perform the basic analyses and techniques of hospital cost-finding.

**Description**

This unit covers the basic concepts, standards, and procedures of hospital and health-care accounting and financial reporting in state and local governments, including cost-finding.

**Requisite Knowledge and Experience**

This unit is for individuals who have some practical experience in governmental accounting and financial reporting and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The state and local government hospital and health-care environment:
  - Types of hospital and health-care activities commonly found in government
  - How government hospital and other health-care activities are financed
- o Determining the appropriate accounting "model":
  - Hospitals and similar intermediate and long-term health-care facilities - use the "hospital accounting" model and approach
  - Other health-care facilities and activities - use the "general government accounting" model and approach

- o Accounting and financial reporting for hospitals and similar health-care facilities:
  - Review of the authoritative literature
  - Fund structure
  - Asset valuation and income determination
  - Illustrative transactions and entries
  - Financial statements
  
- o Cost-finding in hospitals and similar health-care facilities:
  - Concepts and approaches
  - Illustrative example(s)

**Companion Units**

This unit is designed to stand alone.



### Objectives

This unit is designed to enable participants to -

- o Identify and use the requirements of accounting and reporting for colleges and universities of state and local governments.
- o Determine the legal, regulatory, and benefactor constraints that affect the accounting and reporting for colleges and universities of state and local governments.
- o Distinguish between generally accepted accounting principles (GAAP) and non-GAAP for governmental colleges and universities.

### Description

This unit explains how to perform the accounting and reporting functions for government colleges and universities. The individual will learn the intricacies of accounting and reporting of restricted and unrestricted funds, gifts, bequests, grants, and funds held in trust.

### Requisite Knowledge and Experience

This unit is for individuals who have accounting, reporting, and fiscal responsibility for a government educational institution, or are responsible for auditing their institutions. Participants should also have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

### Major Topics

- o The government college and university environment
- o Sources of authoritative pronouncements (for example, National Association of Colleges and University Business Officers, AICPA, Governmental Accounting Standards Board)
- o GAAP:
  - Fund accounting:
    - Restricted and unrestricted funds
    - Basis accounting
    - Gifts, bequests, and grants
    - Funds held in trust by others
  - Financial reporting

o Legal, regulatory, and benefactor constraints

**Companion Units**

This unit is designed to stand alone.

**AA1612.2 ACCOUNTING AND FINANCIAL REPORTING FOR TRANSPORTATION SYSTEMS OF  
GP STATE AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify and use the accounting and reporting issues unique to government transportation systems.
- o Comply with the generally accepted accounting principles, legal, and regulatory requirements that affect governmental transportation systems.

**Description**

This unit explains how to perform the accounting and reporting functions unique to government transportation systems. Participants will also learn how to deal with the intricacies of government transportation systems and regulatory issues.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for the accounting and financial reporting functions for public transportation systems and for those who must assure compliance with legal and regulatory constraints. Participants should have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The various transportation systems operated by governmental units
- o Unique accounting and reporting considerations
- o The application of accounting principles and procedures:
  - Assets
  - Liabilities
  - Revenues
  - Expenses/expenditures
- o Sources of authoritative literature (GAAP)
- o Applicable laws and regulations
- o Financial statements and other reporting requirements

**Companion Units**

This unit is designed to stand alone.

AA1613.2 ACCOUNTING AND FINANCIAL REPORTING FOR SPECIAL FINANCING AUTHORITIES  
GP OF STATE AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify and use the accounting and reporting principles unique to government special financing authorities.
- o Perform accounting and financial reporting for a government special financing authority.

**Description**

This unit explains how to perform accounting and reporting functions for special government financing authorities.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for the accounting and reporting of government financing authorities and for those who must assure compliance with legal and regulatory constraints. Also, participants should have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The types of special financing authorities
- o Unique accounting and reporting considerations
- o Sources of authoritative literature
- o Application of accounting principles and procedures:
  - Assets
  - Liabilities
  - Revenue
  - Expenses/expenditures
- o Financial statements and other reporting requirements

**Companion Units**

This unit can be combined with the Preparing Special-Purpose Financial Reports for State and Local Governments (AA1509.2) unit.

AA1614.2 CAPITAL PROJECTS ACCOUNTING AND FINANCIAL REPORTING FOR STATE AND  
GP LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify and explain the nature of capital assets and capital projects typical of state and local governments.
- o Explain capital project financing alternatives used by state and local governments.
- o Account for and report upon capital projects financed through capital projects funds and proprietary funds.
- o Recognize and resolve the major special problems common to capital projects accounting and reporting.

**Description**

This unit explains how to perform accounting and reporting functions related to capital projects.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or involved in capital projects financing, accounting, and reporting, and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The meaning of capital projects and the types of capital projects typical of state and local governments
- o Methods of capital projects financing
- o Capital projects accounting and reporting:
  - Determining the appropriate funds to account for capital projects
  - Capital projects funds:
    - Projection initiation
    - During the project
    - Project conclusion
    - Financial statements and schedules
  - Proprietary funds:
    - Similarities to and differences from capital projects fund accounting
    - Financial statements and schedules

- o Special problems of capital projects financing and accounting:
  - Arbitrage
  - Retained percentages and performance bonds
  - Disposing of fund balance (deficits) at the end of a project

#### Companion Units

This unit can be combined with the following units:

- o Securities and Exchange Commission Update (AA1406.4)
- o Preparing Special-Purpose Financial Reports for State and Local Governments (AA1509.2)
- o Special Assessments Accounting and Financial Reporting by Local Governments (AA1607.2)
- o Preparing the Capital Budget for State and Local Governments (MG2105.2)
- o Property and Infrastructure Management for State and Local Governments (MG2306.2)

AA1615.2 ACCOUNTING AND FINANCIAL REPORTING FOR NONPROFIT ORGANIZATIONS OF  
GP STATE AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify and describe the various ways in which government nonprofit organizations are created and used.
- o Identify and use the accounting and reporting principles unique to governmental nonprofit organizations.

**Description**

This unit acquaints participants with the unique uses of governmental nonprofit organizations and teaches them how to perform the accounting and reporting functions for such organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have accounting and reporting responsibility for or are involved in a nonprofit organization of state and local government. Participants should have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The types of government nonprofit organizations
- o Sources of generally accepted accounting principles (GAAP) applicable to nonprofit organizations
- o Applications of GAAP:
  - Fund accounting
  - Expenses
  - Revenue
  - Gifts, grants, and bequests
  - Assets
  - Liabilities and deferred revenue
  - Fund balances
- o Financial statements and other reporting requirements (for example, Form 990)
- o Unique financial and management considerations (for example, potential income-tax liabilities)

**Companion Units**

This unit is designed to stand alone.

**AA1616.2 SCHOOL DISTRICT ACCOUNTING AND FINANCIAL REPORTING  
GP**

**Objectives**

This unit is designed to enable participants to identify and use the accounting and reporting principles and procedures applicable to school districts.

**Description**

This unit acquaints participants with the unique operating environment of school districts and teaches them how to perform the accounting and financial reporting functions for school districts.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved with school district accounting and financial reporting and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The organization and function of school districts
- o Governmental accounting and reporting principles
- o School district accounting principles:
  - Unique functions and funds
  - Other unique considerations
- o Accounting procedures (including transactions, events, and corresponding journal entries)
- o Financial statements and other reporting requirements:
  - Generally accepted accounting principles
  - Statutory
  - Other
- o Unique accounting and reporting issues and other considerations

**Companion Units**

This unit is designed to stand alone.



### Objectives

This unit is designed to enable participants to -

- o Research the authoritative literature and other sources (for example, bond covenants) for note disclosure requirements.
- o Use the principles of and comply with the requirements of pertinent and authoritative literature.
- o Design, prepare, organize, and present notes to the financial statements and narrative explanations for complex state and local governmental reporting entities.
- o Critically evaluate the adequacy of disclosures in the notes to financial statements.

### Description

This unit explains how to identify, plan, organize, and present complex note disclosures to the financial statements of a state or local governmental entity.

### Requisite Knowledge and Experience

This unit is for participants who are experienced in preparing notes to state and local government financial statements and have taken the following units:

- o Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1)
- o Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- o Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Financial Section (AA1505.2)
- o Preparing Comprehensive Annual Financial Reports for State and Local Governments: Notes to Financial Statements (AA1506.2)

### Major Topics

- o A review of the authoritative literature on notes and narrative explanations
- o A workshop on writing, organizing, and presenting notes to the financial statements:
  - Examples of complex notes to the financial statements:
    - Essential notes
    - Other notes required for adequate disclosure

- Researching, planning, and writing notes to the financial statements
- Organizing and presenting complex notes to the financial statements:
  - Only one component unit in reporting entity
  - Two or more component units in the reporting entity
- Narrative explanations
- Critical evaluations of notes to the financial statements
- Other considerations

#### Companion Units

This unit is designed to stand alone.

AA1618.1    **DEVELOPING FUNDS IN THE FEDERAL GOVERNMENT: ACCOUNTING PRINCIPLES  
GP            AND PROCEDURES**

**Objectives**

This unit is designed to enable participants to -

- o Identify the laws, regulations, and accounting principles and procedures concerning revolving funds.
- o Perform revolving fund accounting and reporting.

**Description**

This unit provides participants with a knowledge of laws, regulations, and accounting principles and procedures necessary for accounting and reporting on revolving funds.

**Requisite Knowledge and Experience**

This unit is for participants who have some experience in federal government accounting and updating and reporting and who have taken the Introduction to Fund Accounting and Reporting for the Federal Government (AA1502.1) unit.

**Major Topics**

- o Authority to engage in reimbursable activities
- o Accounting principles and standards
- o General ledger account structure and subsidiary accounts
- o Budgetary and fund control considerations
- o Document control
- o System for collecting reimbursable costs
- o Billing and collection procedures, reporting requirements

**Companion Units**

This unit is designed to stand alone.

**AA1701.2 USING MICROCOMPUTERS IN ACCOUNTING  
AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify potential accounting uses for the microcomputer.
- o Evaluate, select, and use appropriate software for accounting applications.

**Description**

This unit covers a number of accounting applications for the microcomputer and the criteria for software selection.

**Requisite Knowledge and Experience**

This unit is for individuals with basic microcomputer skills.

**Major Topics**

- o Potential uses of microcomputers in accounting:
  - Financial accounting
  - Cost accounting
  - Financial analysis
  - Data base applications
  - Loan amortization
  - Depreciation
  - Budgets
  - Graphics
  - Other
- o Software evaluation and selection
- o Hands-on applications illustrating various uses

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Identify potential auditing uses for the microcomputer.
- o Perform certain significant applications in audit planning, testing, and analysis using the microcomputer.

### Description

This unit covers how and when an auditor can use the microcomputer to increase the effectiveness and efficiency of the audit.

### Requisite Knowledge and Experience

This unit is for individuals with basic microcomputer skills.

### Major Topics

- o Potential uses of microcomputers in auditing:
  - Bookkeeping and client assistance
  - Engagement administration
  - Audit planning
  - Audit testing - audit sampling and analytical procedures
  - Expert systems
  - Reporting and client presentation
  - Other (documentation, workpapers, and so on)
- o Hands-on applications illustrating various uses

### Companion Units

This unit is designed to stand alone.

AA1703.3 USING MICROCOMPUTER AUDIT APPLICATION SOFTWARE  
AL

**Objective**

This unit is designed to enable participants to utilize microcomputer audit software to perform specific audit fieldwork activities.

**Description**

This unit covers how an auditor would use a microcomputer-based trial balance application tool to automate many of the functions involved in generating audit worksheets, tax returns, and financial statements.

**Requisite Knowledge and Experience**

This unit is for individuals with basic microcomputer skills.

**Major Topics**

- o A demonstration of the processing capabilities of a trial balance application tool in the following areas:
  - Maintenance of a chart of accounts for the client trial balance
  - Maintenance of financial data for each account in the trial balance, including book, adjusted, financial statement, and tax balances
  - Processing of adjusting journal entries, financial statement reclassification entries, and tax return reclassification entries
  - Inquiry into all account, worksheet, and financial statement data
  - Printing of the following reports:
    - Chart of accounts
    - Audit lead sheets
    - Analytical review schedules
    - Working trial balance
    - Journal entry listings
    - Posted trial balance
    - Financial statement worksheets
    - Tax return worksheets
    - Tax return attachment schedules
    - Consolidated financial statements
    - Special user-designed reports

- Extracting and transferring trial balance data to an electronic spreadsheet
- o Hands-on applications illustrating various uses

#### Companion Units

Using Microcomputers in Auditing (AA1702.2)

AA1704.4  
PP

**CURRENT DEVELOPMENTS IN MICROCOMPUTER SYSTEMS RELATED TO ACCOUNTING  
AND AUDITING - AN UPDATE**

**Objectives**

This unit is designed to enable participants to -

- o Assess current developments affecting microcomputer systems.
- o Integrate these developments into microcomputer systems and apply them to resolving accounting problems and auditing issues.

**Description**

This unit focuses on current developments in microcomputer technology, including hardware, software, and operating systems, and ways to relate these developments to the needs of accounting and auditing practitioners.

**Requisite Knowledge and Experience**

This unit is for individuals with a working knowledge of existing microcomputer hardware, software, operating systems, and applications.

**Major Topics**

- o Changes in hardware and software technology
- o New developments in operating systems
- o New application programs for accounting and auditing
- o Developments in the marketplace
- o Successful implementation strategies
- o Anticipated future directions and technological changes

**Companion Units**

This unit is designed to stand alone.



AA1801.2 USE OF SPECIALISTS, INTERNAL AUDITORS, AND OTHER AUDITORS  
GP

**Objectives**

This unit is designed to enable participants to -

- o Determine when and how to use specialists, internal auditors, and other auditors during audit engagements.
- o Prepare an appropriate audit report when another auditor is involved in the engagement.

**Description**

This unit covers the considerations involved in -

- o Planning and reviewing the work of internal auditors.
- o Auditing and reporting when the financial statements of the component entities are examined by other auditors.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in using specialists, internal auditors, or other auditors in an audit engagement.

**Major Topics**

o Specialists:

- Prerequisites for planned reliance on specialists
- Various types of specialists, such as actuaries, geologists, and engineers
- Determining the scope and objectives of the work to be performed by the specialist
- Communicating with the specialist
- Review, testing, evaluation, and documentation of the specialist's work
- Effects of the specialist's work on the scope of the audit and the auditor's report

o Internal Auditors:

- Prerequisites for planned use of internal auditors during an audit engagement
- Determining the appropriate work to be delegated to internal auditors

- Supervising internal auditors' work
- Techniques for establishing effective working relationships with internal auditors
- Review, testing, and evaluation of internal auditors' work and working paper documentation
- The extent to which internal auditors can be used to reduce planned work by the auditor

o Other Auditors:

- Considerations when using other auditors
- Communicating with other auditors
- Review, testing, evaluation, and documentation of other auditors' work
- The effect of the work of other auditors on the auditor's report

**Companion Units**

This unit can be a component in a level II staff-training program.

**AA1802.2 MATERIALITY AND RISK CONSIDERATIONS IN AUDIT ENGAGEMENTS**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Describe the uses of materiality in the audit process.
- o Identify appropriate considerations for determining the level of materiality.
- o Apply materiality in audit testing and error evaluation.
- o Compare and contrast the types of risks an auditor needs to address.
- o Explain the components of audit risk.
- o Apply the evaluation of audit risk to the determination of the nature, timing, and extent of substantive tests.

**Description**

This unit covers significant materiality and risk considerations in the planning, testing, and evaluation phases of an audit engagement.

**Requisite Knowledge and Experience**

This unit is for individuals with limited auditing experience.

**Major Topics**

- o Materiality considerations:
  - Concepts (measures) of materiality
  - Quantitative and qualitative considerations
  - Securities and Exchange Commission rules and pronouncements
  - Legal decisions involving determination of materiality
  - Materiality in the planning phase of an engagement:
    - Financial-statements level
    - Account-balance level or class-of-transactions level
  - Materiality in the evaluation phase of an engagement:
    - Aggregation of errors
    - Errors in prior periods
  - Significant research findings
  - Rules of thumb
  - Practical approaches
- o Risk considerations:
  - General business risk
  - Audit risk
  - Inherent risk

- Internal control risk
- Audit detection risk
- Methods of risk assessment
- Applications to the audit planning process

#### Companion Units

This unit can be a component in a level II staff-training program, or it can be combined with the Developing the Engagement Plan and Work Program (AA1804.2) unit.

AA1803.2 UNDERSTANDING THE CLIENT'S BUSINESS IN PLANNING AN ENGAGEMENT  
GP

**Objectives**

This unit is designed to enable participants to -

- o Identify the relevant aspects of a client's business and industry and evaluate their impact on an engagement.
- o Use appropriate sources of information in planning the engagement.
- o Document and communicate the information about the client effectively and efficiently.

**Description**

This unit covers what participants must know about a client's business to plan an engagement properly, and how to obtain that information.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in engagement planning and supervision.

**Major Topics**

- o General business knowledge
- o The nature of the business:
  - Operating characteristics
  - Current economic conditions
  - Technological changes
  - Applicable government regulations
  - Current operating conditions
  - Marketing
  - Research and development
  - Manufacturing process
  - Products or services
- o The nature of the accounting system
- o Sources of information:
  - Client reports, manuals, system descriptions
  - Client inquiry and literature
  - Prior-year working papers or carryforward files
  - Industry information and statistics
  - AICPA audit and accounting guides
- o Industry developments

- o Documentation:
  - Memos
  - Flow charts
  - Statistics

#### **Companion Units**

This unit can be a component of a level II staff-training program, or it can be combined with the Developing the Engagement Plan and Work Program (AA1804.2) or with the Analytical Review (AA2102.2) units.

**AA1804.2 DEVELOPING THE ENGAGEMENT PLAN AND WORK PROGRAM**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the key steps involved in planning an audit.
- o Develop a preliminary engagement plan and work program.

**Description**

This unit covers the development of the overall engagement plan and the audit or work program.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in planning and supervising audit engagements.

**Major Topics**

- o Understanding the client's business
- o Preliminary analytical review procedures
- o Reviewing working papers from the prior year
- o Reviewing current correspondence
- o The applicability of recent accounting or auditing pronouncements
- o The need for consultation
- o The appropriateness of the planned approach in light of the scope of the engagement
- o Assigning appropriate personnel
- o Using the client's personnel
- o The use of time budget
- o The expected effect of study and evaluation of internal accounting controls
- o Instruction of assistants
- o Materiality and risk in determining the overall audit approach
- o Planning the nature, timing, and extent of the procedures to be performed
- o Modifying the preliminary audit or work plan, based on the results of the procedures performed

### **Companion Units**

This unit can be a component of a level II staff-training program or combined with the Materiality and Risk Considerations in Audit Engagements (AA1802.2) unit. It can also be combined with the Study and Evaluation of Internal Control - Preliminary Phase (AA1902.2) and Understanding the Entity's Activities in Planning an Audit for State and Local Governments (AA2304.2) units.



**AA1805.2    ENGAGEMENT MANAGEMENT**  
**GP**

**Objectives**

This unit is designed to enable participants to manage people, resources, and time during client engagements.

**Description**

This unit covers the techniques for efficient and effective management of client engagements.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in supervising engagements.

**Major Topics**

- o Use of time budgets for communication and control - comparison of actual to budgeted time
- o Delegation of work to appropriate levels of staff
- o Effective supervision
- o Efficient working paper preparation and review
- o Use of mechanical aids, including microcomputers
- o Use of nonprofessional staff for clerical tasks
- o Motivating staff
- o Planning ahead and organizing work

**Companion Units**

This unit can be a component of a level II staff-training program.

**AA1806.2 REVIEW OF WORKING PAPERS**  
**AL**

**Objectives**

This unit is designed to enable participants to effectively review working papers.

**Description**

This unit covers the key considerations and techniques for effectively reviewing working papers.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in reviewing working papers and for those who have taken the Working Paper Preparation and Documentation (AA2601.1) unit.

**Major Topics**

- o The importance of working paper review:
  - Litigation potential
  - Supervision and training of assistants - relationship to reviewing working papers
  - Adequacy of support and documentation
- o Performing an overall review of working papers and financial statements
- o Techniques for performing and documenting effective detailed working paper reviews:
  - Scope considerations
  - Application of audit procedures
  - Materiality and risk decisions
  - Other decisions and conclusions

**Companion Units**

This unit can be a component of a level II staff-training program.

AA1901.1 INTRODUCTION TO THE STUDY AND EVALUATION OF INTERNAL CONTROL  
AL

**Objectives**

This unit is designed to enable participants to -

- o Describe the relationship of the study and evaluation of internal control to the audit process.
- o Explain the difference between the study and evaluation of internal control for audit purposes and the special report issued on internal controls.
- o Define administrative and accounting controls and describe their importance.
- o Describe the primary concepts of a system of internal controls.
- o Identify processing procedures and control techniques.

**Description**

This unit covers the basic concepts related to the study and evaluation of internal controls.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical auditing experience.

**Major Topics**

- o The relationship of internal control to the audit process:
  - Professional literature on the study and evaluation of standard accounting control
  - Generally accepted auditing standard requirements
  - Tie-in to audit scope
- o Audit purposes
- o Special study of internal control
- o Special reports on internal controls
- o AICPA Statements on Auditing Standards:
  - Administrative vs. accounting controls
  - Basic concepts of internal controls
  - Management responsibility
  - Reasonable assurance
  - Data-processing methods
  - Limitations of a system of internal control
  - Personnel competence and integrity
  - Segregation of functions

- Authorization and recording of transactions
- Limited access and comparison of recorded accountability with assets and risks

o Preventive vs. detective techniques:

- Distinction between each
- Importance of each

o Processing procedures vs. control techniques

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on study and evaluation of internal control.

**AA1902.2 STUDY AND EVALUATION OF INTERNAL CONTROL - PRELIMINARY PHASE  
AL**

**Objectives**

This unit is designed to enable participants to -

- o Describe the purpose of the preliminary phase or review.
- o Obtain an understanding of the control environment and the flow of transactions through the accounting system.
- o Document the information obtained during a review.
- o Perform the preliminary review, evaluate results, and determine its effect on the study and review of internal controls.

**Description**

This unit covers the preliminary evaluation of internal controls and determination of their impact on the scope of the audit.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in studying and evaluating internal controls.

**Major Topics**

- o The purpose of the preliminary review:
  - The control environment
  - Flow of transactions
- o Identifying transaction processing flows
- o Reviewing the control environment and transaction flows:
  - Interviews with client
  - Review of documentation
  - Procedure manuals
  - Job descriptions
  - Flowcharts
- o Verify their understanding of the information obtained via walk-through procedures
- o Evaluating the results of the preliminary phase when the following hold true:
  - Further study would have no effect on substantive tests (that is, little or no reliance on internal controls)
  - As a result of reliance on internal controls, reduction in audit effort is minimal
  - Reliance on the internal control system appears feasible

- o Determining appropriate documentation
- o The means of documenting the results of the review:
  - Overall flowcharts
  - Memos
  - Checklists, questionnaires, and the like

#### Companion Units

This unit can be a component of a level II staff-training program or combined with the Developing the Engagement Plan and Work Program (AA1804.2) unit or with other units on study and evaluation of internal control.

**AA1903.2    EVALUATING A SIMPLE SYSTEM OF INTERNAL CONTROL**  
**AL**

**Objectives**

This unit is designed to enable participants in a simple internal control and electronic data processing environment to -

- o Identify the types of errors and irregularities that could occur.
- o Identify procedures that prevent or detect errors and irregularities.
- o Evaluate compliance with documented procedures.
- o Evaluate procedural weaknesses and their effect on substantive auditing procedures.

**Description**

This unit explains how to evaluate the effectiveness of internal accounting controls in a simple internal control and EDP environment.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in studying and evaluating a client's system of internal control and have taken the Introduction to the Study and Evaluation of Internal Control (AA1901.1) and the Study and Evaluation of Internal Control - Preliminary Phase (AA1902.2) units.

**Major Topics**

- o A case study of a company with a simple control environment using either mini- or microcomputers. The characteristics of the company:
  - Combination of manual and computerized transaction processing flows
  - Batch controls over data processing
  - Good (strong) and poor (weak) control over processing
  - Lack of segregation of duties in certain processing areas
  - Limited controls over data-processing activities, such as limiting access, offsite storage of data, and segregation of duties
- o The characteristics of the evaluation process:
  - Situations in which controls cannot be relied upon because of lack of adequate controls or segregation of duties
  - Little reliance on data processing because of poor controls
  - Situations in which controls can be relied upon because of strong controls

- o The effect of less reliance on certain control techniques on compliance and substantive testing:
  - Decrease in compliance testing
  - Increase in substantive testing because of less reliance on certain control techniques
  - Use of various substantive tests, such as examination, confirmation, analytical, and statistical

#### Companion Units

This unit can be a component of a level II staff-training program or combined with other units on the study and evaluation of internal control.



**AA1904.3    EVALUATING A COMPLEX SYSTEM OF INTERNAL CONTROL**  
**AL**

**Objectives**

This unit is designed to enable participants in a complex internal control and electronic data processing (EDP) system to -

- o Identify the types of errors and irregularities that could occur.
- o Identify client procedures that prevent or detect errors and irregularities.
- o Determine whether the client is complying with documented procedures.
- o Evaluate procedural weaknesses and their effect on substantive auditing procedures.

**Description**

This unit explains how to evaluate the effectiveness of a client's internal accounting controls in a complex EDP environment.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in studying and evaluating a client's system of internal control and have taken all the level I and level II units on the study and evaluation of internal control, or equivalent, and the Computer-Assisted Audit Techniques (AA2002.2) unit.

**Major Topics**

- o A case study of a company with a complex control environment using sophisticated computer hardware and software. The characteristics of the company:
  - Primarily all transaction flows are computerized
  - On-line data processing
  - Strong control environment
- o The characteristics of the evaluation process:
  - Good controls, few risks or weaknesses, and heavy reliance on internal controls during the audit process
- o The effect of the condition of internal controls on compliance and substantive audit procedures:
  - Decrease in substantive tests
  - Increase in compliance tests as a result of strong controls

- Compare and contrast the effectiveness, efficiency, and cost benefit of performing compliance or substantive tests in an environment of strong controls
- Extent of substantive tests (that is, confirmation of receivables or observation of inventory)

#### **Companion Units**

This unit can be a component of a level II or level III staff-training program or combined with other units on the study and evaluation of internal control.

AA1905.2 DOCUMENTATION OF THE STUDY AND EVALUATION OF A SYSTEM OF INTERNAL  
AL CONTROL

**Objectives**

This unit is designed to enable participants to -

- o Describe, compare, and evaluate the various methods of documenting the study and evaluation of an internal control system.
- o Develop and/or prepare a questionnaire, a narrative memo, and a decision table.
- o Update documentation from the prior year (if available).
- o Compare and contrast documenting a simple environment with documenting a complex electronic data processing environment.

**Description**

This unit covers the basic techniques for documenting the study and evaluation of an internal control system.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in studying and evaluating a client's internal control system but have taken Introduction to the Study and Evaluation of Internal Control (AA1901.1) and Evaluating a Simple System of Internal Control (AA1903.2) units, or have equivalent experience.

**Major Topics**

- o Alternative methods of documenting the study and evaluation of an internal control system
- o Methods:
  - Questionnaires
  - Narrative memo
  - Flowcharting
  - Decision table
- o The benefits of each method:
  - Standardization within an organization
  - Effort needed
  - Completeness of review
  - Benefit of methods in different environments
- o Guidelines for updating documentation from the prior year:
  - Benefits and pitfalls

- o Simple vs. complex environment and means of documenting work:
  - Manual
  - Manual with microcomputers
  - Micro- and minicomputers
  - Large mainframes

#### **Companion Units**

This unit can be a component of a level II staff-training program or combined with other units on the study and evaluation of an internal control system.

**AA1906.2 FLOWCHARTING**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify and select the appropriate flowcharting symbols.
- o Prepare and/or interpret a flowchart.

**Description**

This unit covers basic flowcharting techniques for documenting accounting and internal-control systems.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in studying and evaluating a client's system of internal control but have taken Introduction to the Study and Evaluation of Internal Control (AA1901.1) and Evaluating a Simple System of Internal Control (AA1903.2) units, or have equivalent experience.

**Major Topics**

- o Flowcharting - an introduction:
  - Purpose
  - Strengths and weaknesses as compared to other documentation techniques
- o Flowcharting symbols
- o Techniques for flowcharting:
  - Reviewing a narrative and identifying processing procedures, reports and documents, data files, connectors, and direction flow
  - Templates
  - Including additional narrative descriptions
- o Interpreting a flowchart:
  - Identifying processing procedures, reports and documents, data files, connectors, and direction flow
  - Writing the narrative

### **Companion Units**

This unit can be a component of a level II staff-training program or combined with other units on the study and evaluation of internal control.

**AA1907.2 TESTING AND EVALUATING COMPLIANCE WITH INTERNAL CONTROLS**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Explain the purpose of compliance tests.
- o Compare and contrast the objectives and nature of compliance with the objectives and nature of substantive tests.
- o Design and perform compliance tests for specific control techniques.
- o Evaluate results of compliance tests.

**Description**

This unit covers the basic concepts of and skills required in designing and performing compliance tests.

**Requisite Knowledge and Experience**

This unit is for individuals with practical experience in studying and evaluating a client's system of internal control.

**Major Topics**

- o An introduction to compliance tests:
  - Purpose
  - Description
  - Relationship to the audit process
  - Timing when performing compliance tests
- o A comparison of compliance tests with substantive tests:
  - Description of substantive tests and compliance tests, including when each could be used
  - Minimum substantive testing
- o How to use compliance tests for specific control techniques:
  - Nonstatistical vs. statistical sampling for compliance testing
  - Period of time that the control technique is operating
  - Adequate audit trail and effect on compliance testing
  - Electronic data processing techniques - how to compliance test
  - Extent of reliance on control and its effect on substantive tests

- o How to conduct a compliance test:
  - Designing specific compliance test objectives
  - Designing compliance test samples
  - Conducting compliance tests
  - Documenting the results of compliance tests
  
- o Evaluating compliance test results

#### Companion Units

This unit can be a component of a level I or level II staff-training program or combined with other units on the study and evaluation of internal control.



AA1908.2    **REPORTING ON MATERIAL INTERNAL CONTROL WEAKNESSES AND CONSTRUCTIVE  
PI            SUGGESTIONS ON INTERNAL CONTROLS**

**Objectives**

This unit is designed to enable participants to -

- o Describe the auditor's reporting requirements regarding material internal control weaknesses.
- o Identify material internal control weaknesses.
- o Determine the potential effect of a material internal control weakness.
- o Determine corrective action for internal control weaknesses.
- o Prepare effective communications to clients regarding internal control weaknesses.

**Description**

This unit covers the auditor's reporting requirements regarding internal control weaknesses and recommendations on internal controls.

**Requisite Knowledge and Experience**

This unit is for individuals who have some practical experience in studying and evaluating a client's system of internal control and have taken all level I and level II units on the study and evaluation of internal controls, or have equivalent experience.

**Major Topics**

- o Internal control weaknesses:
  - Definition
  - Identification
  - Effect on audit scope
  - Identification of material weaknesses
- o Correcting internal control weaknesses:
  - Identification of corrective actions and alternatives
  - Determination of feasibility of implementation
- o Reporting on internal control weaknesses:
  - Material vs. nonmaterial weaknesses
  - Securities and Exchange Commission requirements
  - Client service considerations

o Mode of presentation:

- Oral
- Written

### **Companion Units**

This unit can be a component of a level II staff-training program or combined with other units on the study and evaluation of internal control.

AA1909.2    **EVALUATING AND REPORTING ON INTERNAL CONTROL SYSTEMS IN  
GG            FEDERAL OPERATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Evaluate a federal agency's implementation of new or improved internal control systems and report to the chief executive of the government entity.
- o Conduct and report on vulnerability assessments and internal control reviews.
- o Strengthen the audit practices for determining reliance on systems of internal controls in complex government systems.

**Description**

This unit explains how to evaluate a federal agency's implementation of new, improved internal control systems, how to conduct and report on vulnerability assessments and internal control reviews, and how to strengthen related audit practices.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the government and have taken the Introduction to the Study and Evaluation of Internal Control (AA1901.1) unit.

**Major Topics**

- o Standards and objectives of internal control
- o The relationship of vulnerability assessments to the internal control evaluation process
- o Specific steps and criteria for evaluating controls
- o Reporting procedures under the Federal Managers' Financial Integrity Act

**Companion Units**

This unit may be combined with other units on the study and evaluation of internal control.

**AA2001.1 BASIC COMPUTER CONCEPTS**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify and describe common hardware and software components of computer systems.
- o Compare and contrast different data processing concepts.
- o Explain alternate processing systems and modes.
- o Identify and describe general electronic data processing (EDP) and application controls.
- o Identify the risk associated with an EDP environment.

**Description**

This unit covers the basic components of computer systems, processing systems, and general and application EDP controls.

**Requisite Knowledge and Experience**

This unit is for participants with little or no auditing experience in an EDP environment.

**Major Topics**

- o Computer systems: an introduction
- o Hardware concepts:
  - Central processing unit (CPU)
  - Main memory
  - Input/output devices
- o Software concepts:
  - Types
  - Languages and programming
  - Operating systems
- o Data concepts:
  - Representation
  - Organization
  - Storage
  - Data access methods
  - Data base management systems
  - Output

o Processing systems and modes:

- Batch
- On-line
- Local
- Remote

o General EDP and application controls

- o The relationship of EDP controls to the study and evaluation of internal controls

**Companion Units**

This unit is designed to stand alone.

AA2002.2    **COMPUTER-ASSISTED AUDIT TECHNIQUES**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Define and describe computer-assisted audit techniques.
- o Identify and describe the use of computer-assisted audit techniques in performing audit tests.
- o Explain the benefits of using computer-assisted audit techniques vs. other audit techniques.
- o Use some of the available software packages.

**Description**

This unit covers computer-assisted audit techniques and their use in performing audit tests.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in computer-assisted audit techniques and have taken the Basic Computer Concepts (AA2001.1) unit, or have equivalent experience.

**Major Topics**

- o Computer-assisted audit techniques: an introduction:
  - Definition
  - Description of general use
- o Software packages:
  - Availability
  - Applicability to various hardware
  - Capabilities and restrictions
- o Using computer-assisted audit techniques to perform audit tests:
  - Footing and extending files
  - Preparing exception reports
  - Calculating inventory cost
  - Sample selection: receivables, payables, employees, property additions
  - Preparing summary and consolidation schedules
  - Calculating depreciation and interest income/expenses
  - Other

- o Choosing computer-assisted audit techniques over other audit techniques:
  - Efficiency
  - Reliability

#### **Companion Units**

This unit can be a component of a level II staff-training program.

**AA2003.3    COMPUTER-ASSISTED AUDIT TECHNIQUES II - MAINFRAMES**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Design and use computer-assisted audit techniques in a large mainframe environment.
- o Plan, develop, control, and document an application.
- o Use test data.

**Description**

This unit covers the use of computer-assisted audit techniques in a large mainframe computer environment.

**Requisite Knowledge and Experience**

This unit is for participants who understand the uses and characteristics of computer-assisted audit techniques and have taken the Basic Computer Concepts (AA2001.1) and Computer-Assisted Audit Techniques (AA2002.2) units, or have equivalent experience.

**Major Topics**

- o Preparing for and using computer-assisted audit techniques:
  - Criteria for selecting the appropriate application
  - Planning the application
  - Developing the application
  - Controlling the application
  - Validating the specifications
  - Using test data
- o Case problems requiring participants to apply the procedures described above

**Companion Units**

This unit can be combined with the Computer-Assisted Audit Techniques III - Mini- and Microcomputers (AA2004.3) unit.



**AA2004.3    COMPUTER-ASSISTED AUDIT TECHNIQUES III - MINI- AND MICROCOMPUTERS**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Design and use computer-assisted audit techniques in mini- and microcomputers.
- o Plan, develop, control, and document an application.
- o Use test data.

**Description**

This unit covers the use of computer-assisted audit techniques in a mini- and microcomputer environment.

**Requisite Knowledge and Experience**

This unit is for individuals who understand the uses and characteristics of computer-assisted audit techniques and have taken the Basic Computer Concepts (AA2001.1) and Computer-Assisted Audit Techniques (AA2002.2) units, or have equivalent experience.

**Major Topics**

- o Design and use of computer-assisted audit techniques:
  - Criteria for selecting the appropriate application
  - Planning the application
  - Developing the application
  - Controlling the application
  - Documenting the application
  - Validating the specifications
  - Using test data
- o Case problems requiring participants to apply the procedures described above.

**Companion Units**

This unit can be combined with the Computer-Assisted Audit Techniques II - Mainframes (AA2003.3) unit.

**AA2101.1 BASIC CONCEPTS OF SUBSTANTIVE TESTING**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the nature of assertions in financial statements.
- o Describe the purpose and types of evidential matter.
- o Define and explain the types of substantive tests that may be used to obtain evidential matter.

**Description**

This unit covers the nature of financial statement assertions and their relationship to evidential matter and substantive tests.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in substantive testing.

**Major Topics**

- o Evidential matter:
  - Nature of financial statement assertions
  - Development of audit objectives
  - Design of substantive tests
  - Definition of evidential matter
  - Methods of obtaining evidential matter
  - Competence of evidential matter
  - Sufficiency of evidential matter
  - Evaluation of evidential matter
- o How to use substantive tests to obtain evidential matter:
  - Tests of details:
    - Definition
    - Types of tests of details (basic application examples)
  - Analytical review:
    - Definition
    - Types of analytical review procedures (basic application example)

**Companion Units**

This unit can be a component of a level I staff-training program or combined with the Introduction to Audit Sampling (AA2106.1) unit.

AA2102.2 ANALYTICAL REVIEW  
AL

**Objectives**

This unit is designed to enable participants to -

- o Identify the uses of analytical review in the audit process.
- o Describe the benefits of relying on analytical review procedures.
- o Plan, perform, and interpret the results of an analytical review effectively and efficiently.

**Description**

This unit covers the nature, uses, and implementation of analytical review in auditing.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of substantive testing procedures and the nature of audit evidence and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The uses of analytical review in the following areas:
  - Planning
  - Substantive testing
  - Report review
- o Considerations when planning and performing analytical review procedures:
  - Nature of entity
  - Scope of engagement
  - Availability and reliability of financial information and relevant nonfinancial information
  - Availability and comparability of industry information
- o Implementation of procedures in an analytical review:
  - Trend analysis
  - Ratio analysis (industry analysis)
  - Comparison to comparable prior period(s)
  - Relationship to nonfinancial information
- o Evaluation and follow-up of unexpected results:
  - Use of professional judgment

### **Companion Units**

This unit can be combined with the Analyzing Financial Statements (AA1107.2) and the Understanding the Client's Business in Planning an Engagement (AA1803.2) units to form a course on evaluating clients' operations.

**AA2103.2 RELATED-PARTY TRANSACTIONS**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Define related parties and related-party transactions.
- o Identify and use audit procedures to determine the existence of related parties and related-party transactions and to examine those transactions.
- o Prepare appropriate disclosures for financial statements.

**Description**

This unit covers the nature and significance of related-party transactions, applicable audit procedures, and required financial statement disclosures.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of substantive testing procedures and the nature of audit evidence and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o Nature and significance:
  - Definition of related parties
  - Significance of related-party transactions within the business and audit environments
- o Developing an awareness of related-party transactions
- o Application of audit procedure:
  - Determine the existence of related parties
  - Identify transactions with related parties
  - Examine identified related-party transactions
- o Required financial statement disclosures

**Companion Units**

This unit can be a component of a level II staff-training program.

**AA2104.2 CLIENT/AUDITEE REPRESENTATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Describe the nature of client representations and their purpose as audit evidence.
- o Prepare appropriate client representation letters.
- o Identify the reporting implications of the client's refusal to furnish written representations.

**Description**

This unit covers the nature and significance of client representations and the preparation of representation letters.

**Requisite Knowledge and Experience**

This unit is for individuals with a basic understanding of substantive testing procedures and the nature of audit evidence.

**Major Topics**

- o The nature of client representations and their purpose as audit evidence
- o Situations in which an auditor is required to obtain a client representation letter
- o Situations in which an auditor may wish to obtain a client representation letter, even if it is not required
- o Appropriate contents of a client representation letter
- o Reporting implications when the client refuses to furnish a written representation letter

**Companion Units**

This unit would typically be a component of a level II staff-training program.

AA2105.2 **LAWYERS' LETTERS**  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain the nature of lawyers' letters and their purpose as audit evidence.
- o Apply audit procedures to identify and evaluate litigation, claims, and assessments.
- o Prepare appropriate legal letters.
- o Evaluate lawyers' responses.

**Description**

This unit covers audit procedures for identifying and evaluating litigation, claims, and assessments and the implications of the audit findings on the auditor's report.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of contingencies and commitments and related financial statement effects and have taken the Commitments and Contingencies (AA1209.2) unit, or have equivalent knowledge.

**Major Topics**

- o Auditing evidence relating to litigation, claims, and assessments
- o Audit procedures for identifying and evaluating litigation claims (asserted and unasserted):
  - Review and documentation of client procedures and evaluation
  - Review of client/attorney correspondence and invoices from lawyers
  - Review of audit working papers from prior years
  - Relationship of audit findings to other audit tests
- o Appropriate legal letters:
  - Determine appropriate individuals to send letters to, including in-house counsel
  - Determine appropriate wording of letters
  - Compliance with American Bar Association and AICPA standards
  - Evaluation of responses to lawyers' letters, including the determination and evaluation of risk
- o Implications of audit findings on the auditor's report

### **Companion Units**

This unit would typically be a component of a level II staff-training program and might be combined with the Commitments and Contingencies (AA1209.2) unit.



**AA2106.1 INTRODUCTION TO AUDIT SAMPLING**

**AL**

**Objectives**

This unit is designed to enable participants to -

- o Define audit sampling and identify its uses in the audit process.
- o Identify the types of sampling techniques available and the steps involved in implementing audit sampling procedures.

**Description**

This unit covers basic audit sampling concepts through practical case problems.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical experience in audit sampling techniques.

**Major Topics**

- o The nature of sampling and its contemporary uses:
  - Use of sampling in other professions, for example politics (polls) and industry (quality control)
  - Rationale for the use of sampling by auditors
  - Definition of audit sampling
  - Use of sampling in compliance, substantive, and dual-purpose tests
  - Key terms defined and explained (tolerable error, risk of incorrect acceptance, and others)
  - Correlation of sampling with other sources of audit reliance (that is, acceptable risk for a substantive test of details depends on assessments of inherent risk, control risk, and analytical review risk)
- o The audit sampling process:
  - Planning
  - Selection (random, systematic)
  - Examination
  - Evaluation
- o Audit sampling techniques:
  - Statistical:
    - Attributes sampling
    - Variables estimation sampling
    - Probability-proportioned-to-size sampling
    - Other
  - Nonstatistical

### **Companion Units**

This unit could be a component of a level I staff-training program, combined with the Basic Concepts of Substantive Testing (AA2101.1) unit, or used as the introductory segment of a more complete course dealing with audit sampling.

AA2107.2    VARIABLES ESTIMATION SAMPLING  
AL

**Objectives**

This unit is designed to enable participants to -

- o Define variables estimation sampling and identify its appropriate uses.
- o Plan, select, examine, and evaluate an audit sample using variables estimation sampling techniques.

**Description**

This unit is designed to cover the uses and implementation of variables estimation sampling in auditing.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of audit sampling concepts and have taken the Introduction to Audit Sampling (AA2106.1) unit, or have equivalent knowledge.

**Major Topics**

- o The nature and uses of variables estimation sampling:
  - Specialized terms
  - Advantages and disadvantages of this technique
  - Documenting the selected audit method and the related rationale
- o Planning the sample:
  - Audit objectives:
    - Compliance, substantive, or dual-purpose test
    - If substantive or dual-purpose, will direction be for overstatement or understatement?
  - Materiality
  - Acceptable risk
  - Defining population and sampling unit
- o Selecting the sample items (discuss different selection techniques available)
- o Examining the sample items (examine evidential matter for each sample item)
- o Evaluating and documenting the sample results (what does the sample tell you about the population?)

### **Companion Units**

This unit could be combined with the Introduction to Audit Sampling (AA2106.1), Attributes Sampling (AA2108.2), Probability-Proportional-to-Size Sampling (AA2109.2), and Nonstatistical Sampling (AA2110.2) units to form a program on sampling methods.

**AA2108.2 ATTRIBUTES SAMPLING**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Define attributes sampling and identify its appropriate uses.
- o Plan, select, examine, and evaluate an audit sample using attributes sampling techniques.

**Description**

This unit covers the uses and implementation of attributes sampling in auditing.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of audit sampling concepts and have taken the Introduction to Audit Sampling (AA2106.1) unit, or have equivalent knowledge.

**Major Topics**

- o The nature and uses of attributes sampling:
  - Concepts of the technique; specialized terms defined and explained
- o Monetary vs. numbered approach:
  - Advantages and disadvantages of this technique
  - Documenting the selected audit method and the related rationale
- o Planning the sample:
  - Audit objectives:
    - Compliance, substantive, or dual-purpose test
    - If substantive or dual-purpose, will direction be for overstatement or understatement?
  - Materiality (tolerable error or rate)
  - Acceptable risk
  - Definition of population and sampling unit
- o Selecting the sample items (different selection techniques available)
- o Examining the sample items (evidential matter for each sample item)
- o Evaluating and documenting the sample results (what does the sample tell you about the population?)

### **Companion Units**

This unit could be combined with the Introduction to Audit Sampling (AA2106.1), Nonstatistical Sampling (AA2110.2), Variables Estimation Sampling (AA2107.2), and Probability-Proportional-to-Size Sampling (AA2109.2) units to form a program on sampling methods.

## AA2109.2 PROBABILITY-PROPORTIONAL-TO-SIZE SAMPLING

AL

### Objectives

This unit is designed to enable participants to -

- o Define probability-proportional-to-size sampling and identify its appropriate uses.
- o Plan, select, examine, and evaluate an audit sample using probability-proportional-to-size sampling techniques.

### Description

This unit covers the uses and implementation of probability-proportional-to-size sampling in auditing.

### Requisite Knowledge and Experience

This unit is for individuals who have a basic understanding of audit sampling concepts and have taken the Introduction to Audit Sampling (AA2106.1) unit, or have equivalent knowledge.

### Major Topics

- o The nature and use of probability-proportional-to-size sampling:
  - Concepts of the technique
  - Specialized terms defined and explained
  - Advantages and disadvantages of this technique
- o Documenting the reason the selected audit method was used and how it addresses the audit objectives
- o Planning the sample:
  - Audit objectives:
    - Compliance, substantive, or dual-purpose test
    - If substantive or dual-purpose, will direction be for overstatement or understatement?
  - Materiality (tolerable error or rate)
  - Acceptable risk
  - Define population and sampling unit
- o Selecting the sample items (discuss different selection techniques available)
- o Examining the sample items (examine evidential matter for each sample item)
- o Evaluating and documenting the sample results (what does the sample tell you about the population?)

### **Companion Units**

This unit could be combined with the Nonstatistical Sampling (AA2110.2), Variables Estimation Sampling (AA2107.2), Attributes Sampling (AA2108.2) and Introduction to Audit Sampling (AA2106.1) units to form a program on sampling methods.



AA2110.2 NONSTATISTICAL SAMPLING  
AL

**Objectives**

This unit is designed to enable participants to -

- o Define nonstatistical sampling and identify its appropriate uses.
- o Plan, select, examine, and evaluate an audit sample using nonstatistical sampling techniques.

**Description**

This unit covers the uses and implementation of nonstatistical sampling in auditing.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of audit sampling concepts and have taken the Introduction to Audit Sampling (AA2106.1) unit, or have equivalent knowledge.

**Major Topics**

- o The nature and uses of nonstatistical sampling:
  - Concepts of the technique
  - Specialized terms defined and explained
  - Advantages and disadvantages of this technique
  - Monetary vs. numerical approach
- o Planning the sample:
  - Audit objectives:
    - Compliance, substantive, or dual-purpose test
    - If substantive or dual-purpose, will direction be for overstatement or understatement?
  - Materiality
  - Acceptable risk
  - Defining the population and sampling unit
  - Documenting the selected audit method and how it addresses the audit objectives
- o Selecting the sample items (discuss different selection techniques available)
- o Examining the sample items (examine evidential matter for each sample item)
- o Evaluating and documenting the sample results (what does the sample tell you about the population?)

### **Companion Units**

This unit could be combined with the Introduction to Audit Sampling (AA2106.1), Attributes Sampling (AA2108.2), Variables Estimation Sampling (AA2107.2), and Probability-Proportional-to-Size Sampling (AA2109.2) units to form a program on sampling methods.

**AA2111.2    SUBSTANTIVE TESTING IN FIRST-TIME EXAMINATIONS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the objectives of first-time examinations and the extent of required audit evidence.
- o Select and apply substantive testing procedures in a first-time examination of financial statements.

**Description**

This unit examines the objectives and extent of substantive testing procedures - which need to be applied to account balances at the beginning of the period and to transactions of prior periods - during a first-time examination.

**Requisite Knowledge and Experience**

This unit is for individuals who have basic experience in selecting and performing substantive tests during recurring examinations and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The objectives of first-time examinations:
  - Consistency of application of accounting principles
  - The concept of sufficient competent evidential matter with respect to prior-year balances and transactions
- o Audit procedures during first-time examinations:
  - Substantive testing of current assets and liabilities, particularly inventories
  - Substantive testing of equity accounts
- o The effect of previous examinations conducted by other auditors on the nature and extent of testing
- o Procedures for documenting the review of preceding auditors' working papers

**Companion Units**

This unit can be a component of a level II staff-training program or combined with other level II substantive testing units.

**AA2112.2 SUBSTANTIVE TESTING OF CASH**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statements assertions and the audit objectives of cash.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing cash.

**Description**

This unit covers the audit objectives for cash accounts and the basic substantive testing procedures used to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing cash and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o Audit objectives for cash
- o Effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation of cash accounts and cash instruments and other procedures that address their existence
- o Procedures used to test the propriety of bank reconciliations, cut-off, and other procedures that address completeness
- o Procedures regarding rights, obligations, presentation, and disclosure
- o Relationship of audit findings to substantive work on other accounts
- o Documentation of substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program. It can also be combined with other units on substantive testing or with the Cash, Receivables, and Marketable Securities (AA1201.2) unit.

**AA2113.2 SUBSTANTIVE TESTING OF RECEIVABLES**

**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statements assertions and the audit objectives for receivables.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing receivables.

**Description**

This unit covers the audit objectives for receivable accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing receivables and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o Audit objectives of receivables
- o Effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation of receivables and other tests of details that address their existence
- o Procedures to test cutoffs, credit memos, and other procedures that address completeness
- o Potential uses and methods of applying audit sampling to receivables
- o Procedures for testing the adequacy of the allowance for doubtful accounts
- o Appropriate analytical review procedures for testing receivables
- o Determining, identifying, and examining related-party transactions
- o Procedures regarding rights, obligations, presentation, and disclosure
- o Documenting substantive testing procedures

### **Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing or with the Cash, Receivables, and Marketable Securities (AA1201.2) unit.

**AA2114.2    SUBSTANTIVE TESTING OF INVENTORIES**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives of inventories.
- o Identify alternate substantial testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing inventories.

**Description**

This unit covers the explanation of audit objectives for inventory accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing inventories and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives of inventories
- o The observation of inventories and other tests of details that address their existence
- o The audit objectives of inventory valuation testing procedures
- o The effect of internal controls on the nature, timing, and extent of inventory price testing procedures
- o Analytical review procedures that address the valuation objective
- o Inventory price testing procedures that can be used under varying cost methods
- o Testing labor and overhead costs
- o Testing for realizability at the lower of cost or market price.
- o Documenting price testing procedures
- o The procedures to test purchasing and receiving cutoffs, tie-in observation data, and other procedures that address completeness
- o Testing inventory for proper pricing, including its realizability at the lower of cost or market price
- o The audit objectives of inventory observation procedures
- o The effect of internal controls on the nature, timing, and extent of inventory observation procedures
- o Reviewing the client's inventory plans to determine adequacy

- o The observation procedures relating to perpetual inventories.
- o Test counting procedures
- o Tag control procedures
- o The continuation of externally stored inventories
- o The potential uses and methods of applying audit sampling to inventories
- o Appropriate analytical review procedures for testing inventories
- o The procedures with respect to rights, obligations, presentation, and disclosure
- o Documenting substantive testing procedures

#### **Companion Units**

The unit can be a component of a level I staff-training program or combined with other units on substantive testing or with the Inventories (AA1202.2) unit.



**AA2115.2 SUBSTANTIVE TESTING OF PROPERTY, PLANT, AND EQUIPMENT**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for property, plant, and equipment.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing property, plant, and equipment.

**Description**

This unit covers the audit objectives for property, plant, and equipment accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing property, plant, and equipment and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives of property, plant, and equipment
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Observation of property, plant, and equipment and other tests of details, such as examination of records and vouching of supporting documents, which address their existence and completeness
- o Evaluating property, plant, and equipment for realizability at the lower of cost or market price
- o Potential uses and methods of applying audit sampling to property and equipment testing
- o Appropriate analytical review procedures for testing property, plant, and equipment
- o Testing depreciation expense and accumulated depreciation
- o Procedures regarding rights, obligations, presentation, and disclosure
- o Documenting substantive testing procedures

### **Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing. It may also be combined with the Property, Plant, and Equipment (AA1205.2) unit.

**AA2116.2 SUBSTANTIVE TESTING OF PREPAIDS, INTANGIBLES, AND OTHER ASSETS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationships between financial statement assertions and the audit objectives of prepaids, intangibles, and other assets.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use procedures when auditing prepaid, intangible, and other asset accounts.

**Description**

This unit covers the audit objectives for prepaid, intangible, and other asset accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing prepaid, intangible, and other asset accounts and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objective for prepaid, intangible, and other asset accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Tests of details, such as examination of records and vouching of supporting documents, which address existence and completeness of prepaids, intangibles, and other assets
- o Evaluating prepaid, intangible, and other asset accounts for realizability
- o Appropriate analytical review procedures for testing prepaid, intangible, and other asset accounts
- o Procedures regarding rights, obligations, presentation, and disclosure
- o Documenting substantive testing procedures.

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing.

**AA2117.2 SUBSTANTIVE TESTING OF INVESTMENTS AND MARKETABLE SECURITIES**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for investments and marketable securities accounts.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing investments and marketable securities accounts.

**Description**

This unit covers the audit objectives for investments and marketable securities accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing investments and marketable securities and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives of investments and marketable securities accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Observation of investments and marketable securities and other tests of details, such as confirmation or inspection of documents, which address their existence and completeness as assets
- o Procedures for determining completeness of the investments and marketable securities balances
- o Potential uses and methods for applying audit sampling to testing of investments and marketable securities
- o Appropriate analytical review procedures for testing income from investments and marketable securities
- o Procedures regarding rights, obligations, presentation, and disclosure
- o Documenting of substantive testing procedures

### Companion Units

This unit can be a component of a level I staff-training program or combined with other units on substantive testing. It may also be combined with the Cash, Receivables, and Marketable Securities (AA1201.2) or the Investments, Intangibles, Deferred Charges, and Other Assets (AA1204.2) units.

**AA2118.2    SUBSTANTIVE TESTING OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertion and the audit objectives for accounts payable and accrued liabilities.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing accounts payable and accrued liabilities.

**Description**

This unit covers the audit objectives for accounts payable and the use of the basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing accounts payable and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives of accounts payable and accrued liabilities
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation of accounts payable, recomputation of accruals, review of subsequent transactions, and other procedures that address their existence and completeness as liabilities
- o Potential uses and methods for applying audit sampling to testing accounts payable
- o Analytical review procedures for testing accounts payable and accrued liabilities
- o Documenting substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing.

**AA2119.2    SUBSTANTIVE TESTING OF NOTES PAYABLE AND LONG-TERM DEBT**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for notes payable and long-term debt.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing notes payable and long-term debt.

**Description**

This unit covers the audit objectives for notes payable and long-term debt and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing notes payable and long-term debt and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives for notes payable and long-term debt
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation of notes payable and other procedures that address their existence and completeness as liabilities
- o Potential uses and methods of applying audit sampling to testing notes payable
- o Analytical review and other procedures for testing interest expense on notes payable
- o Determining, identifying, and examining related-party transactions
- o Documenting substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing. It also may be combined with the Current Liabilities, Deferred Credits, and Long-Term Debt (AA1206.2) unit.

**AA2120.2      SUBSTANTIVE TESTING OF INCOME TAXES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for income tax accounts.
- o Identify alternate substantive testing procedures and evaluate their effectiveness, depending on the internal control environment.
- o Use substantive testing procedures when auditing income tax accounts.

**Description**

This unit covers the audit objectives for income tax accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing income tax accounts and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives for income tax accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Examination of payments, recomputation of the income tax provision, and other procedures that address existence and completeness of the amount of income taxes
- o Analytical review procedures for income tax accounts
- o Documenting substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing. It may also be combined with the Accounting for Income Taxes (AA1207.2) unit.



**AA2121.2 SUBSTANTIVE TESTING OF EQUITY ACCOUNTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for equity accounts.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing equity accounts.

**Description**

This unit covers the audit objectives for equity accounts and the use of basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing equity accounts and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives for equity accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation, inspection, and other procedures that address existence and completeness of equity accounts
- o Testing of dividends
- o Determining, identifying, and examining related-party transactions
- o Documenting substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing. It may also be combined with the Owners' Equity (AA1210.2) unit.

**AA2122.2 SUBSTANTIVE TESTING OF INCOME STATEMENT ACCOUNTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives for income statement accounts.
- o Identify alternate substantive testing procedures and evaluate their effectiveness.
- o Use substantive testing procedures when auditing income statement accounts.

**Description**

This unit covers the audit objectives for income statement accounts and the use of basic substantive procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing income-statement accounts and have taken the Basic Concepts of Substantive Testing (AA2101.1) unit, or have equivalent knowledge.

**Major Topics**

- o The audit objectives for income statement accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation, vouching inspection and other procedures that address the existence and completeness of income statement accounts
- o Analytical procedures for testing income statement accounts
- o Determining, identifying, and examining related-party transactions
- o Documenting substantive testing procedures

**Companion Units**

This unit can be a component of a level I staff-training program or combined with other units on substantive testing.

**AA2201.2    REPORTING ON AUDITED FINANCIAL STATEMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the circumstances that require modifying the auditor's standard report.
- o Draft the appropriate report for common situations.
- o Report on supplementary information accompanying basic financial statements.

**Description**

This unit covers the various types of auditors' reports and their use in common situations.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no auditing experience.

**Major Topics**

- o Types of auditor's report:
  - Unqualified
  - Qualified
  - Disclaimer
  - Adverse
  
- o Consistency and consistency exceptions
- o Period covered/comparative reports
- o Dating
- o Emphasis of a matter
- o Types of supplementary information and auditors' reports
- o Other information in client-prepared documents
- o Limitations of scope:
  - Types of limitations:
    - Failure to observe physical inventory
    - Failure to confirm accounts receivable
    - Failure to obtain written representation
    - Others
  - Discovery of omitted procedure after the report date
  
- o Generally accepted accounting principles (GAAP) exceptions:
  - Types of GAAP exceptions
  - Evaluation of materiality

o **Uncertainties:**

- Types of uncertainties and contingencies:  
Litigation  
Going concern

o **Consistency exceptions:**

- Second standard of reporting
- Accounting changes
- Prior periods to which consistency relates

o **Other auditors:**

- Extent of involvement on engagements for auditors and other auditors
- Procedures regarding work of other auditors

o **Reporting on all types of modifications:**

- Effect of auditors' standard report

**Companion Units**

This unit can be combined with the Accounting Changes (AA1109.2) unit. It can also be combined with the Reporting on Condensed Financial Statements and Selected Financial Data (AA2202.2), the Subsequent Occurrences - Subsequent Events and Subsequent Discovery of Facts Existing at the Date of the Auditor's Report (AA2203.2), and the Reviewing Supplementary Information Required by the Financial Accounting Standards Board (AA2204.2) units.

**AA2202.2    REPORTING ON CONDENSED FINANCIAL STATEMENTS AND SELECTED FINANCIAL  
PP            DATA**

**Objectives**

This unit is designed to enable participants to report on condensed financial statements of public entities and selected financial data in client-prepared documents.

**Description**

This unit covers reporting on condensed financial statements and selected financial data in client-prepared documents.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in preparing auditors' reports.

**Major Topics**

- o Condensed financial statements:
  - Description of condensed financial statements (public entity)
  - Reporting situations:
    - Auditor engaged to report
    - Other situations
  - Auditors' reports
- o Selected financial data:
  - Description
  - Reporting situations
  - Auditors' reports

**Companion Units**

This unit can be combined with the Reporting on Audited Financial Statements (AA2201.2), the Subsequent Occurrences - Subsequent Events and Subsequent Discovery of Facts Existing at the Date of the Auditor's Report (AA2203.2), and the Reviewing Supplementary Information Required by the Financial Accounting Standards Board (AA2204.2) units.

**AA2203.2 SUBSEQUENT OCCURRENCES - SUBSEQUENT EVENTS AND SUBSEQUENT DISCOVERY  
AL OF FACTS EXISTING AT THE DATE OF THE AUDITOR'S REPORT**

**Objectives**

This unit is designed to enable participants to -

- o Differentiate between subsequent events and subsequent discovery of facts existing at the date of the auditor's report.
- o Differentiate between the various types of subsequent events.
- o Identify and report on subsequent occurrences in accordance with applicable professional standards.

**Description**

This unit covers the auditing, accounting, and reporting implications of events or transactions occurring after the balance-sheet date.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of the concepts and objectives of audit testing and reporting and have taken the Reporting on Audited Financial Statements (AA2201.2) unit, or have equivalent knowledge.

**Major Topics**

- o The definition and types of subsequent events
- o The definition of "subsequent discovery of facts existing at the date of the auditor's report"
- o Auditing procedures to identify subsequent events
- o The effect of identified subsequent events on the auditor's report:
  - Dating of report
  - Type of report
- o The auditor's responsibilities for and response to the subsequent discovery of facts existing at the date of the auditor's report

**Companion Units**

This unit can be combined with the Reporting on Condensed Financial Statements and Selected Financial Data (AA2202.2) and the Reviewing Supplementary Information Required by the Financial Accounting Standards Board (AA2204.2) units.

AA2204.2    REVIEWING SUPPLEMENTARY INFORMATION REQUIRED BY THE FINANCIAL  
PI            ACCOUNTING STANDARDS BOARD

**Objectives**

This unit is designed to enable participants to apply appropriate audit procedures to review supplementary information required by the Financial Accounting Standards Board (FASB).

**Description**

This unit covers procedures and reporting for FASB-required supplementary information.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in preparing auditors' reports and have taken the Reporting on Audited Financial Statements (AA2201.2) unit.

**Major Topics**

- o The procedures applicable to the review of supplementary information to the financial statements
- o Exception reporting on supplementary information
- o Procedures and reporting applicable to specific types of data:
  - Changing prices
  - Oil- and gas-reserve information
  - Mineral-reserve information

**Companion Units**

This unit can be combined with the Reporting on Condensed Financial Statements and Selected Financial Data (AA2202.2) and the Subsequent Occurrences - Subsequent Events and Subsequent Discovery of Facts Existing at the Date of the Auditor's Report (AA2203.2) units.

### Objectives

This unit is designed to enable participants to -

- o Identify the situations for which Statement on Auditing Standards (SAS) No. 14 and attestation reports are appropriate.
- o Perform appropriate procedures for SAS No. 14 and attestation engagements.
- o Apply agreed-upon procedures SAS No. 35 to specific elements, accounts, or items of a financial statement.
- o Report on covered engagements.

### Description

This unit covers auditors' reports issued in connection with engagements addressed by SAS Nos. 14 and 35 and by Statement on Standards for Attestation Engagements. It also covers the nature of attestation engagements and engagements in which an accountant applies agreed-upon procedures to specified elements, accounts, or items of a financial statement.

### Requisite Knowledge and Experience

This unit is for individuals who have some experience in preparing standard reports on audited financial statements.

### Major Topics

- o Situations for which SAS No. 14 and attestation reports are appropriate
- o The nature of engagements in which the scope is limited to applying agreed-upon procedures to one or more specified elements, accounts, or items of a financial statement, and examples of such engagements
- o Procedures and appropriate reporting in connection with SAS No. 14:
  - Financial statements prepared in accordance with other comprehensive bases of accounting (OCBOA)
  - Specified elements, accounts or items of a financial statement
  - Compliance with aspects of contractual agreements or regulatory requirements
  - Financial information in prescribed forms



- o Procedures and appropriate reporting in connection with SAS No. 35 applying agreed-upon procedures to specified elements, accounts, or items of a financial statement
- o Procedures and appropriate reporting in connection with attestation engagements:
  - General distribution reports
  - Agreed-upon criteria
  - Agreed-upon procedures

**Companion Units**

This unit is designed to stand alone.

**AA2206.2**    **REPORTS ON APPLYING AGREED-UPON PROCEDURES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Apply agreed-upon procedures to specified elements, accounts, or items of a financial statement.
- o Report on the procedures applied and their results.

**Description**

This unit covers the nature of engagements in which an accountant applies agreed-upon procedures to specified elements, accounts, or items of a financial statement. It also covers the application of agreed-upon procedures and the reporting of procedures and findings.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in preparing standard auditors' reports on financial statements.

**Major Topics**

- o The nature of engagements in which the scope is limited to applying agreed-upon procedures to one or more specified elements, accounts, or items of a financial statement, and examples of such engagements
- o The applicability of generally accepted auditing standards to such engagements
- o Obtaining an understanding of the procedures to be applied
- o Reporting on the procedures applied and their results

**Companion Units**

This unit can be a component of a level II staff-training program.

**AA2207.2 ACCOUNTANTS' SERVICES AND REPORTS ON PROSPECTIVE FINANCIAL  
PP PRESENTATIONS**

**Objectives**

This unit is designed to enable participants to perform accountants' services and report on prospective financial presentations.

**Description**

This unit explains how to provide accounting services and report on prospective financial presentations.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in preparing and reporting on historical financial statements and have taken the Preparing and Reporting Prospective Financial Presentations (AA1105.2) unit.

**Major Topics**

- o Association with presentations
- o Accountants' services and procedures:
  - Compilation
  - Examination
- o Agreed-upon procedures
- o Reporting on prospective financial presentations
- o Internal use and partial presentations

**Companion Units**

This unit is designed to stand alone.

**AA2208.2    REVIEW OF INTERIM FINANCIAL INFORMATION - PUBLIC COMPANIES**  
**PP**

**Objectives**

This unit is designed to enable participants to perform reviews and prepare reports on interim financial information of public entities.

**Description**

This unit covers reviewing and reporting on interim financial information of public entities.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in performing interim financial information reviews.

**Major Topics**

- o Authoritative pronouncements
- o Review procedures
- o Effects of Securities and Exchange Commission requirements
- o Reporting considerations
- o Practice problems and alternative solutions

**Companion Units**

This unit can be combined with the Interim Financial Statements (AA1104.2) unit.

**AA2209.2 SPECIAL-PURPOSE REPORTS ON INTERNAL ACCOUNTING CONTROL AT SERVICE  
AL ORGANIZATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Use and prepare reports on internal accounting control of service organizations in accordance with authoritative pronouncements.
- o Recognize and resolve issues associated with the use and preparation of reports on internal control at service organizations.

**Description**

This unit covers authoritative guidelines and current practices associated with the use and preparation of reports on internal control at service organizations.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in reviewing, evaluating, and reporting on internal accounting control.

**Major Topics**

- o Authoritative pronouncements
- o Definitions
- o Applicability
  
- o Using the report:
  - Policies and procedures
  - Additional audit procedures
  - Effect of report on financial statements
  
- o Preparing the report:
  - System design report
  - System design and compliance tests report
  - System of a segment report
  
- o Unusual issues

**Companion Units**

This unit can be combined with the Reporting on Internal Control Engagements (AA2210.2) unit.

**AA2210.2 REPORTING ON INTERNAL CONTROL ENGAGEMENTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Prepare reports on internal control.
- o Recognize and resolve issues associated with reports on internal control engagements.

**Description**

This unit covers the authoritative guidelines and procedures associated with reporting on internal control engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in studying and evaluating internal control and have taken the Introduction to the Study and Evaluation of Internal Control (AA1901.1) unit.

**Major Topics**

- o Authoritative guidance
- o Applicability
- o Types of reports

**Companion Units**

This unit can be combined with the Special-Purpose Reports on Internal Accounting Control at Service Organizations (AA2209.2) unit.

**AA2301.1    AUDITING IN THE GOVERNMENT ENVIRONMENT**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Define the various type of audits, including financial, compliance, economy, efficiency, and program results audits.
- o Outline the audit standards-setting process.
- o Identify and use the various Office of Management and Budget circulars related to government auditing.
- o Identify the use of generally accepted auditing standards (GAAS) and additional standards specified in generally accepted governmental auditing standards (GAGAS).

**Description**

This unit provides participants with an overview of auditing in the governmental environment, including the types of audits, the auditing standards used, and the phases of the audit process(es).

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no governmental auditing exposure and limited GAAS knowledge.

**Major Topics**

- o The purpose of the audit
- o The audit environment (government/private)
- o The standards-setting process (General Accounting Office, AICPA, other)
- o GAGAS and GAAS standards
- o Applicable OMB circulars
- o Financial, compliance, efficiency, economy, and program results audits
- o Other types of auditing:
  - Internal/external
  - Investigative
  - Single audit
  - Fraud, waste, and abuse
  - Internal control
- o Phases of the audit process:
  - Preaudit survey
  - Audit scope and audit planning

- Fieldwork
- Report writing
- Report presentation and release
- Entrance and exit conferences

#### **Companion Units**

This unit can be combined with the Introduction to Fund Accounting and Reporting and the Standards-Setting Process for State and Local Governments (AA1501.1) unit.



**AA2302.2    UNIQUE ASPECTS OF FINANCIAL AUDITING FOR STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Plan, conduct, and report on basic financial audits of state and local governmental units.
- o Identify the unique aspects of conducting financial audits of state and local governmental units.

**Description**

This unit covers the differences between audits in the governmental sector and those carried out in the nongovernmental area. It examines such considerations as fund accounting and reporting, budgeting and legal considerations, and applicable auditing guides.

**Requisite Knowledge and Experience**

This unit is for individuals who have auditing experience and limited exposure to the government environment and have taken the Auditing in the Government Environment (AA2301.1) and the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) units.

**Major Topics**

- o The unique aspects of governmental financial auditing:
  - Fund accounting and reporting
  - Budgeting and legal compliance
- o Guidance in conducting audits:
  - Generally accepted governmental auditing standards and generally accepted auditing standards
  - AICPA and governmental audit guides
- o Planning and supervising audits:
  - Scope of audits
  - Administration of audits
- o Conducting audits:
  - Study and evaluations of internal control
  - Substantive testing procedure
  - Electronic data processing auditing
  - Examination for fraud, abuse, and illegal acts

- o Reporting on audited financial statements:
  - Management letters
  - Audit reports

**Companion Units**

This unit is designed to stand alone.

**AA2303.2    UNIQUE ASPECTS OF FINANCIAL AUDITING FOR THE FEDERAL GOVERNMENT**  
**GP**

**Objectives**

This unit is designed to enable participants to identify the unique aspects of conducting financial audits of federal departments and programs.

**Description**

This unit covers the differences between audits in the governmental sector and those carried out in the nongovernmental area. It will examine such considerations as fund accounting and reporting, budgeting and legal considerations, and applicable auditing guides.

**Requisite Knowledge and Experience**

This unit is for individuals who have auditing experience and limited exposure to the government environment and have taken the Auditing in the Government Environment (AA2301.1) and the Basic Accounting and Financial Reporting for the Federal Government (AA1503.1) units.

**Major Topics**

- o The unique aspects of governmental financial auditing:
  - Fund accounting and reporting
  - Budgeting and legal compliance
- o Guidance in conducting audits:
  - Generally accepted governmental auditing standards and generally accepted auditing standards
- o Planning and supervising audits:
  - Scope of audits
  - Administration of audits
- o Conducting audits:
  - Study and evaluations of internal control
  - Substantive testing procedure
  - Electronic data processing auditing
  - Examination for fraud, abuse, and illegal acts
- o Reporting on audited financial statements:
  - Management letters
  - Audit reports

**Companion Units**

This unit is designed to stand alone.

**AA2304.2 UNDERSTANDING THE ENTITY'S ACTIVITIES IN PLANNING AN AUDIT FOR STATE  
GP AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to know how to obtain sufficient knowledge of the entity's activities to provide a basis for audit planning considerations and to understand the audit implications of an entity's activities.

**Description**

This unit teaches participants what they must know about an entity's activities to plan an engagement and how that information can be obtained.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in planning and supervising an audit engagement.

**Major Topics**

- o The nature of the business:
  - Operating characteristics
  - Current economic conditions
  - Technological changes
  - Applicable regulations
  - Current operating conditions
  
- o The nature of the accounting system
- o Sources of information:
  - Client reports, manuals, system descriptions
  - Inquiry of client, client literature
  - Prior-year working papers or carryforward files
  - Industry information and statistics
  - AICPA accounting and audit guides
  
- o Documentation:
  - Memos
  - Flowcharts
  - Statistics

**Companion Units**

The unit can be combined with the Developing the Engagement Plan and Work Program (AA1804.2) unit, or it can be a component of a level II staff-training course.

**AA2305.2    BASIC AUDIT REVIEWING SKILLS FOR FEDERAL, STATE, AND LOCAL  
GP            GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to perform effective supervisory reviews of working papers.

**Description**

This unit covers the techniques for supervisory review of working papers.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in reviewing working papers and have taken the Working Paper Preparation and Documentation (AA2601.1) unit.

**Major Topics**

- o The importance of working papers review
- o Adequacy of support and documentation
- o Litigation consideration
- o The importance of supervising, training, and developing assistants
- o Performing and documenting the review

**Companion Units**

This unit can be a component of a level II staff-training program.

**AA2306.3    ADVANCED AUDIT REVIEWING SKILLS FOR FEDERAL, STATE, AND LOCAL  
GP            GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to perform effective manager reviews of working papers.

**Description**

This unit covers the techniques for manager review of working papers.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in planning and supervising audit engagements and have taken the Review of Working Papers (AA1806.2) unit, or have equivalent experience.

**Major Topics**

- o Performing an overall review
- o Consideration of appropriateness and adequacy of significant audit activities:
  - Reliance on internal accounting controls
  - Appropriateness of audit or work program
  - Sufficiency of scope
  - Adequacy of test results
  - Appropriateness of materiality and risk decisions
  - Consideration of need to modify scope of procedures, based on results of procedures performed
  - Effectiveness of procedures applied
  - Significant decisions and conclusions

**Companion Units**

This unit can be a component of a level III staff-training program.

### Objectives

This unit is designed to enable participants to -

- o Describe the relationship of the study and evaluation of internal control to the audit process.
- o Explain the difference between the study and evaluation of internal control for audit purposes and for special reports issued on internal controls.
- o Define administrative and accounting controls and describe their importance.
- o Describe the primary concepts of a system of internal controls.
- o Identify processing procedures and control techniques.

### Description

This unit covers the basic concepts related to the study and evaluation of internal controls.

### Requisite Knowledge and Experience

This unit is for individuals with little or no practical auditing experience.

### Major Topics

- o The relationship of internal control to the audit process:
  - Professional literature on the study and evaluation of standard accounting control
  - Generally accepted auditing standards and generally accepted governmental auditing standards requirements
  - Tie-in to audit scope
- o Audit purposes
- o Special study of internal control
- o AICPA Statement on Auditing Standards regarding:
  - Administrative vs. accounting controls
  - Basic concepts of internal controls
  - Management responsibility
  - Reasonable assurance
  - Data-processing methods
  - Limitations of a system of internal control
  - Personnel competence and integrity
  - Segregation of functions

- Authorization and recording of transactions
- Limited access and comparison of recorded accountability with assets and risks

o Preventive vs. detective techniques:

- Difference between them
- Importance of each

o Processing procedures vs. control techniques

**Companion Units**

This unit is designed to stand alone.



**INTRODUCTION TO THE STUDY AND EVALUATION OF INTERNAL CONTROL IN  
THE FEDERAL GOVERNMENT**

**Objectives**

This unit is designed to enable participants to -

- o Describe the relationship of the study and evaluation of internal control to the audit process.
- o Explain the difference between the study and evaluation of internal control for audit purposes and for special reports issued on internal controls.
- o Define administrative and accounting controls and describe their importance.
- o Describe the primary concepts of a system of internal controls.
- o Identify processing procedures and control techniques.

**Description**

This unit covers the basic concepts related to the study and evaluation of internal controls.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical auditing experience.

**Major Topics**

- o The relationship of internal control to the audit process:
  - Professional literature on the study and evaluation of standard accounting control
  - Generally accepted auditing standards and generally accepted governmental auditing standards requirements
  - Tie-in to audit scope
- o Audit purposes
- o Special study of internal control
- o AICPA Statement on Auditing Standards regarding:
  - Administrative vs. accounting controls
  - Basic concepts of internal controls
  - Management responsibility
  - Reasonable assurance
  - Data-processing methods
  - Limitations of a system of internal control
  - Personnel competence and integrity
  - Segregation of functions

- Authorization and recording of transactions
- Limited access and comparison of recorded accountability with assets and risks

o Preventive vs. detective techniques:

- Difference between them
- Importance of each

o Processing procedures vs. control techniques

**Companion Units**

This unit is designed to stand alone.

**AA2309.2      REPORTING ON MATERIAL INTERNAL CONTROL WEAKNESSES AND CONSTRUCTIVE  
GP              SUGGESTIONS ON INTERNAL CONTROLS IN STATE AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify material internal control weaknesses.
- o Determine the effect of material internal control.
- o Determine corrective action for internal control weaknesses.
- o Describe what to communicate to clients regarding internal control weaknesses and how to do so.

**Description**

This unit covers the auditor's reporting requirements regarding internal control weaknesses and recommendations on internal controls.

**Requisite Knowledge and Experience**

This unit is designed for individuals who have some practical experience in studying and evaluating a client's system of internal control and have taken the Introduction to the Study and Evaluation of Internal Control (AA1901.1) unit.

**Major Topics**

- o Internal control weaknesses:
  - Definition
  - Identification
  - Effect on audit scope
  - Identification of material weaknesses
- o Correcting internal control weaknesses:
  - Identification of corrective actions and alternatives
  - Determination of feasibility of implementation
- o Reporting on internal control weaknesses:
  - Material vs. nonmaterial weaknesses
  - Client service considerations
  - Public knowledge considerations
- o Mode of presentation:
  - Oral
  - Written

**Companion Units**

This unit is designed to stand alone.

**AA2310.2    REPORTING ON MATERIAL INTERNAL CONTROL WEAKNESSES AND CONSTRUCTIVE  
GP            SUGGESTIONS ON INTERNAL CONTROLS IN THE FEDERAL GOVERNMENT**

**Objectives**

This unit is designed to enable participants to -

- o Identify material internal control weaknesses.
- o Determine the effect of material internal control.
- o Determine corrective action for internal control weaknesses.
- o Describe what to communicate to clients regarding internal control weaknesses and how to do so.

**Description**

This unit covers the auditor's reporting requirements regarding internal control weaknesses and recommendations on internal controls.

**Requisite Knowledge and Experience**

This unit is designed for individuals who have some practical experience in studying and evaluating a client's system of internal control and have taken the Introduction to the Study and Evaluation of Internal Control (AA1901.1) unit.

**Major Topics**

- o Internal control weaknesses:
  - Definition
  - Identification
  - Effect on audit scope
  - Identification of material weaknesses
- o Correcting internal control weaknesses:
  - Identification of corrective actions and alternatives
  - Determination of feasibility of implementation
- o Reporting on internal control weaknesses:
  - Material vs. nonmaterial weaknesses
  - Client service considerations
  - Public knowledge considerations
- o Mode of presentation:
  - Oral
  - Written

**Companion Units**

This unit is designed to stand alone.

AA2311.2 AGENCY REPRESENTATIONS IN FEDERAL, STATE, AND LOCAL GOVERNMENTS  
GP

**Objectives**

This unit is designed to enable participants to -

- o Explain the nature and significance of agency representations.
- o Prepare an appropriate agency representation letter.
- o Assess the reporting implications of the agency's refusal to furnish written representations.

**Description**

This unit covers the nature and significance of agency representations. The form and contents of the representations and the implications of management's refusal to furnish written representations are also discussed.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of substantive testing procedures and the nature of audit evidence.

**Major Topics**

- o The nature and significance of agency representations as audit evidence
- o Situations in which an auditor is required to obtain an agency representations letter
- o Situations in which an auditor may wish to obtain an agency representations letter, even if it is not required
- o The appropriate contents of an agency representations letter
- o Reporting implications when an agency refuses to furnish a written representations letter

**Companion Units**

This unit may be combined with the following units:

- o Substantive Testing of Property and Equipment in Federal, State, and Local Governments (AA2313.2)
- o Substantive Testing of Prepaids and Other Assets in Federal, State, and Local Governments (AA2314.2)

- o Substantive Testing of Fund Balances in State and Local Governments (AA2315.2)
- o Substantive Testing of the Operating Statement Accounts in State and Local Governments (AA2316.2)

**AA2312.2    LEGAL CORRESPONDENCE IN STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the process involved in obtaining legal opinion, letters, or audit evidence.
- o Use audit procedures to identify potential litigation, claims, and assessments.

**Description**

This unit covers audit procedures for identifying potential litigation, claims, and assessments and the implications of the findings on the auditors' report.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of contingencies and commitments and related financial statement effects.

**Major Topics**

- o Auditing evidence relating to litigation, claims, and assessments
- o Audit procedures for identifying and evaluating litigation claims (asserted and unasserted):
  - Review of entity procedures and evaluation
  - Review of entity/attorney correspondence and invoices from attorneys
  - Review of prior years' audit working papers
  - Relationship to other audit tests
- o Appropriate legal letters:
  - Determine the appropriate individuals to whom the letter is to be sent, including in-house counsel
  - Determine the appropriate wording of the letter
  - Compliance with American Bar Association/AICPA standards
  - Evaluation of responses to attorney's opinions or correspondence, including the determination and evaluation of risk
- o Implications of legal correspondence on the auditors' report

**Companion Units**

This unit can be combined with the Commitments and Contingencies (AA1209.2) unit.

**AA2313.2      SUBSTANTIVE TESTING OF PROPERTY AND EQUIPMENT IN FEDERAL,  
GP              STATE, AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives of property and equipment.
- o Identify alternate substantive testing procedures and evaluate the effectiveness of each, depending on the internal control environment.
- o Apply procedures to the audit of property and equipment.

**Description**

This unit explains the audit objectives for property and equipment accounts and demonstrates how to use basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is designed for individuals who have little or no practical experience in auditing property and equipment.

**Major Topics**

- o The audit objectives of property and equipment accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Observation of property and equipment and other tests of details, such as examination of records and vouching of supporting documents, which address existence and completeness of the asset
- o Potential uses and methods of applying audit sampling to property and equipment testing
- o Appropriate analytical review procedures for testing property and equipment
- o Testing depreciation expense and accumulated depreciation
- o Procedures with respect to rights, obligations, presentation, and disclosure
- o Documentation of substantive testing procedures



**Companion Units**

This unit can be combined with the following units:

- o Agency Representations in Federal, State, and Local Governments (AA2311.2)
- o Substantive Testing of Prepaids and Other Assets in Federal, State, and Local Governments (AA2314.2)
- o Substantive Testing of Fund Balances in State and Local Governments (AA2315.2)
- o Substantive Testing of the Operating Statement Accounts in State and Local Governments (AA2316.2)

**AA2314.2      SUBSTANTIVE TESTING OF PREPAIDS AND OTHER ASSETS IN FEDERAL,  
GP              STATE, AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationships between financial statement assertions and the audit objectives of prepaids and other assets.
- o Identify alternate substantive testing procedures and evaluate the effectiveness of each, depending on the internal control environment.
- o Apply these procedures to the audit prepaids and other assets.

**Description**

This unit explains the audit objectives for prepaid and other asset accounts and demonstrates how to use basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical experience in auditing prepaids and other assets.

**Major Topics**

- o The audit objectives of prepaid and other asset accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Tests of details, such as examination of records and vouching of supporting documents, which address existence and completeness of these assets
- o Appropriate analytical review procedures for testing prepaids and other assets
- o Procedures with respect to rights, obligations, presentation, and disclosure
- o Documentation of substantive testing procedures

**Companion Units**

This unit can be combined with the following units:

- o Investments, Intangibles, Deferred Charges, and Other Assets (AA1204.2)

- o Agency Representations in Federal, State, and Local Governments (AA2311.2)
- o Substantive Testing of Property and Equipment in Federal, State, and Local Governments (AA2313.2)
- o Substantive Testing of Fund Balances in State and Local Governments (AA2315.2)
- o Substantive Testing of the Operating Statement Accounts in State and Local Governments (AA2316.2)

**AA2315.2 SUBSTANTIVE TESTING OF FUND BALANCES IN STATE AND LOCAL GOVERNMENTS  
GP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between financial statement assertions and the audit objectives of fund balances.
- o Identify alternate substantive testing procedures and evaluate the effectiveness of each, depending on the internal control environment.
- o Apply these procedures to the audit of fund balances.

**Description**

This unit explains the audit objectives for fund balance accounts and demonstrates how to apply basic substantive testing procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing fund balances and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The audit objectives of fund balance accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation, inspection, and other procedures that address existence and completeness of fund balances
- o Determination, identification, and examination of related-party transactions
- o Documentation of substantive testing procedures

**Companion Units**

This unit can be combined with the following units:

- o Agency Representations in Federal, State, and Local Governments (AA2311.2)
- o Substantive Testing of Property and Equipment in Federal, State, and Local Governments (AA2313.2)

- o Substantive Testing of Prepaids and Other Assets in Federal, State, and Local Governments (AA2314.2)
- o Substantive Testing of the Operating Statement Accounts in State and Local Governments (AA2316.2)

**Objectives**

This unit is designed to enable participants to -

- o Describe the audit objectives of operating statement accounts.
- o Identify alternate substantive testing procedures and evaluate the effectiveness of each, depending on the internal control environment.
- o Apply these procedures to the audit of operating statement accounts.
- o Identify the relationship between financial statement assertions and the audit objectives of income statement accounts.

**Description**

This unit explains the audit objectives for operating statement accounts and demonstrates how to use basic substantive procedures to meet those objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no practical experience in auditing income statement accounts and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) unit.

**Major Topics**

- o The audit objectives of operating statement accounts
- o The effect of internal controls on the nature, timing, and extent of substantive procedures
- o Confirmation, vouching inspection, and other procedures that address existence and completeness of operating statement accounts
- o Analytical procedures for testing operating statement accounts
- o Determination, identification, and examination of related-party transactions
- o Documentation of substantive testing procedures

### Companion Units

This unit can be combined with the following units:

- o Agency Representations in Federal, State, and Local Governments (AA2311.2)
- o Substantive Testing of Property and Equipment in Federal, State, and Local Governments (AA2313.2)
- o Substantive Testing of Prepaids and Other Assets in Federal, State, and Local Governments (AA2314.2)
- o Substantive Testing of Fund Balances in State and Local Governments (AA2315.2)

**AA2317.2    REVIEWING SUPPLEMENTARY INFORMATION REQUIRED BY THE GOVERNMENTAL  
GP            ACCOUNTING STANDARDS BOARD IN STATE AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to apply appropriate audit procedures to supplementary information required by pronouncements of the Governmental Accounting Standards Board (GASB).

**Description**

This unit covers procedures and reporting regarding GASB-required supplementary information.

**Requisite Knowledge and Experience**

This unit is designed for individuals who have experience in preparing auditors' reports and have taken the following units:

- o Basic Accounting and Financial Reporting of State and Local Governments (AA1503.1)
- o Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Financial Section (AA1505.2)
- o Preparing Comprehensive Annual Financial Reports for State and Local Governments: Notes to Financial Statements (AA1506.2)
- o Preparing Comprehensive Annual Financial Reports for State and Local Governments: The Introductory and Statistical Sections (AA1507.2)
- o Preparing Interim Financial Statements and Reports for State and Local Governments (AA1508.2)
- o Preparing Special-Purpose Financial Reports for State and Local Governments (AA1509.2)
- o Researching State and Local Government Accounting and Reporting Issues (AA1510.2)

**Major Topics**

- o Audit procedures applicable to supplementary information
- o Exception reporting on supplementary information
- o Procedures and reporting applicable to specific types of data required by GASB

**Companion Units**

This unit is designed to stand alone.



**AA2318.2    AUDITING RESEARCH IN FEDERAL, STATE, AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to recognize sources of audit guidance and use them to solve governmental auditing problems.

**Description**

This unit covers sources of audit guidance and how they are used in state and local governments.

**Requisite Knowledge and Experience**

This unit is for individuals with a good working knowledge of generally accepted auditing standards (GAAS), generally accepted governmental auditing standards (GAGAS), and governmental accounting.

**Major Topics**

- o The governmental audit standards-setting process
- o Sources of auditing guidance:
  - GAGAS
  - Statements on Auditing Standards
  - Interpretations
  - Audit guides
  - Auditing standards statements of position
  - Audit research monographs
  - Audit procedures studies
  - Other sources (articles, papers, and so on)
- o Locating and using specific sources.

**Companion Units**

This unit can be combined with the Researching State and Local Government Accounting and Reporting Issues (AA1510.2) unit.

**AA2319.4    AUDITING UPDATE IN STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to identify and use new professional authoritative pronouncements and other new methodologies and technologies related to auditing in the governmental sector.

**Description**

This unit brings participants up to date on all recently issued auditing literature, with special emphasis on items that apply to the auditing of governmental units and on new technologies and methodologies.

**Requisite Knowledge and Experience**

This unit is for individuals with a thorough understanding of governmental auditing.

**Major Topics**

- o A brief review of previously issued Statements on Auditing Standards (SASs), audit guides, and the like, that affect government audits
- o An update on all recently issued SASs, audit guides, and the like, with special emphasis on those that will affect government audits
- o A review of the standards for auditing governmental organizations, programs, activities, and functions (Government Accounting Office standards), with emphasis on recent changes
- o A review of applicable legal and regulatory requirements
- o A review of new audit-related applications methodology
- o A review of recent governmental accounting pronouncements that affect the audit process

**Companion Units**

This unit can be combined with the State and Local Government Accounting and Reporting Update (AA1512.4) unit.

**AA2320.4    AUDITING UPDATE IN THE FEDERAL GOVERNMENT**  
**GP**

**Objectives**

This unit is designed to enable participants to identify and use new professional authoritative pronouncements and other new methodologies and technologies related to auditing in the governmental sector.

**Description**

This unit brings participants up to date on all recently issued auditing literature, with special emphasis on items that apply to the auditing of governmental units and on new technologies and methodologies.

**Requisite Knowledge and Experience**

This unit is for individuals with a thorough understanding of governmental auditing.

**Major Topics**

- o A brief review of previously issued Statements on Auditing Standards (SASs), audit guides, and the like, that affect government audits
- o An update on all recently issued SASs, audit guides, and the like, with special emphasis on those that will affect government audits
- o A review of the standards for auditing governmental organizations, programs, activities, and functions (Government Accounting Office standards), with emphasis on recent changes
- o A review of applicable legal and regulatory requirements
- o A review of new audit-related applications methodology
- o A review of recent governmental accounting pronouncements that affect the audit process

**Companion Units**

This unit can be combined with the Federal Government Accounting and Reporting Update (AA1513.4) unit.

**AA2401.2 FINANCIAL AND COMPLIANCE AUDITS FOR FEDERAL, STATE, AND LOCAL  
GP GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Plan and conduct financial and compliance audits.
- o Prepare reports for these audits.

**Description**

This unit covers the basic procedures used in planning, conducting, and reporting financial and compliance audits.

**Requisite Knowledge and Experience**

This unit is for individuals who have basic governmental auditing experience and accounting knowledge and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) units.

**Major Topics**

- o The purposes and objectives of financial and compliance audits
- o Audit standards to be applied
- o Planning the audit
- o Audit procedures to be followed
- o Audit workpapers
- o Compliance with legal and regulatory requirements
- o Financial and administrative internal control review
- o Procedures for testing financial transactions and compliance items
- o Audit review process and procedures
- o Audit report preparation and presentation

**Companion Units**

This unit can be combined with the following units:

- o Federal Grant Program Audits - State and Local Governments (AA2406.2)
- o Auditing Expenditures for State and Local Governments (AA2407.2)
- o Auditing Revenues for State and Local Governments (AA2409.2)

**AA2402.2    AUDITING OF INTERNAL CONTROL - FEDERAL SECTOR**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Describe, compare, and evaluate alternate methods of documenting the audit and evaluation of an internal control system.
- o Describe the Federal Managers Financial Integrity Act.
- o Develop a basic internal control audit program.
- o Conduct an audit and evaluate the results of a review of a system of internal control.

**Description**

This unit covers the basic concepts regarding the auditing of internal controls and the types of reports issued them, with special emphasis on the Federal Managers Financial Integrity Act.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in auditing internal control systems and have taken the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) unit.

**Major Topics**

- o Alternate methods of documenting the study and evaluation of a system of internal control
- o Methods:
  - Flowcharts
  - Questionnaires
  - Narrative memos
- o The benefits of each method:
  - Effort needed
  - Completeness of review
  - Benefits of methods in different environments
- o Guidelines for updating the prior year's review
- o Guidelines for documenting a review of the internal controls related to an electronic data processing system
- o Federal Managers Financial Integrity Act
- o Conducting an internal control audit
- o Evaluating audit results

**Companion Units**

This unit is designed to stand alone.

**AA2403.2 ECONOMY-AND-EFFICIENCY AUDITS - FEDERAL, STATE, AND LOCAL  
GP GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Plan and conduct an economy-and-efficiency audit.
- o Prepare reports for these audits.

**Description**

This unit covers the audit procedures typically used to evaluate whether an organization's resources, funds, property, and personnel are adequately controlled and used in an efficient and economical manner.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in economy-and-efficiency and program-results audits and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) units.

**Major Topics**

- o The purposes and objectives of an economy-and-efficiency audit
- o Types of economy-and-efficiency audits:
  - Procurement
  - Property management
  - Personnel
  - Fiscal administration
  - Management information
- o Applicable audit standards
- o Planning the economy and efficiency audit
- o The preaudit survey phase
- o Applicable audit procedures
- o Data evaluation
- o Audit workpapers
- o The review phase
- o Audit report and release

### **Companion Units**

This unit can be combined with the Program-Results (Effectiveness) Audits - Federal, State, and Local Governments (AA2404.2) and the Federal Grant Program Audits - State and Local Governments (AA2406.2) units.

AA2404.2 PROGRAM-RESULTS (EFFECTIVENESS) AUDITS - FEDERAL, STATE, AND  
GP LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Plan and conduct program-results (effectiveness) audits.
- o Prepare reports for these audits.

**Description**

This unit covers the basic procedures used in planning, conducting, and reporting program-results (effectiveness) audits.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in economy-and-efficiency and program-results audits and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) units.

**Major Topics**

- o The purposes and objectives of a program-results audit
- o Applicable auditing standards
- o Preaudit survey
- o Planning the audit:
  - Effectiveness management system
  - Assignment clarification
  - Program familiarization
  - Selection of a review strategy
  - Development of the work plan
- o Auditing procedures:
  - Documentation of the management system
  - Assessing the organizational performance indicators
  - Assessing the auditee's data source and collection techniques
- o Data evaluation:
  - Determining program effectiveness
  - Cost alternatives review
- o Audit workpapers
- o Report preparation and communication of findings



### **Companion Units**

This unit can be combined with the Economy-and-Efficiency Audits - Federal, State, and Local Governments (AA2403.2) and the Federal Grant Program Audits - State and Local Governments (AA2406.2) units.

**AA2405.3 SINGLE AUDIT CONCEPTS AND PROCEDURES - STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Plan and conduct single audits of federal financial-assisted programs.
- o Prepare reports for those audits.

**Description**

This unit covers the basic procedures used in planning, conducting, and reporting on single audits of federal financial-assisted programs.

**Requisite Knowledge and Experience**

This unit is for individuals who have financial and compliance audit experience with federal financial-assisted programs and have taken the following units:

- Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2)
- Financial and Compliance Audits for Federal, State, and Local Governments (AA2401.2)
- Federal Grant Program Audits - State and Local Governments (AA2406.2)

**Major Topics**

- o The purpose and objectives of single audits:
  - Determining when a single audit is required
- o Applicable audit standards (generally accepted governmental auditing standards)
- o Applicable circulars (A-128):
  - Uniform budget policy review
  - Indirect cost analysis
- o Applicable audit guides
- o Planning the audit:
  - Compliance supplement
  - Schedule of federal assistance

- o Audit procedures to be followed:
  - Procedures for testing internal control, financial transactions, and applicable compliance provisions
  - Study of internal control
- o Adequacy and comprehensiveness of control procedures and management practices over grant funds
- o Audit reports:
  - Financial
  - Internal control
  - Compliance

#### **Companion Units**

This unit can be combined with the Auditing Special Financial Statement Items Unique to State and Local Governments (AA2411.3) and the Auditing Special Entities Associated with State and Local Governments (AA2412.3) units.

**AA2406.2 FEDERAL GRANT PROGRAM AUDITS - STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Plan and conduct a financial and compliance audit of a federal grant program for a state or local government unit.
- o Prepare a report on those audits.

**Description**

This unit provides participants with information on federal requirements and regulations regarding auditing and reporting on the activity of grants awarded to state and local governments. It covers planning, conducting, and reporting on audits of federal grant programs.

**Requisite Knowledge and Experience**

This unit is for individuals who have some governmental auditing experience and have taken the following units:

- Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2)

**Major Topics**

- o The purpose and objectives of a federal grant program audit as distinguished from those of a single audit
- o Generally accepted governmental auditing standards
- o Applicable circulars
- o Applicable audit guides
- o Planning the audit:
  - Compliance supplement
- o Audit procedures to be followed:
  - Procedures for testing internal control, financial transactions, and applicable compliance provisions
  - Evaluation of internal control
- o Adequacy and comprehensiveness of control procedures and management practices over grant funds

- o Audit reports:
  - Financial
  - Internal control
  - Compliance

**Companion Units**

This unit can be combined with the following units:

- o Grant Accounting and Financial Reporting for State and Local Governments (AA1601.2)
- o Financial and Compliance Audits for Federal, State, and Local Governments (AA2401.1)
- o Economy-and-Efficiency Audits - Federal, State, and Local Governments (AA2403.2)
- o Program-Results (Effectiveness) Audits - Federal, State, and Local Governments (AA2404.2)
- o Auditing Expenditure for State and Local Governments (AA2407.2)
- o Auditing Revenues for State and Local Governments (AA2409.2)

**AA2407.2    AUDITING EXPENDITURES FOR STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Audit the systems and controls of governmental expenditures.
- o Use information contained in governmental budgets and accounting records.
- o Use normal auditing methods when examining government expenditures.

**Description**

This unit familiarizes auditors with the manual or electronic systems, processes, and procedures associated with expending public funds, including the processes of budgeting, accounting, and purchasing. It also demonstrates the use of standard audit methodology when conducting governmental expenditures audits.

**Requisite Knowledge and Experience**

This unit is for individuals who have some knowledge of governmental accounting and auditing and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (A2302.2) units.

**Major Topics**

- o The classifications of expenditures
- o Unique expenditures:
  - Expenditures vs. expenses
  - Encumbrances
  - Capital projects
- o The methods, processes, and systems used by various governments to budget, account for, and expend public monies
- o The purposes and objectives of expenditures auditing
- o Applicable auditing standards, circulars, and guides
- o Planning the audit
- o Auditing methods and procedures
- o Reporting and disclosure requirements

**Companion Units**

This unit can be combined with the Financial and Compliance Audits for Federal, State, and Local Governments (AA2401.2) and the Federal Grant Program Audits - State and Local Governments (AA2406.2) units.

AA2408.2    AUDITING EXPENDITURES FOR THE FEDERAL GOVERNMENT  
GP

**Objectives**

This unit is designed to enable participants to -

- o Audit the systems and controls of governmental expenditures.
- o Use information contained in governmental budgets and accounting records.
- o Use normal auditing methods when examining government expenditures.

**Description**

This unit familiarizes auditors with the manual or electronic systems, processes, and procedures associated with expending public funds, including the processes of budgeting, accounting, and purchasing. It also demonstrates the use of standard audit methodology when conducting governmental expenditures audits.

**Requisite Knowledge and Experience**

This unit is for individuals who have some knowledge of governmental accounting and auditing and have taken the Basic Accounting and Financial Reporting for Federal Government (AA1504.1) and the Unique Aspects of Financial Auditing for the Federal Government (A2303.2) units.

**Major Topics**

- o The classifications of expenditures
- o Unique expenditures:
  - Expenditures vs. expenses
  - Encumbrances
  - Capital projects
- o The methods, processes, and systems used by various governments to budget, account for, and expend public monies
- o The purposes and objectives of expenditures auditing
- o Applicable auditing standards, circulars, and guides
- o Planning the audit
- o Auditing methods and procedures
- o Reporting and disclosure requirements

**Companion Units**

This unit can be combined with the Financial and Compliance Audits for Federal, State, and Local Governments (AA2401.2) and the Federal Grant Program Audits - State and Local Governments (AA2406.2) units.

**AA2409.2    AUDITING REVENUES FOR STATE AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the unique revenue-generating processes associated with general and special-purpose governmental units.
- o Develop and use the auditing methods applicable to these revenue-generating processes.

**Description**

This unit familiarizes auditors with the revenue sources available to governmental units and the auditing methods applicable to them. The accounting and reporting requirements for these audits are also covered.

**Requisite Knowledge and Experience**

This unit is for individuals who have some knowledge of governmental accounting and auditing and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) units.

**Major Topics**

- o The revenue sources available to governments:
  - Taxes, licenses, gambling, tolls
  - Unusual sources, such as franchising
- o The methods, processes, and systems used to raise revenues
- o Revenue recognition criteria
- o The purpose and objectives of revenue auditing
- o Applicable auditing standards, circulars, and guides
- o Planning the audit
- o Auditing methods and procedures
- o Reporting issues
- o Disclosure requirements



### **Companion Units**

This unit can be combined with the following units:

- o Financial and Compliance Audits for Federal, State, and Local Governments (AA2401.2)
- o Federal Grant Program Audits - State and Local Governments (AA2406.2)
- o Gambling and Lotteries Revenue Management for State and Local Governments (MG2311.2)
- o Alternate Revenue Sources for State and Local Governments (MG2312.2)

**AA2410.2 INVESTIGATIVE AUDITS IN FEDERAL, STATE, AND LOCAL GOVERNMENTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Use the specific techniques required to conduct an investigative audit.
- o Establish and use the special communications and operating relationships that are necessary when conducting an investigative audit.
- o Prepare the necessary special documentation necessary when conducting an investigative audit.
- o Apply normal auditing methods when examining functions and activities subjected to investigative audits.

**Description**

This unit familiarizes auditors with the environment, practices, and procedures associated with investigative auditing. It demonstrates the important methods that may be used when an investigative audit is conducted.

**Requisite Knowledge and Experience**

This unit is for individuals who have some knowledge of government, governmental accounting auditing, and governmental finance and have taken the Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1) and the Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2) units. Since the information provided is somewhat specialized, participants should have a specific need to conduct investigative audits.

**Major Topics**

- o The meaning of investigative auditing
- o The uses of investigative auditing
- o Methods, processes, and systems used in investigative audits
- o Sensitivities of investigative auditing and special ground rules
- o Various audit approaches

**Companion Units**

This unit is designed to stand alone.

**AA2411.3    AUDITING SPECIAL FINANCIAL STATEMENT ITEMS UNIQUE TO STATE AND  
GP            LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify special financial statement items, such as pensions, leases, and infrastructures.
- o Develop and execute an audit program for each of the special areas.
- o Summarize audit findings and identify relevant financial statement disclosures.

**Description**

This unit covers the complex auditing issues of selected financial statement items that require unique audit applications. It also includes related reporting and disclosures.

**Requisite Knowledge and Experience**

This unit is for individuals who have a knowledge of governmental accounting and auditing and have taken the following units:

- Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- Pension Accounting and Financial Reporting for State and Local Governments (AA1603.2)
- Lease Accounting and Financial Reporting for State and Local Governments (AA1604.2)
- Debt Accounting and Financial Reporting by State and Local Governments (AA1606.2)
- Special Assessments Accounting and Financial Reporting by Local Governments (AA1607.2)
- Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2)

**Major Topics**

- o Special accounting and financial reporting requirements
- o Applicable auditing methods
- o Summarizing audit findings
- o Disclosure and reporting requirements

NOTE: This unit may be applied to any of the following, either individually or in groups: pensions, leases, infrastructure, social service programs, claims, special-purpose debt issues, judgments, compensated absences, special assessments, special-purpose reviews, contracted services, special reporting situations.

#### **Companion Units**

This unit can be combined with the Single Audit Concepts and Procedures - State and Local Governments (AA2405.3) and the Auditing Special Entities Associated With State and Local Governments (AA2412.3) units.

**AUDITING SPECIAL ENTITIES ASSOCIATED WITH STATE AND LOCAL  
GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Identify special entities, such as utilities, hospitals, and colleges.
- o Use the specific techniques required to conduct an audit of certain special entities.
- o Identify and use appropriate accounting and auditing standards.
- o Prepare financial statements and related audit reports.

**Description**

This unit covers the complex auditing issues of selected special entities that are part of state and local governments. It will also include related reporting and disclosures.

**Requisite Knowledge and Experience**

This unit is for individuals who have a knowledge of governmental accounting and auditing and have taken the following units:

- Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- Joint Activities Accounting and Financial Reporting for State and Local Governments (AA1608.2)
- Utilities Accounting and Financial Reporting for State and Local Governments (AA1609.2)
- Accounting and Financial Reporting for State and Local Government Hospitals and Other Health-Care Facilities (AA1610.2)
- Accounting and Financial Reporting for Colleges and Universities of State and Local Governments (AA1611.2)
- Accounting and Financial Reporting for Special Financing Authorities of State and Local Governments (AA1613.2)
- Accounting and Financial Reporting for Nonprofit Organizations of State and Local Governments (AA1615.2)
- School District Accounting and Financial Reporting (AA1616.2)
- Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2)

**Major Topics**

- o The purpose and objectives of audits
- o Special accounting and financial reporting requirements

- o Applicable auditing methods
- o Evaluating audit findings
- o Reporting results
- o Disclosure and reporting requirements

NOTE: This unit may be applied to any of the following, either individually or in groups: utilities, public employees retirement system, hospitals and health-care facilities, colleges and universities, authorities, school districts, not-for-profit organizations, and joint ventures.

#### **Companion Units**

This unit can be combined with the Single Audit Concepts and Procedures - State and Local Governments (AA2405.3) and the Auditing Special Financial Statement Items Unique to State and Local Governments (AA2411.3) units.

**AA2413.2 CONTRACT AUDITING**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Understand the role of the contract auditor in the federal procurement process and perform contract audits of varying complexity.
- o Apply the acquisition regulations, cost accounting standards, and contract cost accounting principles and theory to determine recommended costs.
- o Apply quantitative (statistical sampling, regression analysis, and termination analysis) techniques, as required.

**Description**

This unit provides the participant with the requisite knowledge and skills to perform contract audits and to determine recommended costs based on acquisition regulations, cost accounting standards, and contract cost accounting principles and theory.

**Requisite Knowledge and Experience**

This unit is for individuals with at least one year of government audit experience and who have taken the Auditing in the Government Environment (AA2301.1) and OMB Circular A-87, Cost Principles Applicable to Grants and Contracts With State and Local Governments (MG2107.1) units.

**Major Topics**

- o Federal acquisition regulations and cost accounting standards
- o Procurement process
- o Distribution of costs
- o Quantitative audit techniques
- o Methodology of auditing cost proposals and overheads

**Companion Units**

This unit is designed to stand alone.

**AA2414.2    AUDITING FOR FRAUD, ABUSE, AND ILLEGAL ACTS**  
**GP**

**Objectives**

This unit is designed to enable participants to -

- o Distinguish the difference among frauds, abuses, and illegal acts.
- o Define the purposes for conducting fraud, abuse, and illegal act audits.
- o Plan and conduct an audit for fraud, abuse, and illegal acts.
- o Develop the appropriate special report of audit results.

**Description**

This unit covers the techniques for planning, conducting, and reporting on audits for fraud, abuse, and illegal acts.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in governmental auditing and have taken the following units:

- Basic Accounting and Financial Reporting for State and Local Governments (AA1503.1)
- Auditing in the Government Environment (AA2301.1)
- Unique Aspects of Financial Auditing for State and Local Governments (AA2302.2)

**Major Topics**

- o The meaning of fraud, abuses, and illegal acts
- o The purpose and objectives of these fraud, abuses, and illegal acts audits
- o Identifying appropriate auditing standards
- o Planning the audit
- o Conducting the audit
- o Evaluating audit results
- o Reporting methods
- o Disclosure requirements and legal obligations
- o Special considerations

**Companion Units**

This unit is designed to stand alone.



**AA2501.2    COMPILATION AND REVIEW OF FINANCIAL STATEMENTS**  
**PP**

**Objectives**

This unit is designed to enable participants to apply the appropriate procedures and reporting requirements to compilation and review engagements.

**Description**

This unit covers the nature and objectives of compilation and review services and describes the procedures for performing and reporting on these engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience in performing compilation engagements.

**Major Topics**

- o Authoritative literature
- o The objectives of compilation and review engagements
- o General standards and rules of ethics
- o Engagement acceptance
- o Fieldwork standards
- o Work paper documentation
- o Reporting standards
- o Liability considerations
- o Reporting on comparative financial statements
- o Departures from standard compilation and review reports

**Companion Units**

This unit is designed to stand alone.

**AA2502.3      COMPLEX PROBLEMS IN COMPILATION AND REVIEW ENGAGEMENTS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Formulate and select alternate solutions for complex or unique reporting problems in compilation and review engagements.
- o Apply authoritative pronouncements to frequently encountered practice problems.

**Description**

This unit covers alternate solutions to complex or unique practice problems in compilation and review engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have substantial experience in performing review and compilation engagements and have taken the Compilation and Review of Financial Statements (AA2501.2) unit.

**Major Topics**

- o Applicability of Statement on Standards for Accounting and Review Services and other authoritative pronouncements
- o Computer-prepared financial reports
- o Other comprehensive bases of accounting
- o Going-concern problems
- o Prescribed forms
- o Comparative financial statements
- o Interim financial statements
- o Unique-entity problems
- o Engagement administration
- o Form and presentation of financial statements
- o Change in level of service
- o Predecessor/successor accountants
- o Special reporting problems - disclosures, generally accepted accounting principles materiality, and the like

**Companion Units**

This unit is designed to stand alone.

**AA2503.4    COMPILATION AND REVIEW SERVICES UPDATE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify current developments affecting compilation and review services.
- o Maintain a high level of proficiency in providing compilation and review services.

**Description**

This unit presents the current developments in the area of compilation and review services.

**Requisite Knowledge and Experience**

This unit is for individuals who have a thorough understanding of compilation and review services and have taken the Compilation and Review of Financial Statements (AA2501.2) unit.

**Major Topics**

- o New authoritative literature
- o Developments in compilation and review services
- o Review of compilation and review principles, policies, and procedures

**Companion Units**

This unit can be combined with other update units to form a comprehensive standards update program.

AA2504.2    **WRITE-UP SERVICES FOR SMALL BUSINESS CLIENTS**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Effectively perform write-up assignments.
- o Identify the key elements of manual and computer-based accounting systems for small businesses.

**Description**

This unit explains how to do write-up work for small business clients.

**Requisite Knowledge and Experience**

This unit is for individuals who have limited experience with write-up services for small businesses.

**Major Topics**

- o Significant accounting practices and processes
- o Basic accounting systems
- o Bank reconciliations
- o Cash receipts and disbursements
- o Adjusting and reversing entries
- o Trial balances
- o Working papers
- o Reporting
- o Employment tax forms and information returns
- o Corporate and partnership tax returns
- o Computer-generated accounting reports and tax returns
- o Types of financial reports

**Companion Units**

This unit is designed to stand alone.

**AA2601.1 WORKING PAPER PREPARATION AND DOCUMENTATION**

**AL**

**Objectives**

This unit is designed to enable participants to prepare working papers to document work done in a clear and concise manner.

**Description**

This unit covers the purpose, nature, and design of working papers and other engagement documentation.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no practical auditing experience.

**Major Topics**

- o The purpose of working papers:
  - Documentation of the work performed and conclusions reached
  - Source of information about the client's business
  - Source of information for planning a subsequent engagement
- o The types of working paper formats
- o Factors affecting the content of working papers (such as nature of engagement and client accounting system)
- o Specific techniques in preparing working papers:
  - Use of client-prepared working papers
  - Tick marks
  - Notes
  - Style and format
  - Clarity and conciseness
  - Completeness and accuracy
  - Development of design to facilitate preparation and review
  - Computer-prepared working papers
- o Specific types of documentation:
  - Confirmations
  - Client representations
  - Legal letters
  - Memos on the results of inquiries and observations
  - Memos summarizing research, factual situations, and conclusions reached on significant questions arising during the engagement

**Companion Units**

This unit can be a component of a level I staff-training program.

**AA2602.2    AUDITOR RESPONSIBILITIES FOR ERRORS OR IRREGULARITIES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the independent auditor's responsibility for detecting errors or irregularities when making an examination in accordance with generally accepted auditing standards.
- o Perform the necessary audit procedures when material errors or irregularities may exist.

**Description**

This unit covers the auditor's responsibility for detecting errors or irregularities and procedures to detect them.

**Requisite Knowledge and Experience**

This unit is for entry-level accountants with little or no auditing experience.

**Major Topics**

- o A definition of errors and irregularities
- o The professional standards applicable to errors or irregularities
- o The auditor's responsibility for detecting errors or irregularities
- o What to do when there is an indication that material errors or irregularities may exist

**Companion Units**

This can be included in a level I staff-training program.

**AA2603.2 AUDITS OF PENSION PLANS**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify and apply appropriate accounting principles for defined benefit and defined contribution pension plans.
- o Apply appropriate auditing procedures in the examination of the financial statements of defined benefit and defined contribution pension plans.

**Description**

This unit covers the unique accounting and auditing considerations involved in defined benefit and defined contribution pension plans.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in auditing pension plans.

**Major Topics**

- o Form and content of financial statements for pension plans
- o Authoritative support for accounting and auditing standards applicable to pension plans
- o Role of ERISA, the DOL (Department of Labor), and the PBGC (Pension Benefit Guaranty Corporation) and their requirements
- o Auditing procedures for significant assets and liabilities and participants' accounts
- o Investments in insurance contracts
- o Investments in common or commingled trust funds
- o Valuation of investments
- o Auditors' reports

**Companion Units**

This unit is designed to stand alone.

AA2604.2    **EMERGING MANAGEMENT ACCOUNTING CONCEPTS AND PRACTICES**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Develop a future perspective on the rapidly changing manufacturing environment and to monitor developments.
- o Identify the latest developments in manufacturing processes and to assess their implications on management accounting and reporting.

**Description**

This unit develops an awareness of the changes in the production methods, inventory management techniques, and quality production improvements among U.S. manufacturers and provides an understanding of the resulting changes in management accounting philosophies, procedures, and reporting practices.

**Requisite Knowledge and Experience**

This unit is for individuals with a general understanding of management accounting practices.

**Major Topics**

- o Changing manufacturing environment:
  - Computer-aided design and manufacturing system (CAD/CAM)
  - Just-in-time production methods
  - Islands-of-automation manufacturing approaches
  - Knowledge workers vs. blue-collar labor
- o Cost behavior changes:
  - Capital intensive costs, including computers and robotics
  - Decrease in direct labor costs
  - Fixed vs. variable cost mix
- o Management and accounting implications:
  - Revised systems to accommodate changes
  - Flexible systems and computer-integrated manufacturing methods
  - Overhead allocation
  - Cost accumulation and variance analysis
  - Depreciation and realization of plant and equipment
  - Measuring quality costs



- o Management reporting implications:
  - Effects of product life cycle shifts
  - Performance measures
  - Profitability measurements

**Companion Units**

This unit is designed to stand alone.

**AA2605.3 CONDUCTING A PEER REVIEW**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the objectives, history, and background of the peer review process.
- o Plan, complete, and report on a peer review.

**Description**

This unit presents the objectives of peer review, as well as the procedures and techniques for performing a peer review.

**Requisite Knowledge and Experience**

This unit is for individuals who are at the management level within a CPA firm.

**Major Topics**

- o The objectives of peer review
- o The history and background of the peer review process
- o The requirements and guidelines of the AICPA Division for Firms SEC Practice Section (SECPS) and Private Companies Practice Section (PCPS)
- o Typical review procedures
- o Reporting - Letters of comments and peer review reports
- o Addressing the anxieties and fears of the reviewed firm
- o Common pitfalls to avoid
- o Positive and constructive presentation of findings
- o Practical problems and situations encountered

**Companion Units**

This unit is designed to stand alone.

**AA2606.3 ACCEPTANCE AND CONTINUANCE OF CLIENTS**  
PP

**Objectives**

This unit is designed to enable participants to evaluate the factors involved in the decision to accept a new client engagement or continue a relationship with an existing client.

**Description**

This unit covers the factors involved in acceptance or continuance of clients in accordance with quality-control standards.

**Requisite Knowledge and Experience**

This unit is for individuals preparing to undertake supervisory responsibilities.

**Major Topics**

- o Evaluation of engagement risk
- o Independence
- o Differences in acceptance/continuance criteria based on level of service
- o Qualification to undertake the engagement
- o Management integrity
- o Investigative procedures
- o Unpaid fees
- o Periodic reevaluation procedures

**Companion Units**

This unit can be a component of a level III staff-training program.

See also: MG1405.2 - Establishing and Maintaining a Quality-Control System.

**AA2607.4    AUDITING UPDATE**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Use recent Statements on Auditing Standards (SASs) in practice.
- o Identify certain important emerging standards (exposure drafts).
- o Identify emerging audit methods/techniques and their applications.

**Description**

This unit covers recently issued SASs and emerging audit issues, methods, and techniques.

**Requisite Knowledge and Experience**

This unit is for individuals with substantial auditing experience.

**Major Topics**

- o SASs that have recently been issued
- o Current exposure drafts of proposed statements
- o Emerging audit issues, methods, and techniques

**Companion Units**

This unit can be combined with the Accounting Concepts, Standards, and Reporting Update (AA1113.4) unit.

AA2608.1 ACCOUNTANTS' SERVICES RELATED TO CLIENTS CONTRACTING WITH  
PI THE FEDERAL GOVERNMENT

**Objectives**

This unit is designed to enable participants to -

- o Assist clients in developing accounting systems that are compatible with federal government cost accounting rules.
- o Understand the government rules and regulations as they pertain to all aspects of developing and supporting a cost proposal for either a sealed bid or negotiated procurement and changes thereto.

**Description**

This unit provides an overall review of the federal acquisition process, the development of the regulations and public laws, and the proper interpretation of them as they apply to the estimating, accumulating, and reporting of costs on government contracts and subcontracts.

**Requisite Knowledge and Experience**

This unit is for individuals with a minimum of two years accounting/auditing experience.

**Major Topics**

- o General structure of the Federal Acquisition Regulation (FAR)
- o FAR part 31, Government Contract Cost Principles and Procedures, with emphasis on allowable/unallowable costs and indirect rate determinations
- o Recognizing and pricing contract changes
- o Public Law 87-653, Truth in Negotiations, and certifications required thereunder
- o Determining profit objectives
- o Cost accounting standards, when and to whom they are applicable
- o Types of contracts
- o Developing and presenting cost proposals

**Companion Units**

This unit is designed to stand alone.

AS  
ADVISORY  
SERVICES

**AS****ADVISORY SERVICES**

<b>AS1000</b>	<b>MAS PRACTICE SKILLS</b>	
AS1001.1	Orientation to Management Advisory Services in a CPA Firm	PP
AS1002.2	Communication Skills	PP
AS1003.2	The Consulting Process	PP
AS1004.2	Scope of Practice	PP
AS1005.2	Standards of the Profession and Legal Liability	PP
AS1006.4	Management Advisory Services Practice Skills Update	PP
<b>AS1100</b>	<b>MAS ENGAGEMENT MANAGEMENT</b>	
AS1101.1	Identification of Management Advisory Services Opportunities	PP
AS1102.1	Engagement Process Overview	PP
AS1103.2	Proposals, Letters of Understanding, and Contracts	PP
AS1104.2	Engagement Administration	PP
AS1105.2	Conducting the Engagement	PP
AS1106.4	Engagement Management Update	PP
<b>AS1200</b>	<b>PLANNING AND CONTROL SYSTEMS - MANUFACTURING</b>	
AS1201.1	Overview of Manufacturing Systems	PP
AS1202.2	Inventory Management	PP
AS1203.2	Cost Accounting and Reporting for Manufacturing	PP
AS1204.2	Other Manufacturing Activities	PP
AS1205.4	Planning and Control Systems Manufacturing Update	PP
<b>AS1300</b>	<b>PLANNING AND CONTROL SYSTEMS - MARKETING</b>	
AS1301.1	Overview and Fundamentals of Marketing	PP
AS1302.2	Marketing Planning and Research	PP
AS1303.2	Promotion	PP
AS1304.2	Advertising	PP
AS1305.2	Managing the Sales Effort	PP
AS1306.2	Product Distribution	PP
AS1307.2	Packaging	PP
AS1308.2	Public Relations	PP
AS1309.4	Planning and Control Systems Marketing Update	PP
<b>AS1400</b>	<b>PLANNING AND CONTROL SYSTEMS - ORGANIZATIONAL</b>	
AS1401.2	Strategic Planning	PP
AS1402.2	Business Planning	PP
AS1403.2	Operational Planning	PP
AS1404.2	Mergers, Acquisitions, and Reorganizations	PP

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AS1405.2	Business Valuations	PP
AS1406.2	Operational Auditing	PP
AS1407.4	Planning and Control Systems - Organizational Update	PP

**AS1500 PLANNING AND CONTROL SYSTEMS - HUMAN RESOURCES DEVELOPMENT**

AS1501.1	Overview of Human Resources Development	PP
AS1502.2	Executive Search, Hiring, Recruiting, and Relations With Personnel Sources	PP
AS1503.2	Organizational Structures and Organizational Development	PP
AS1504.2	Compensation	PP
AS1505.2	Employee Benefits	PP
AS1506.2	Training	PP
AS1507.2	Federal and State Compliance Regulations	PP
AS1508.2	Career Development	PP
AS1509.2	Labor Union Relations and Negotiations	PP
AS1510.2	Terminations, Outplacement, and Retirement Planning	PP
AS1511.4	Human Resources Development Update	PP

**AS1600 PLANNING AND CONTROL SYSTEMS - MANAGEMENT INFORMATION SYSTEMS**

AS1601.1	Overview of Management Information Systems	PP
AS1602.2	System Design and Development	PP
AS1603.2	System Installation	PP
AS1604.2	Security Systems	PP
AS1605.2	Software Evaluation and Selection	PP
AS1606.2	Equipment Evaluation and Selection	PP
AS1607.2	Microcomputer Systems	PP
AS1608.2	Minicomputer Systems	PP
AS1609.2	Mainframe Computer Systems	PP
AS1610.2	Internal and Operating Controls	PP
AS1611.2	Data and Telecommunications	PP
AS1612.2	Office Automation	PP
AS1613.3	Developing and Marketing Software	PP
AS1614.2	Organization of a Management Information Systems Function (Resources and Control)	PP
AS1615.2	Alternative Methods to "In House"	PP
AS1616.2	Overview of Generic Application Software Tools	PP
AS1617.2	Data Base Systems	PP
AS1618.3	Decision Support Systems	PP
AS1619.3	Expert Application Systems	PP
AS1620.4	Management Advisory Services - Management Information Systems Update	PP

**AS1700 PLANNING AND CONTROL SYSTEMS - INTERNAL PROFESSIONAL SERVICES**

AS1701.2	Needs Assessment	PP
AS1702.2	Organizing and Controlling the Internal Professional Services Function	PP



AS1800	PLANNING AND CONTROL SYSTEMS - RESEARCH AND DEVELOPMENT	
AS1801.1	Overview of Research and Development	PP
AS1802.2	Research and Development Project Definition, Evaluation, and Management	PP
AS1803.4	Planning and Control Systems - Research and Development Update	PP
AS1900	PLANNING AND CONTROL SYSTEMS - FINANCE	
AS1901.1	Overview of Planning and Control Systems - Finance	PP
AS1902.2	Accounting Systems and Applications	PP
AS1903.2	Fixed Assets Management	PP
AS1904.2	Capital Budgeting and Expenditure Analysis	PP
AS1905.2	Financial Analysis and Control	PP
AS1906.2	Profit Planning	PP
AS1907.2	Prospective Financial Information	PP
AS1908.2	Cash Management	PP
AS1909.2	Credit Management	PP
AS1910.2	Investment Management	PP
AS1911.2	Risk Management	PP
AS1912.2	Budgeting	PP
AS1913.2	Liability and Debt Management	PP
AS1914.2	Internal Auditing	PP
AS1915.2	Managing External Reporting and Stockholders/ Board Relations	PP
AS1916.4	Planning and Control Systems - Finance Update	PP
AS2000	PERSONAL FINANCIAL PLANNING	
AS2001.1	Marketing a Personal Financial Planning Practice	PP
AS2002.2	Developing and Managing a Personal Financial Planning Practice	PP
AS2003.2	Personal Financial Planning: Tools and Techniques	PP
AS2004.2	Risk Management and Insurance for Personal Financial Planning	PP
AS2005.2	Investment Decisions and Analysis for Personal Financial Planning	PP
AS2006.2	Planning for the Family Business	PP
AS2007.2	Retirement Planning	PP
AS2008.3	Innovative Strategies for Income, Estate, and Gift Tax Planning	PP
AS2009.4	Personal Financial Planning Update	PP

See also the following units:

- o Problems in Individual Income Taxation (TX1207.3)
- o Tax-Advantaged Investments for Individuals (TX1208.3)
- o Introduction to Estate Planning (TX1710.3)
- o Estate Planning for Closely Held Business Interests (TX1712.3)
- o Using Trusts in Income and Estate Planning (TX1713.3)
- o Case Studies in Estate Planning (TX1714.3)

AS2100 OTHER MANAGEMENT ADVISORY SERVICES

AS2101.2 Litigation Support

PP

**AS1001.1    ORIENTATION TO MANAGEMENT ADVISORY SERVICES IN A CPA FIRM**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the role of management advisory services (MAS) in a CPA firm.
- o Identify the relationship of MAS to accounting, auditing, and tax engagements.
- o Describe how a CPA firm determines the scope and performance of an MAS engagement.

**Description**

This unit provides an overview of the relationship of MAS with other functions in a CPA firm. It provides participants with knowledge of basic MAS terminology and activities, including proposal preparation, engagement conduct, practice standards, and client needs.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in MAS.

**Major Topics**

- o Definition of the MAS function:
  - Personal and professional attributes of an MAS consultant
  - Common MAS engagements
  - MAS as practiced by non-CPA consulting firms
- o Comparison of MAS with accounting, auditing and tax engagements
- o Explanation of the scope and performance of an MAS engagement:
  - Recognizing clients' needs
  - Organizing engagements
  - Conducting engagements
  - Preparing and presenting proposals and engagement findings

**Companion Units**

This unit can be combined with other introductory units in other categories of the Advisory Services curriculum.

**AS1002.2 COMMUNICATION SKILLS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Develop better speaking, writing, and listening skills in management advisory services (MAS) communications.
- o Conduct an interview.

**Description**

This unit gives participants experience in using effective writing, speaking, and listening skills within the MAS environment.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in communications in the MAS environment and who have taken the following units:

- o Orientation to Management Advisory Services in a CPA Firm (AS1001.1)
- o Effective Writing (PD1001.2)
- o Establishing a Management Advisory Services Department (MG1502.2)
- o Managing the Management Advisory Services Department (MG1503.2)

**Major Topics**

- o Written reports:
  - Writing style
  - Report structure
  - Introduction
  - Background
  - Body
  - Recommendations
  - Synopsis
  - Appendix
- o Report preparation:
  - Investigation
  - Planning
  - Writing
  - Revision

- o Oral communications:
  - Speaking
  - Listening
  - Body language
- o Interviewing techniques

**Companion Units**

This unit can be combined with other MAS Practice Skills units.

AS1003.2 THE CONSULTING PROCESS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Define the steps in the consulting process.
- o Participate in a management advisory services (MAS) engagement, including planning, controlling, and reporting on the findings.

**Description**

This unit helps participants identify and define the steps in the consulting process and carry out the appropriate procedures in conducting an engagement.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in MAS and who have taken the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Defining issues:
  - Proposal preparation and presentation
  - Objectives of project
  - Contract agreement
- o Planning the project:
  - Developing a work plan
  - Task assignments in estimated durations
  - Developing data-collection instruments
  - Client communications
- o Analyzing your findings:
  - Fact gathering
  - Interviews
  - Observations
  - Documentation review
- o Making your recommendations:
  - Logical flow from prior steps
  - Client review

- o Making conclusions:
  - Inductive
  - Deductive
  - Intuitive
  
- o Preparing the final report:
  - Content
  - Presentation style

**Companion Units**

This unit can be combined with other MAS Practice Skills units.

**AS1004.2 SCOPE OF PRACTICE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain what is included in the management advisory services (MAS) scope of practice.
- o Relate participants' expertise to other areas of MAS practice.
- o Describe functional and industry approaches to delivery of services.

**Description**

This unit introduces participants to the MAS scope of services in a CPA firm. It covers the type of regulatory efforts made and the combination of functional and industry skills needed to deliver MAS services.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in MAS and who have taken the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Regulation and scope of practice:
  - Metcalfe Report
  - Securities and Exchange Commission Financial Reporting Release 250
  - Public Oversight Board
  - Securities and Exchange Commission Financial Reporting Release 264
- o Scope of financial skills:
  - Financial planning and control
  - Marketing
  - Organization
  - Management information systems
  - Research and development
  - Human resources



**o Scope of industry skills:**

- Government
- Health care
- Financial
- Legal
- Extractive
- Manufacturing
- Retail
- Distribution

**Companion Units**

This unit can be combined with other MAS Practice Skills units.

**AS1005.2 STANDARDS OF THE PROFESSION AND LEGAL LIABILITY**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Relate generally accepted auditing standards (GAAS) and generally accepted accounting principles (GAAP) to the management advisory services (MAS) environment.
- o Explain the Statements on Standards for MAS (SSMAS) and appraise the potential legal liability associated with engagement performance.

**Description**

This unit relates GAAS, GAAP, and SSMAS to MAS practitioners and engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in MAS and who have taken the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Generally accepted auditing standards and the MAS environment
- o Generally accepted accounting principles and the MAS environment
- o Statements on Standards for MAS and the MAS environment:
  - General standards:
    - Professional competence
    - Due professional care
    - Planning
    - Supervision
    - Sufficient relevant data
    - Use of forecasts
  - Technical standards:
    - Role of the MAS practitioner
    - Understanding the client
    - Client benefit
    - Communication of results
- o Legal liability:
  - Civil
  - Criminal

**Companion Units**

This unit can be combined with other MAS Practice Skills units.

**AS1006.4      MANAGEMENT ADVISORY SERVICES PRACTICE SKILLS UPDATE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new techniques used to strengthen and broaden the skills required in a management advisory services (MAS) practice.
- o Compare, contrast, and assess new and old practice skills used in MAS.
- o Devise new skills to improve the scope and nature of the firm's MAS practice.

**Description**

This unit provides those experienced in MAS with new techniques and ideas to apply to their current MAS practice skills.

**Requisite Knowledge and Experience**

This unit is for individuals with significant experience in MAS practice skills.

**Major Topics**

- o Changes in the skills required in the MAS practice
- o Changes in professional standards and legal liability

**Companion Units**

This unit can be combined with other units in other categories of the Advisory Services curriculum.

**AS1101.1 IDENTIFICATION OF MANAGEMENT ADVISORY SERVICES OPPORTUNITIES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify diagnostic and analytical techniques used to determine client needs.
- o Use the proper techniques to evaluate client needs.
- o Determine areas of potential services.
- o Document findings.

**Description**

This unit helps practitioners identify and develop management advisory services (MAS) opportunities. Participants are taught various techniques to evaluate client needs in order to determine opportunities for other services. Participants also learn how to document findings for subsequent communication and/or client presentation.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit or who have equivalent knowledge and are familiar with public accounting services and workpaper documentation. Participants need have little, if any, direct MAS experience.

**Major Topics**

- o Techniques to diagnose needs:
  - Diagnostic questionnaires
  - Operational auditing techniques
  - Flowcharts
  - Comparison with competition
  - Financial statement analysis
  - Industry and other relevant ratios
  - Other document review
- o Recognizing opportunities while performing:
  - Audits
  - Review and compilations
  - Tax-return preparation
  - Financial planning

- o MAS engagements:
  - Review of prior/ongoing engagements
  - Symptom vs. problem analysis
  - Client communications of others
- o Analysis of findings and determinations of areas of potential services
- o Documentation of findings

#### **Companion Units**

This unit can be combined with other introductory units in other categories of the Advisory Services curriculum.

**AS1102.1    ENGAGEMENT PROCESS OVERVIEW**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Relate the elements of the engagement management process to a specific client situation.
- o Define the components of the engagement management process.
- o Participate in an engagement with supervision.
- o Describe the roles and responsibilities of individuals involved in an engagement.

**Description**

This unit covers the overall process of performing and managing the elements of an engagement management process. An introduction to all units in engagement management, it provides an overview and review of the specific phases of an engagement.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit, or have equivalent knowledge, and who have little or no experience in MAS.

**Major Topics**

- o The elements of engagements:
  - Scoping
  - Proposal
  - Design
  - Implementation
  - Follow-up
- o The roles and functions of team members:
  - Leader
  - Team member
- o Preparing a work plan:
  - Client involvement
  - Firms' activities
  - Check points and schedules
  - Deliverables

- o Engagement conduct and etiquette:
  - Relations with clients
  - Relations with other staff members

#### **Companion Units**

This unit can be combined with other overview units in other categories.

**AS1103.2 PROPOSALS, LETTERS OF UNDERSTANDING, AND CONTRACTS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Define the terms and uses of proposals, letters of understanding, and contracts.
- o Assist in the preparation of and the review of each document.
- o Compare the advantages, disadvantages, and limits of each document.
- o Participate as a team member in the presentation of proposals.

**Description**

This unit covers the definition, preparation, and use of proposals, letters of understanding, and contracts. Participants will also learn proposal presentation skills.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Communications Skills (AS1002.2) and the Engagement Process Overview (AS1102.1) units, or have equivalent knowledge, and who have participated in several MAS engagements.

**Major Topics**

- o Proposals:
  - Definition and uses
  - Preparation steps
  - Presentation
- o Letters of understanding:
  - Definition and uses
  - Preparation steps
- o Contracts:
  - Definition and uses
  - Preparation steps
  - Use of attorneys
- o The advantages, disadvantages, and limits of the three documents

**Companion Units**

This unit can be combined with other Management Advisory Services Engagement Management units and with the Selling the Management Advisory Services Engagement (MG1501.2) unit.



**AS1104.2 ENGAGEMENT ADMINISTRATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Plan and control an engagement.
- o Supervise an engagement.
- o Document engagement activities and results.
- o Evaluate engagement staff.
- o Complete and bill for an engagement.

**Description**

This unit assists individuals in the use of the five key elements of engagement administration: planning and control, supervision, staff evaluation, documentation, and completion and billing.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Engagement Process Overview (AS1102.1) unit, or have equivalent knowledge, and who have participated in several management advisory services engagements.

**Major Topics**

- o Engagement planning and control:
  - Assigning and monitoring work tasks
  - Budgeting
  - Contingencies
  - Planning, controlling, and reporting systems
- o Staff supervision:
  - Human resources requirements
  - Staff selection
  - Supervision of engagement staff
  - Delegation
- o Documentation and communication:
  - Documenting work tasks and findings
  - Collecting documentation prepared by others
  - Preliminary and final report preparation

- o Staff evaluation
- o Billing methods and collection techniques:
  - Billing methods
  - Billing adjustments
  - Collection techniques

#### Companion Units

This unit can be combined with other MAS Engagement Management and MAS Practice Skills units.

**AS1105.2 CONDUCTING THE ENGAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Orient the professional staff and the client to the management advisory services (MAS) engagement situation.
- o Set engagement objectives.
- o Gather data.
- o Diagnose problems.
- o Design solutions.
- o Implement solutions.

**Description**

This unit covers the six key steps involved in conducting an MAS engagement: situation orientation, objective setting, fact finding, problem diagnosis, solution design, and solution implementation.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Engagement Process Overview (AS1102.1) unit, or have equivalent knowledge, and who have had some experience with a few client engagements.

**Major Topics**

- o Situation orientation:
  - Understanding the client's environment
  - Reasons for the existing situation
- o Setting engagement objectives and goals:
  - Identifying deliverables
- o Fact finding:
  - Methods of collecting information
  - Collection of data
  - Considerations, for example, fact vs. interpretation; dealing with unexpected or harmful information
  - Documentation
- o Problem diagnosis:
  - Engagement scope
  - Documenting and presenting problem diagnoses

- o Solution design:
  - Client involvement
  - Assessing the client's ability to absorb and resist change
  - Practicality and materiality in design
  - Implementation considerations
  - Alternative solutions
  - Documenting and presenting solution designs
  
- o Solution implementation:
  - Client resistance to implementation
  - Practicality and materiality in implementation
  - System testing
  - Client participation in implementation
  - Documenting and presenting problem solution design

#### **Companion Units**

This unit can be combined with other MAS Engagement Management and MAS Practice Skills units.

AS1106.4    ENGAGEMENT MANAGEMENT UPDATE  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new engagement management strategies and techniques used by management advisory services (MAS) in other firms.
- o Compare, contrast, and assess new and old engagement management strategies and techniques.
- o Devise new engagement management strategies and techniques for their firms' MAS practice.

**Description**

This unit provides those experienced in MAS with new techniques and ideas to apply to current engagement management strategies and techniques in their firms.

**Requisite Knowledge and Experience**

This unit is for MAS practitioners with significant MAS engagement management experience.

**Major Topics**

- o New approaches to engagement management
- o New techniques for preparing and presenting proposals, letters of understanding, and contracts

**Companion Units**

This unit can be combined with other update units in other categories of the Advisory Services curriculum.

AS1201.1 OVERVIEW OF MANUFACTURING SYSTEMS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic concepts of manufacturing systems.
- o Describe the relationships between the components of these systems (for example, the relationship of the bill of materials to inventory requirements).
- o Define production terms used on the factory floor.
- o Apply basic concepts and terms to a manufacturing engagement.

**Description**

This unit is designed to provide participants with the knowledge of the basic systems generally used in the manufacturing process.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no knowledge of manufacturing processes.

**Major Topics**

- o Functions of the manufacturing process
- o Establishment of material requirements:
  - Product forecasting
  - Engineering - production control
  - Bill of material explosion
- o Inventory management:
  - Inventory control
  - Inventory status
  - Purchasing
  - Stores control
  - Make-parts determination
  - Receiving
- o Manufacturing activity:
  - Shop scheduling
  - Shop loading
  - Workforce scheduling
  - Data collection
  - Plant monitoring and control
  - Standards setting and work-in-process control
  - Shipping

- o Costing:
  - Product cost
  - Variance reporting
  - Standard cost
  
- o Machine effectiveness:
  - Maintenance
  - Plant layout
  - Tooling

#### **Companion Units**

This unit can be combined with other overview units in other categories of the Advisory Services curriculum.

**AS1202.2 INVENTORY MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Use inventory-control techniques
- o Select and apply methods to determine material requirements.
- o Establish systems for reordering components economically.
- o Devise record keeping methods that indicate the status of inventory.
- o Participate in a management advisory services engagement dealing with inventory management.

**Description**

This unit covers the use of inventory-control techniques in minimizing the company's investment in inventories and trains participants to be responsive to the customer's servicing objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview of Manufacturing Systems (AS1201.1) unit, or have equivalent knowledge, and who have had some exposure to manufacturing and inventory-control techniques.

**Major Topics**

- o The functions of inventory management
- o Determining gross material requirements
- o Inventory controls:
  - Input-output
  - Material levels by multiple locations
  - Economic order quantities
  - Minimum and maximum order points
  - Perpetual cycle counting
  - Open purchase orders
  - Status inquiries
  - ABC analysis
  - Intransit inventory
  - Consignment inventory
  - Outside processing
  - Inventory allocation
  - Multiplant implications



- o Relationship of inventory management systems to other systems:
  - Shipping
  - Receiving
  - Purchasing
  - Stores control
  - Production control
  
- o Inventory record keeping methods

#### **Companion Units**

This unit can be combined with other units in the Planning and Control Systems - Manufacturing category of the Advisory Services curriculum.

**AS1203.2 COST ACCOUNTING AND REPORTING FOR MANUFACTURING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Design and use integrated cost accounting and reporting systems.
- o Participate in a management advisory services engagement involving a cost-accounting system in a manufacturing environment.

**Description**

This unit explains the role of cost accounting in the manufacturing environment and to cover product costing, cost control, reporting, and providing cost information to plan future operations.

**Requisite Knowledge and Experience**

This unit is for individuals who either have completed the Overview of Manufacturing Systems (AS1201.1) unit, or have equivalent knowledge, and for those who have some knowledge of accounting and control systems and have had some exposure to the manufacturing process.

**Major Topics**

- o The definition and functions of manufacturing cost accounting and reporting systems
- o Factors to consider in cost accounting systems:
  - Direct and indirect costs
  - Material control systems
  - Overhead allocations
  - Variance analysis
  - Flexible budgeting
  - Impact of inflation
  - Standard costs
  - Pricing and marginal analysis
- o Reports:
  - Operating statements
  - Variance reports
  - Performance reports
  - Budgets and responsibility reports

**Companion Units**

This unit can be part of an overview production planning and control course or an accounting/control course. It can also be combined with other Planning and Control Systems - Manufacturing units.

**AS1204.2 OTHER MANUFACTURING ACTIVITIES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic activities conducted on the shop floor.
- o Describe a Master Production Schedule and its components.
- o Participate in a management advisory services engagement in the manufacturing environment.

**Description**

This unit covers the activities and systems of a manufacturing process and prepare a master production schedule, including the collection of actual production data.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview of Manufacturing Systems (AS1201.1) unit, or have equivalent knowledge, and who have had some exposure to manufacturing activity planning or industrial engineering.

**Major Topics**

- o The definition and functions of manufacturing activity planning
- o Establishing the role of material requirements planning:
  - Planning
  - Reporting by specific dates
  - Net change determination
  - Multiplant implications
  - Time phasing
  - Pegging by level
  - Purchase-order commitment interface
- o Evaluating shop floor systems:
  - Shop scheduling
  - Work-in-process control
  - Workforce scheduling
  - Shop loading
  - Standard time setting
  - Plant monitoring and control

**o Interfacing with associated systems:**

- Shipping/receiving
- Payroll
- Maintenance
- Warehousing
- Purchasing
- Tooling
- Plant layout

**Companion Units**

This unit can be combined with other Planning and Control Systems - Manufacturing units.

**AS1205.4 PLANNING AND CONTROL SYSTEMS MANUFACTURING UPDATE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used by management advisory services (MAS) in other firms to plan and control engagements in manufacturing environments.
- o Compare, contrast, and assess the new and old strategies and techniques used in MAS engagements.
- o Devise new strategies and techniques for their firms' MAS practice to use in performing planning and control engagements in manufacturing environments.

**Description**

This unit provides those experienced in MAS with new techniques and ideas to use in manufacturing engagements.

**Requisite Knowledge and Experience**

This unit is for individuals with significant MAS experience in manufacturing engagements.

**Major Topics**

- o New techniques used for inventory control, manufacturing activities, cost control, and cost accounting and reporting
- o New methods for performing MAS planning and control engagements in manufacturing environments

**Companion Units**

This unit can be combined with other update units in the Advisory Services curriculum.

AS1301.1 OVERVIEW AND FUNDAMENTALS OF MARKETING  
PP

**Objectives**

This unit is designed to enable participants to -

- o Define the marketing function.
- o Identify and explore the internal issues affecting marketing.
- o Identify and define marketing strategies and objectives.

**Description**

This unit provides participants with an understanding of the marketing function to enable them to assist their clients in setting marketing objectives and strategies.

**Requisite Knowledge and Experience**

This unit is for individuals with no marketing experience.

**Major Topics**

- o Marketing objectives:
  - Sales volume
  - Profitability
  - Market share
- o Marketing strategies:
  - Market segmentation
  - Marketing mix
  - Product/service positioning
  - Distribution channels
  - Representing the product to the customer
- o Marketing function:
  - Data collection
  - Data and marketing
  - Assessing capabilities
  - Monitoring and analysis marketing costs interpretation
  - Marketing planning and research
  - Promotion
  - Advertising
  - Managing the sales effort
  - Product distribution
  - Packaging
  - Public relations
  - Planning and control systems

- o Impact of external issues:
  - Competitors
  - Economy
  - Legal and social factors

#### **Companion Units**

This unit can be combined with other introductory units in the Planning and Control Systems categories of the Advisory Services curriculum.

**AS1302.2    MARKETING PLANNING AND RESEARCH**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Relate the marketing plan to the organization's overall strategic plan.
- o Integrate market and product research into the planning process.
- o Write a simple business marketing plan for clients.
- o Write a simple operational plan for clients.

**Description**

This unit helps participants prepare plans and operational marketing plans incorporating market and product research in the planning process.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent experience.

**Major Topics**

- o Strategic planning considerations:
  - Products
  - Prices
  - Promotion
  - Outlet location(s)
  - Positioning profit
  - Substitute products
  - Changes in suppliers
  - Changes in location
  - Competitive strategies
- o Business and operational plan:
  - Identification and service of market segments
  - Product development and product life cycles
  - Sales forecast
  - Product mix and pricing strategies
  - Advertising, promotion, and public relations strategies
  - Marketing personnel policies
  - Sites
  - Product-packaging strategies
  - Customer service strategies



- o Integrating market and product research and testing:
  - Determining type of information needed for different levels of management
  - Methods for collecting primary and secondary sources of information
  - Use of automated data bases

#### **Companion Units**

This unit can be combined with the following units:

- o Promotion (AS1303.2)
- o Advertising (AS1304.2)
- o Managing the Sales Effort (AS1305.2)
- o Product Distribution (AS1306.2)
- o Packaging (AS1307.2)
- o Public Relations (AS1308.2)
- o Strategic Planning (AS1401.2)
- o Business Planning (AS1402.2)
- o Operational Planning (AS1403.2)

**AS1303.2 PROMOTION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and explain the purposes of various sales techniques.
- o Assess the scope of the sales promotion effort for clients.

**Description**

This unit provides participants with an understanding of the principal methods of sales promotion used in industrial and consumer marketing. It also covers determining the scope of the promotion effort and evaluating its effectiveness for clients.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Experience in marketing promotion is not required.

**Major Topics**

- o The types and purposes of the various sales promotion techniques used in industrial marketing:
  - Pricing deals
  - Trade shows
  - Point-of-purchase promotion
  - Media promotion
  - Multimedia sales promotion
  - Sales force incentives (prizes, travel awards, and the like)
  - Leasing
- o The types and purposes of the various sales promotion techniques used in consumer marketing:
  - Free promotion
  - Sampling
  - Demonstrations
  - Contests and sweepstakes
  - Coupons
  - Product give-aways
  - Rewards for product or service purchases
  - Warranties, guarantees, and service contracts

- o Determining the scope of the sales promotion effort:
  - Acquiring quantitative data
  - Product life cycle
  - Buyer behavior patterns
  - Competitive environment
  
- o Evaluating the sales promotion effort:
  - "Before" tests
  - "After" tests

#### **Companion Units**

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Advertising (AS1304.2)
- o Managing the Sales Effort (AS1305.2)
- o Product Distribution (AS1306.2)
- o Packaging (AS1307.2)

**AS1304.2    ADVERTISING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the purpose of advertising.
- o Explain how the advertising function can be organized for clients.
- o Identify how the scope of the advertising effort is determined.
- o Describe the selection process of advertising copy and media.
- o Evaluate the effectiveness of advertising for clients.

**Description**

This unit teaches participants the functions of advertising and its organization. Participants learn the measures used to create buyer awareness and influence buyer behavior. The use of various types of advertising copy and media and ways to evaluate their effectiveness are also explained.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Advertising experience is not required.

**Major Topics**

- o The purposes of advertising
- o The advertising function:
  - Use and selection of external advertising agencies
  - Structure and operations of internal advertising departments
  - Agency compensation
- o Determining the scope of the advertising effort:
  - Product attributes
  - Types of media
  - Methods for determining the size of the advertising budget
- o Selecting advertising copy and media:
  - The influence of the market
  - Techniques of media analysis
- o Allocating the advertising budget:
  - Determining frequency of advertising effort
  - Determining advertising time lengths

- o Evaluating the effectiveness of advertising:
  - Sampling customers
  - Focus groups
  - Surveys

#### Companion Units

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Promotion (AS1303.2)
- o Managing the Sales Effort (AS1305.2)
- o Product Distribution (AS1306.2)
- o Packaging (AS1307.2)

**AS1305.2    MANAGING THE SALES EFFORT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the salesperson's function.
- o Evaluate the steps of a sale used by clients.
- o Identify the criteria used in developing a sales organization for clients.
- o Explain how to direct, motivate, and evaluate the sales force.
- o Outline and compare sales-force compensation techniques.

**Description**

This unit provides participants with a detailed understanding of the sales effort by explaining the development of an effective sales organization and the proper use of motivation and compensation techniques.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Experience in managing sales personnel is not required.

**Major Topics**

- o The salesperson's function:
  - Developing customer awareness of company products, prices, and services
  - Developing favorable customer attitudes
- o Evaluating the steps of a sale:
  - Making the contact
  - Making the presentation
  - Handling objections
  - Closing the sale
  - Follow-up with the customer
- o Developing a sales organization:
  - Size of the sales force
  - Recruiting and selecting personnel
  - Training personnel
  - Assigning sales personnel

- o Directing and evaluating a sales force:
  - Supervision
  - Performance norms
  - Monitoring performance
- o Motivating sales personnel
- o Sales force compensation:
  - Types of compensation and incentives
  - Level and method of compensation

#### **Companion Units**

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Promotion (AS1303.2)
- o Advertising (AS1304.2)
- o Product Distribution (AS1306.2)
- o Packaging (AS1307.2)

**AS1306.2    PRODUCT DISTRIBUTION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Compare and contrast alternative consumer goods and industrial goods used by clients' marketing channels.
- o Identify and explain the basic services performed by market intermediaries for clients.
- o Define the decisions required in marketing intermediary design.
- o Define the role of physical distribution management.

**Description**

This unit identifies and explains the types of marketing intermediaries and the ways clients decide to distribute their products. It also covers the role and function of physical distribution.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Experience in product distribution is not required.

**Major Topics**

- o Consumer goods marketing channels:
  - Manufacturer direct to consumer
  - Manufacturer to retailer to consumer
  - Manufacturer to wholesaler to retailer to consumer
  - Manufacturer to agent
- o Industrial goods marketing channels:
  - Selling direct
  - Selling through industrial distributors
  - Selling through agent middlemen
- o Nature and scope of marketing intermediaries:
  - Types and functions of marketing institutions
  - Contacting buyers and stimulating demand
  - Determining the length of the marketing distribution channel
  - Determining the number of outlets at each marketing distribution channel level
  - Buying and distribution cost savings
  - Transportation and storage of goods
  - Providing market information



- o Physical distribution management:
  - Storage
  - Inventory control
  - Transportation

**Companion Units**

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Promotion (AS1303.2)
- o Advertising (AS1304.2)
- o Managing the Sales Effort (AS1305.2)
- o Packaging (AS1307.2)

**AS1307.2    PACKAGING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain how the distinctive characteristics of a package can influence buyer behavior.
- o Compare and contrast the advantages and disadvantages of interior vs. exterior package design for clients.
- o Describe new trends in packaging.

**Description**

This unit provides participants with a general knowledge of the distinctive characteristics of a package and the ways it can affect buyer behavior.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Experience in packaging is not required.

**Major Topics**

- o Package characteristics:
  - Shape
  - Color
- o Packaging trends:
  - New forms, shapes, and colors, and material modifications and variations
  - Size (for example, six-pack)
  - Type
  - Materials
  - Placement (for example, facings, gondolas, point-of-purchase)
  - Design
  - Cost

**Companion Units**

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Promotion (AS1303.2)
- o Advertising (AS1304.2)
- o Managing the Sales Effort (AS1305.2)
- o Product Distribution (AS1306.2)

**AS1308.2 PUBLIC RELATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the purpose and principles of public relations for clients.
- o Describe the nature of public opinion.
- o Outline the public-relations function and organization for clients.

**Description**

This unit introduces participants to the nature and principles of public relations and explains how clients should organize to perform this function.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview and Fundamentals of Marketing (AS1301.1) unit, or have equivalent knowledge. Experience in public relations is not required.

**Major Topics**

- o The purpose and principles of public relations:
  - Developing and maintaining a social climate or environment in which an organization can prosper
  - Determining customer attitudes
  - Communicating the organization's performance to the public
- o The nature of public opinion:
  - Considering the attitudes and beliefs of special-interest groups
  - Influencing attitudes and beliefs
  - The effects of attitudes and beliefs on the organization
- o The public relations function and organization:
  - Monitoring the social climate
  - The effect on organization policies
  - Communicating the results of evaluations
  - Measuring the results of the public relations effort
  - Conducting public relations research

**Companion Units**

This unit can be combined with the Marketing Planning and Research (AS1302.2) unit.

### Objectives

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used by management advisory services (MAS) in other firms in planning and control engagements concerning marketing systems.
- o Compare, contrast, and assess new and old strategies and techniques used in MAS engagements.
- o Devise new strategies and techniques for their firms' MAS practice to use in performing planning and control engagements concerned with marketing systems.

### Description

This unit provides those experienced in MAS with new concepts, techniques, and ideas to use in their firms' marketing systems engagements.

### Requisite Knowledge and Experience

This unit is for individuals who have significant MAS experience and have completed the other Planning and Control Systems - Marketing units, or have equivalent knowledge.

### Major Topics

- o Major changes in marketing techniques used for planning and research, administration, promotion, advertising, selling, distribution, packaging, and public relations
- o New marketing systems used for planning and control
- o New methods for performing MAS planning and control engagements concerning marketing functions

### Companion Units

This unit can be combined with other update units in other categories of the Advisory Services curriculum.

**AS1401.2 STRATEGIC PLANNING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the purpose of a strategic plan and how it differs from other plans.
- o Explain the process of strategic planning.
- o Define the elements of a strategic plan.
- o Prepare a strategic plan.

**Description**

This unit provides an overview of the strategic-planning process and teaches participants how to prepare a strategic plan.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in strategic planning.

**Major Topics**

- o Defining the concept of strategic planning
- o Planning approaches
- o Determining environmental factors
- o Identifying values
- o Data collection, research, and assumptions
- o Computer simulation
- o Evaluating strengths and weaknesses
- o Developing strategies and alternative strategies
- o Developing and presenting a strategic plan
- o Implementing and monitoring a strategic plan
- o Revising and updating a strategic plan

**Companion Units**

This unit can be combined with the following units:

- o Marketing Planning and Research (AS1302.2)
- o Business Planning (AS1402.2)
- o Operational Planning (AS1403.2)
- o Mergers, Acquisitions, and Reorganizations (AS1404.2)
- o Business Valuations (AS1405.2)

**AS1402.2 BUSINESS PLANNING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the purpose of a business plan.
- o Explain the process of business planning.
- o Define the elements of a business plan.
- o Prepare a business plan.

**Description**

This unit provides an overview of the business planning process and teaches participants how to prepare a business plan.

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no experience in business planning.

**Major Topics**

- o Defining the concept of business planning
- o Planning approaches
- o Data collection, research, and assumption
- o Computer simulation
- o Examining long-term goals and objectives
- o Detailed long-term analysis and evaluation of:
  - Marketing and product decisions
  - Business financing and capital structure
  - Human resources
  - Government and public relations
  - Production, distribution, and/or service delivery
- o Preparing and analyzing pro-forma statements
- o Preparing a business plan
- o Integrating the business plan with the strategic plan
- o Implementing and monitoring a business plan
- o Revising and updating a business plan

**Companion Units**

This unit can be combined with the Marketing Planning and Research (AS1302.2), the Strategic Planning (AS1401.2), and the Operational Planning (AS1403.2) units.

**AS1403.2 OPERATIONAL PLANNING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the purpose of an operational plan.
- o Explain the process of operational planning.
- o Define the elements of an operational plan.
- o Prepare an operational plan.

**Description**

This unit provides an overview of the operational planning process and teaches participants how to prepare an operational plan and distinguish it from other types of plans.

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no experience in operational planning.

**Major Topics**

- o Planning approaches
- o Data collection, research, and techniques
- o Computer simulation
- o Examining short-term goals and objectives
- o Detailed short-term analysis and evaluation of the following:
  - Marketing and product decisions
  - Business financing and capital structure
  - Human resources
  - Government and public relations
  - Production, distribution, and/or service delivery
- o Preparing and analyzing pro-forma statements
- o Preparing the operational plan
- o Integrating the operational plan with the business plan
- o Implementing and monitoring the operational plan
- o Revising and updating the operational plan

**Companion Units**

This unit can be combined with the Marketing Planning and Research (AS1302.2), the Strategic Planning (AS1401.2), and the Business Planning (AS1402.2) units.

**AS1404.2    MERGERS, ACQUISITIONS, AND REORGANIZATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Determine the need to merge, acquire, or reorganize business entities.
- o Describe the procedures for mergers, acquisitions, and reorganizations.
- o Evaluate the merit of merging, acquiring, or reorganizing.

**Description**

This unit describes how a merger, acquisition, or reorganization is evaluated, analyzed, and performed and how it is related to the overall planning objective. Participants learn how to determine if a merger, acquisition, or reorganization is advantageous and how to accomplish them.

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no experience in merger or acquisition work.

**Major Topics**

- o The reasons for a merger or acquisition
- o Searching for and screening candidates
- o Analyzing the candidate's operational, human, and financial resources
- o Measuring the operational, human, and financial impact of a merger or acquisition on the existing organization
- o Determining the initial and ongoing merger and acquisition cost
- o Preparing and presenting findings
- o Implementing procedures to combine or reorganize
- o Managing the business combination or the new organization

**Companion Units**

This unit can be combined with the Strategic Planning (AS1401.2) and the Business Valuations (AS1405.2) units.



**AS1405.2 BUSINESS VALUATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to describe the principles and methods of valuation of a closely held business.

**Description**

This unit teaches participants the business valuation process and methods of valuing a business.

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no experience in business valuation work.

**Major Topics**

- o Defining valuation purposes and terms
- o Valuation methods:
  - Tangible assets
  - Identifiable intangible assets
  - Goodwill and covenants not to compete
  - Stock issue
- o Revenue rulings for closely held and public companies
- o Data gathering and financial analysis
- o Risk analysis
- o Preparing and presenting findings

**Companion Units**

This unit can be combined with the Strategic Planning (AS1401.2) and the Mergers, Acquisitions, and Reorganizations (AS1404.2) units.

**AS1406.2 OPERATIONAL AUDITING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe an operational audit.
- o Determine the elements and scope of an operational audit.
- o Establish the departmental and systems requirements.
- o Perform an operational audit.

**Description**

This unit explains the operational auditing process and teaches participants how to perform an operational audit.

**Requisite Knowledge and Experience**

This unit is for individuals with limited or no experience in operational auditing.

**Major Topics**

- o Determining the scope and timing of an operational audit
- o The purpose and objectives of the operational audit
- o Collecting and analyzing data:
  - Cost benefit
  - Resource management
- o Utilizing resources effectively
- o Preparing and presenting findings

**Companion Units**

This unit can be combined with the Planning and Control Systems overview units.

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used in organizational management advisory services (MAS) planning and control engagements.
- o Compare and contrast new and old strategies and techniques used in MAS engagements.
- o Relate changes in organizational development and planning methods to existing and potential engagements.
- o Devise new strategies and techniques for their firms' MAS practice to use in performing organizational systems planning and control engagements.

**Description**

This unit demonstrates new concepts that can be applied to current planning and control strategies and techniques concerning organizational systems engagements.

**Requisite Knowledge and Experience**

This unit is for individuals experienced in MAS.

**Major Topics**

- o Changes in the techniques used for strategic, business, and operational planning
- o New and advanced techniques used for mergers, acquisitions, reorganizations, business valuations, and operational auditing
- o New methods for handling organizational planning and control systems engagements

**Companion Units**

This unit can be combined with other update units in other categories of the Advisory Services curriculum.

AS1501.1 OVERVIEW OF HUMAN RESOURCES DEVELOPMENT  
PP

**Objectives**

This unit is designed to enable participants to -

- o Describe the major areas of human resources development (HRD) and their importance to the overall organization.
- o Appraise the need for a management advisory services (MAS) engagement in the HRD area.
- o Participate in an HRD MAS engagement.

**Description**

This unit provides participants with an overview of the areas of HRD that affect the client's employees in their productivity, efficiency, effectiveness, and ability to carry out the goals of the operation.

**Requisite Knowledge and Experience**

This unit is for individuals with limited MAS experience.

**Major Topics**

- o Executive search and hiring
- o Organizational structure
- o Compensation
- o Employee benefits
- o Attitude surveys
- o Labor/union relations
- o Performance reviews
- o Career development
- o Personnel development and counseling
- o Stress management
- o Relationships with external sources
- o Organizational planning
- o Relationship of human resources development to strategic planning and goal setting
- o Relations with sources of personnel
- o Psychological testing
- o Training
- o Promotion
- o Retirement
- o Compliance with regulatory matters
- o Internal communications

**Companion Units**

This unit is designed to stand alone.

**AS1502.2 EXECUTIVE SEARCH, HIRING, RECRUITING, AND RELATIONS WITH PERSONNEL  
PP SOURCES**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic approaches to executive and staff search and hiring.
- o Apply scientific techniques to implement effective executive search and hiring practices in a management advisory services engagement.

**Description**

This unit teaches participants specific techniques and approaches for advising the client in effective search and hiring practices and methods of performing an employee search engagement for the client.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in executive search and hiring.

**Major Topics**

- o The elements of an executive search and recruiting system:
  - Defining personnel needs
  - Contacting personnel sources
  - Interviewing and screening methods
  - Evaluating and presenting the candidate
- o Tools used in searches and hiring (including automation)
- o Ethical considerations
- o Conducting and reporting on the engagement

**Companion Units**

This unit can be combined with other intermediate-level Planning and Control Systems - Human Resources Development units.

**AS1503.2 ORGANIZATIONAL STRUCTURES AND ORGANIZATIONAL DEVELOPMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe different organizational structures.
- o Apply scientific techniques and methods to create organizational structures and organizational development programs with management advisory services engagements.

**Description**

This unit teaches participants specific techniques and approaches for advising the client in effective organization development and the way to perform an organization development engagement.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in organizational structure and organization development and who have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o The relationship of company goals and plans to organizational structure and development
- o Organizational structures
- o Analysis and selection of appropriate structure
- o Integrating personnel development with organizational structure:
  - Hiring
  - Career development
  - Compensation and benefits
  - Training
  - Outplacement/retirement

**Companion Units**

This unit can be combined with other level II Planning and Control Systems - Human Resources Development units.

**AS1504.2    COMPENSATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic compensation techniques.
- o Apply specific techniques and methods to be included in compensation programs in a management advisory services engagement.

**Description**

This unit teaches participants how to evaluate and establish effective compensation programs.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in compensation programs and who have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o Compensation theories:
  - Standard
  - Deferred
  - Incentive
  - Profit sharing
- o The relationship of compensation to personnel development:
  - Career development
  - Morale
  - Performance reviews
- o Relationship of compensation to usage and salary administrative systems
- o Regulatory compliance

**Companion Units**

This unit can be combined with other intermediate-level Planning and Control System - Human Resources Development units, such as the Employee Benefits (AS1505.2) unit.

AS1505.2    **EMPLOYEE BENEFITS**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Describe basic employee benefits theories.
- o Apply scientific techniques and methods to be included in employee benefit programs in a management advisory services engagement.

**Description**

This unit teaches participants how to evaluate and establish an effective employee benefits program.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in employee benefits and have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o The various types of employee benefits:
  - Dental/medical plans
  - Life insurance plans
  - Pension plans
  - Long-term disability plans
  - Educational programs
  - Retirement plans
  - Other plans
  - Professional/community organization membership
- o Employee benefits as an integral part of compensation
- o How to structure the employee benefit package
- o Relationship of the firm with outside entities:
  - Unions
  - Financial institutions
  - Health-care providers
  - Insurance companies
  - Government agencies
  - Educational and professional organizations

**Companion Units**

This unit can be combined with the Compensation (AS1504.2) unit and with other intermediate-level Planning and Control Systems - Human Resources Development units.



**AS1506.2 TRAINING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Determine client needs.
- o Establish training programs.
- o Implement training programs to meet client needs.
- o Evaluate the cost-effectiveness of training programs.
- o Evaluate the training programs offered by other organizations.

**Description**

This unit helps participants design and implement educational programs, assists clients establish in-house training programs, and evaluates the cost-effectiveness of those programs.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in training program development and administration and who have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o Setting up the training program:
  - Evaluating training needs
  - Setting goals and objectives
  - Setting the format
  - Educational materials
  - Evaluation procedures
- o Other considerations:
  - Materials
  - Scheduling
  - Cost
  - Internal vs. external programs
  - Facilities
  - Human resources requirements

**Companion Units**

This unit can be combined with other intermediate-level Planning and Control Systems - Human Resources Development units.

**AS1507.2 FEDERAL AND STATE COMPLIANCE REGULATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe relevant federal, state, and municipal regulations applicable to personnel management.
- o Apply the provisions of these regulations to a client situation.

**Description**

This unit familiarizes participants with relevant government regulations pertaining to personnel and explains how to use them in consulting engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in working with federal and state compliance regulations and have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o Applicable federal regulations:
  - Labor
  - Occupational Safety and Health Administration regulations
  - Equal Opportunity Act
  - Affirmative Action
  - Fair Employment standards
- o State regulations:
  - Unemployment
  - Collective bargaining standards
  - Licensing requirements

**Companion Units**

This unit can be combined with other intermediate-level Planning and Control Systems - Human Resources Development units.

**AS1508.2 CAREER DEVELOPMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the components of a career-development program.
- o Design, implement, and monitor a career-development program within a management advisory services engagement.
- o Establish the necessary administrative procedures to maintain an effective career-development program.

**Description**

This unit enables participants to help clients establish and maintain a career-development program.

**Requisite Knowledge and Experience**

This unit is for individuals who have human resources development experience and have taken the Strategic Planning (AS1401.2) and the Overview of Human Resources Development (AS1501.1) units, or have equivalent experience.

**Major Topics**

- o Career-development techniques:
  - On-the-job training
  - Formal internal and external training programs
  - Cross-training
  - Membership/participation in professional organizations
  - Community involvement
- o Establishing and implementing a career-development program:
  - Setting objectives
  - Evaluation
  - Counseling
  - Documenting performance
  - Communicating
- o Assessing the career-development program

**Companion Units**

This unit can be combined with other intermediate-level Planning and Control Systems - Human Resources Development units.

**AS1509.2    LABOR UNION RELATIONS AND NEGOTIATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the concepts of labor union relations and negotiations and labor law and regulations pertaining to labor-management relations.
- o Apply this knowledge in establishing harmonious labor-management relations and in negotiating agreements.
- o Work with the management team that negotiates with unions on behalf of the client.
- o Assist with information relevant to labor union negotiations issued by outside professional negotiators in labor union negotiations.
- o Use this information and expertise in management advisory services (MAS) consulting engagements.

**Description**

This unit familiarizes participants with the intricacies of labor union negotiations and their relationship to employee morale and productivity. It also explains how to consult in this area.

**Requisite Knowledge and Experience**

This unit is for individuals who have some understanding of union involvement in union-management relations and have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o Federal and state labor laws
- o Labor-management negotiation tactics
- o Understanding union tactics
- o How to compromise and reach a consensus
- o Developing a working relationship with employees' representatives
- o Understanding the total compensation package:
  - Insurance
  - Vacations and holidays
  - Sick pay
  - Bonuses
  - Deferred compensation plans

- o Federal and state labor laws
- o Precedents in labor-management relations
- o Assisting legal counsel in preparing labor contracts
- o MAS consulting engagements

**Companion Units**

This unit can be combined with other Planning and Control Systems - Human Resources Development units.

**AS1510.2 TERMINATIONS, OUTPLACEMENT, AND RETIREMENT PLANNING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the concepts of employee termination, outplacement, and retirement planning.
- o Develop termination strategies, outplacement programs, and retirement-planning approaches.
- o Use this information and expertise in management advisory services consulting engagements.

**Description**

This unit covers the fundamental procedures for terminating employees, the ingredients of an effective outplacement program, and ways to help employees plan their retirement. Participants are also shown how consultants can serve their clients in providing these services.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in employee relations and in counseling employees and have taken the Overview of Human Resources Development (AS1501.1) unit, or have equivalent experience.

**Major Topics**

- o Government regulations affecting the termination of employees
- o Establishing outplacement programs
- o The termination package:
  - Compensation
  - Other
- o Alternatives to termination:
  - Retraining
  - Others
- o Developing secondary career paths
- o Developing a library of available retirement options
- o Establishing internal programs to assist retirees
- o Counseling individuals who are terminating
- o Maintaining continuing relationships with retirees

**Companion Units**

This unit can be combined with other Planning and Control Systems - Human Resources Development units.

**AS1511.4 HUMAN RESOURCES DEVELOPMENT UPDATE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise emerging issues in human resources development (HRD).
- o Compare and contrast new and old strategies and techniques used by other firms in HRD planning and control systems engagements.
- o Relate changes in HRD methods to existing and potential client environments.
- o Devise new strategies and techniques for the firm's management advisory services (MAS) practice to use in performing planning and control engagements concerning HRD.

**Description**

This unit teaches those experienced in MAS new concepts to apply current HRD planning and control strategies and techniques used by their firms.

**Requisite Knowledge and Experience**

This unit is for individuals experienced in MAS.

**Major Topics**

- o Major issues in HRD
- o New techniques used for staffing and organizational development
- o Changes in employee compensation, benefits, training, governmental regulations, career development, labor relations, and staff reduction programs
- o New methods for handling HRD systems planning and control engagements

**Companion Units**

This unit can be combined with other update units in the Advisory Services curriculum.

**AS1601.1 OVERVIEW OF MANAGEMENT INFORMATION SYSTEMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the different areas in which a management information system (MIS) engagement could be helpful.
- o Explain MIS organizational and structure departments.
- o Appraise the need for an MIS engagement.
- o Participate in an MIS engagement.

**Description**

This unit introduces participants to the performance of management advisory services (MAS) engagements in the general area of MIS and shows them how to apply MIS techniques in a specific environment.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience with MAS or who have taken the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit.

**Major Topics**

- o An overview of MIS
- o The organization of the MIS function
- o The areas of MIS in which MAS engagements arise
- o An overview of automated applications
- o The elements of computer hardware and software
- o The essentials of an information system (planning and design) and its implementation
- o Internal control aspects
- o Security of data and equipment
- o Operating controls (documentation, archiving, management review)
- o Practice management considerations in planning the engagement
- o Conducting and reporting the engagement



### **Companion Units**

This unit is designed to be the first of a series of units that would include more specific areas of MIS such as the following:

- o System Design and Development (AS1602.2)
- o Security Systems (AS1604.2)
- o Software Evaluation and Selection (AS1605.2)
- o Equipment Evaluation and Selection (AS1606.2)
- o Microcomputer Systems (AS1607.2)
- o Data and Telecommunications (AS1611.2)
- o Accounting Systems and Applications (AS1902.2)

**AS1602.2 SYSTEM DESIGN AND DEVELOPMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Formulate the basic steps connected with management information systems (MIS) design and development.
- o Identify some of the specific techniques that are useful in MIS design and development.
- o Design appropriate application systems on client engagements.

**Description**

This unit gives participants a theoretical and practical background in the techniques of MIS design so that they can help clients establish good application systems design internally and design MIS as part of a management advisory services engagement for the client.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in MIS design concepts.

**Major Topics**

- o The fundamentals of the application system design process:
  - Data gathering and analysis of present system
  - Definition of information needs/volume/application
  - External or functional system design specifications:
    - Output
    - Processing
    - Input
  - Internal or technical system design specifications
  - Program design specifications and language requirements
  - Program coding
  - Program testing and system testing
  - Program code documentation
  - System documentation
  - User documentation
- o The structured design methodology in applying a top-down modular concept to systems design
- o Project management techniques
- o Conducting the engagement and reporting to the client

## Companion Units

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o System Installation (AS1603.2)
- o Security Systems (AS1604.2)
- o Microcomputer Systems (AS1607.2)
- o Internal and Operating Controls (AS1610.2)
- o Data and Telecommunications (AS1611.2)
- o Organization of a Management Information Systems Function  
(Resources and Control) (AS1614.2)
- o Accounting Systems and Applications (AS1902.2)

**AS1603.2    SYSTEM INSTALLATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Formulate the basic steps connected with management information systems (MIS) installation.
- o Identify some of the specific techniques that are useful in MIS installation.
- o Use specific steps and techniques in the installations of application systems during engagements.

**Description**

This unit gives participants a good theoretical and practical background in the steps necessary for an effective MIS installation so that they can help their clients manage an overall MIS application installation.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in MIS installation concepts.

**Major Topics**

- o Implementation planning:
  - Detail task identification
  - Assignment of responsibility
  - Identification of overall schedule
  - Monitoring plan
- o Initial equipment installation:
  - Equipment sizing
  - Physical site planning
  - Ordering initial supplies
  - Personnel training
  - Equipment testing
- o Application system installation:
  - Determining manual system interface changes
  - Conversion control plan
  - Software testing
  - Master-file set-up or conversion
  - Parallel processing (if necessary)

- o Systems operation standards development:
  - Documentation standards
  - Data control and security
  - Physical security
  - Audit coordination
  
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o System and Design Development (AS1602.2)
- o Security Systems (AS1604.2)
- o Internal and Operating Controls (AS1610.2)
- o Organization of a Management Information Systems Function  
(Resources and Control) (AS1614.2)
- o Accounting Systems and Applications (AS1902.2)

AS1604.2 SECURITY SYSTEMS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify security systems and methods needed in the management information systems (MIS) environment.
- o Explain the needs for hardware, software, and other safeguards.
- o Identify the security systems available.
- o Describe file retention systems.
- o Assay a client's needs for security systems and report on them.

**Description**

This unit informs experienced MAS/MIS professionals of what is needed to conduct an engagement involving MIS security and of the systems and methods currently available.

**Requisite Knowledge and Experience**

This unit is for individuals with MAS/MIS experience.

**Major Topics**

- o Security systems and methods currently in use
- o Paper-flow control systems
- o Computer file-retention systems
- o Safeguarding the MIS hardware and software
- o Creating procedures to maintain integrity of records
- o Documentation as part of the system
- o Internal control considerations
- o Organizational concerns
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o System Design and Development (AS1602.2)
- o System Installation (AS1603.2)
- o Microcomputer Systems (AS1607.2)
- o Data and Telecommunications (AS1611.2)
- o Organization of a Management Information Systems Function (Resources and Control) (AS1614.2)

**AS1605.2 SOFTWARE EVALUATION AND SELECTION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic criteria in selecting computer application software for business use.
- o Evaluate and select application software during client engagements.

**Description**

This unit provides a theoretical and practical background in the techniques for selecting computer application software so that participants can help clients acquire the most cost-effective software.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in management information systems software.

**Major Topics**

- o Cost-effectiveness
- o Cost-effectiveness and software selection
- o Specification development:
  - Defining the user's application information needs
  - Formulating application system specifications:
    - Application features
    - Vendor support
    - Documentation
    - Ease of implementation
    - Ease of operation
    - System flexibility
    - System expansibility
    - System compatibility
    - Auditability security
- o Request for proposal:
  - Contents
  - Issuing procedures

- o Evaluation:
  - Measuring cost-effectiveness of application software alternatives
  - Dealing with vendors
  - Contract terms
  - Demonstration
  - User evaluation
- o Sources of application software and technical literature references
- o Differences in software selection: microcomputers, minicomputers, and mainframe
- o Conducting the engagement and reporting to the client

#### **Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o Equipment Evaluation and Selection (AS1606.2)
- o Minicomputer Systems (AS1608.2)
- o Microcomputer Systems (AS1607.2)
- o Mainframe Computer Systems (AS1609.2)
- o Data and Telecommunications (AS1611.2)
- o Organization of a Management Information Systems Function (Resources and Control)(AS1614.2)



**AS1606.2 EQUIPMENT EVALUATION AND SELECTION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic criteria in selecting computer equipment.
- o Evaluate and select automated equipment during client engagements.

**Description**

This unit provides a theoretical and practical background in the techniques for selecting computer equipment so that participants can help their clients acquire the most cost-effective hardware to suit their particular business applications.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience with data processing equipment.

**Major Topics**

- o Cost-effectiveness and electronic data processing equipment selection
- o Specification development:
  - Defining the user's processing requirements
  - Formulating system specifications:
    - Processing volumes and data storage requirements
    - Application software
    - Operating software and utilities
    - Data throughput requirements
    - Telecommunications requirements
    - Documentation
    - System compatibility
    - System security
    - Reliability and back-up availability
    - Environmental effects
    - Conversion requirements
    - Programming languages
    - Workload expansion requirements
    - Response time requirements
    - Vendor support
    - Ease of implementing and operating
    - System flexibility
    - Physical facility requirements
    - Training

- o Request for proposal:
  - Contents
  - Issuing procedures
  - Dealing with vendors
  - Demonstration
  
- o Evaluation:
  - Measuring cost-effectiveness of equipment alternatives
  - Contract terms
  - User evaluation
  
- o Sources of technical information
- o Differences in hardware selections: microcomputers, minicomputers, and mainframe
- o Conducting the engagement and reporting to the client

#### **Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o Software Evaluation and Selection (AS1605.2)
- o Microcomputer Systems (AS1607.2)
- o Minicomputer Systems (AS1608.2)
- o Mainframe Computer Systems (AS1609.2)
- o Data and Telecommunications (AS1611.2)
- o Organization of a Management Information Systems Function (Resources and Control) (AS1614.2)

**AS1607.2 MICROCOMPUTER SYSTEMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of microcomputer systems currently on the market.
- o Evaluate when these systems may be most appropriately used to perform specific automated operations for a client.

**Description**

This unit teaches experienced management advisory services (MAS) staff members/associates how to handle or participate in an MAS engagement dealing with microcomputers.

**Requisite Knowledge and Experience**

This unit is for individuals with basic MAS experience.

**Major Topics**

- o How microcomputer technology works
- o The differences between micros and mini/mainframes
- o General microcomputer hardware configurations
- o Types of micros (desktop, super, LAN portable, and so on)
- o The use of microcomputers as terminal device in larger systems
- o The marketing of micros (computer stores)
- o The most widely used application software
- o Data storage and retrieval systems
- o Word processing
- o Decision support application
- o Internal and operating controls for the micros
- o Available sources of hardware and software support
- o Programming languages
- o Operating systems
- o Reference sources for personal knowledge
- o Conducting the engagement and reporting unit
- o Conducting the engagement and reporting to the client

## Companion Units

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o System Design and Development (AS1602.2)
- o Security Systems (AS1604.2)
- o Software Evaluation and Selection (AS1605.2)
- o Minicomputer Systems (AS1608.2)
- o Mainframe Computer Systems (AS1609.2)
- o Data and Telecommunications (AS1611.2)
- o Organization of a Management Information Systems Function  
(Resources and Control) (AS1614.2)
- o Alternative Methods to "In House" (AS1615.2)

AS1608.2 MINICOMPUTER SYSTEMS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of minicomputer systems currently on the market.
- o Determine when these systems may be most appropriately used to perform specific automated operations for a client.

**Description**

This unit gives participants an understanding of the minicomputer systems currently being marketed.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with the commercially available minicomputer systems and the basic concepts of data processing equipment and software.

**Major Topics**

- o The development of the minicomputer
- o What is a minicomputer?
- o Current configuration concepts
- o Current configuration capabilities and costs:
  - Data storage capabilities
  - Data throughput capacities
  - Workload expansion capabilities
  - Response time capabilities
  - Telecommunications capabilities
  - Vendor support
  - Equipment reliability
  - Ease of implementation and operation
  - Equipment compatibility and flexibility
  - Security
  - Physical facility requirements
  - Environmental effects
  - Personnel requirements
- o Application software
- o System software and utilities
- o Programming languages
- o Available sources of hardware, software, and support
- o Reference sources for personal knowledge maintenance on minicomputers
- o Conducting the engagement and reporting to the client

### Companion Units

This unit can be combined with the following units:

- o Software Evaluation and Selection (AS1605.2)
- o Equipment Evaluation and Selection (AS1606.2)
- o Microcomputer Systems (AS1607.2)
- o Mainframe Computer Systems (AS1609.2)
- o Organization of a Management Information Systems Function  
(Resources and Control) (AS1614.2)
- o Alternative Methods to "In House" (AS1615.2)

### Objectives

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of the mainframe computer systems currently on the market.
- o Determine when these systems may be most appropriately used to perform specific automated operations for a client.

### Description

This unit gives participants an understanding of the mainframe computer systems currently being marketed.

### Requisite Knowledge and Experience

This unit is for individuals who are familiar with commercially available mainframe computer systems and the basic concepts of data processing equipment and software.

### Major Topics

- o The development of the mainframe computer
- o What is a mainframe computer?
- o Current configuration concepts
- o Current configuration capabilities and costs:
  - Data storage capacities
  - Data throughput capabilities
  - Workload expansion capabilities
  - Response time capabilities
  - Telecommunications capabilities
  - Vendor support
  - Equipment reliability
  - Ease of implementation and operation
  - Equipment compatibility and flexibility
  - Security
  - Physical facility requirements
  - Personnel requirements
- o Application software
- o System software and utilities
- o Programming languages
- o Available source of hardware, software, and support
- o Reference sources for personal knowledge maintenance on mainframe computers
- o Conducting the engagement and reporting to the client

### **Companion Units**

This unit can be combined with the following units:

- o Software Evaluation and Selection (AS1605.2)
- o Equipment Evaluation and Selection (AS1606.2)
- o Microcomputer Systems (AS1607.2)
- o Minicomputer Systems (AS1608.2)
- o Organization of a Management Information Systems Function  
(Resources and Control)(AS1614.2)
- o Alternative Methods to "In House" (AS1615.2)



**AS1610.2 INTERNAL AND OPERATING CONTROLS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the operations and internal controls required for the computer environment.
- o Describe the security measures required to prevent loss of accumulated data and improper entry into data bases.
- o Assess a client's internal and operating controls and report on them during a management information systems (MIS) engagement.

**Description**

This unit makes management advisory services (MAS) specialists aware that the audit procedures must be used to create internal and operating control in the MIS environment. Participants learn which areas must be controlled and where problems can arise.

**Requisite Knowledge and Experience**

This unit is for individuals with basic knowledge of accounting or auditing and some MAS experience.

**Major Topics**

- o Internal control procedures for flow of information through the organization
- o Creating documentation needed to maintain operating controls
- o Recognition of control weaknesses in the MIS environment
- o Preparing internal control questionnaires and other tools for the MIS department and the entire organization
- o Security systems to protect and conserve computer data
- o Security systems to guard against improper access to computers and/or resources
- o Creating and using transaction checks, test programs, and other techniques
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o Systems Design and Development (AS1602.2)
- o System Installation (AS1603.2)
- o Security Systems (AS1604.2)

**AS1611.2 DATA AND TELECOMMUNICATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain data and telecommunications.
- o Describe the general applications and methods for data and telecommunications.
- o Assess a client's data and telecommunications needs and report on them during an engagement.

**Description**

This unit provides experienced management advisory services (MAS)/management information systems (MIS) practitioners with the background and knowledge needed to conduct an engagement concerning telecommunications.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in MAS/MIS engagements.

**Major Topics**

- o Data and telecommunications technology
- o Current methods
- o Hardware/software needed
- o Alternative telecommunications carriers
- o Safeguarding access to the data
- o Determining the data to be communicated
- o Internal and operating controls
- o Recognizing clients' needs and selecting systems
- o Integration of voice and data telecommunications
- o Local area networks
- o Reference and support sources
- o Conducting an engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o System Design and Development (AS1602.2)
- o Security Systems (AS1604.2)
- o Software Evaluation and Selection (AS1605.2)
- o Equipment Evaluation and Selection (AS1606.2)
- o Microcomputer Systems (AS1607.2)
- o Office Automation (AS1612.2)
- o Organization of a Management Information Systems Function (Resources and Control) (AS1614.2)

AS1612.2 OFFICE AUTOMATION  
PP

**Objectives**

This unit is designed to enable participants to -

- o Describe the most recent concepts and products of general office automation.
- o Assess a client's office automation needs and report on them during an engagement.

**Description**

This unit informs management advisory services (MAS) professionals of current and projected general office automation techniques and products. They also learn how to make evaluations and report to their clients.

**Requisite Knowledge and Experience**

This unit is for individuals with limited MAS experience.

**Major Topics**

- o Current trends in general office automation
- o The "office of the future" concepts
- o The place of the computer in an office system
- o Training office staff
- o Specific computer applications:
  - Electronic mail
  - Word processing
  - Desk management
  - Calendar management
  - File storage and retrieval
  - Data storage and retrieval
  - Automated typesetting
  - Optical character recognition
  - Telecommunications
  - Video disc storage
- o Work design and procedure development
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can either stand alone or be combined with the Data and Telecommunications (AS1611.2) or the Alternative Methods to "In House" (AS1615.2) units.

**AS1613.3 DEVELOPING AND MARKETING SOFTWARE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic resources and approaches necessary to develop and market management information systems application software to clients and/or their customers.
- o Assess a client's opportunities to develop and market application software and report on them.

**Description**

This unit details the requirements, resources, and approaches needed by an organization to develop software for market resale.

**Requisite Knowledge and Experience**

This unit is for individuals with advanced data processing industry experience.

**Major Topics**

- o Market opportunities and methods for market identification (demand analysis and market segmentation)
- o Necessary developmental resources:
  - Personnel (marketing/design/development/support)
  - Equipment
  - Software
- o Marketing channels of distribution and methods of product packaging
- o Contract considerations and legal requirements
- o Promotional opportunities and techniques
- o Software protection schemes
- o Potential support requirements
- o Pricing techniques and potential revenue streams
- o Ethical considerations
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit is designed to stand alone.

AS1614.2 ORGANIZATION OF A MANAGEMENT INFORMATION SYSTEMS FUNCTION  
PP (RESOURCES AND CONTROL)

**Objectives**

This unit is designed to enable participants to -

- o Describe the elements of a management information systems (MIS) function.
- o Assess the need to a client MIS function and report on it.

**Description**

This unit teaches participants how to conduct a study of a client's MIS function and how to help clients establish or evaluate an MIS function.

**Requisite Knowledge and Experience**

This unit is for individuals with limited MIS experience.

**Major Topics**

- o The organizational design of an MIS function:
  - Operations
  - Systems
  - Programming
  - Control
- o Methods used to determine hardware and software needs
- o Capacity planning
- o Overview of software/hardware selection considerations
- o Space and physical concerns
- o Security and control (hardware/software)
- o Creating and selecting a personnel organization
- o Interfacing with users of the MIS function
- o Cost recovery
- o Maintenance of systems:
  - Equipment
  - Application software
- o Conducting the engagement and reporting to the client

## Companion Units

This unit can be combined with the following units:

- o System Design and Development (AS1602.2)
- o System Installation (AS1603.2)
- o Security Systems (AS1604.2)
- o Software Evaluation and Selection (AS1605.2)
- o Equipment Evaluation and Selection (AS1606.2)
- o Microcomputer Systems (AS1607.2)
- o Minicomputer Systems (AS1608.2)
- o Mainframe Computer Systems (AS1609.2)
- o Data and Telecommunications (AS1611.2)

**AS1615.2 ALTERNATIVE METHODS TO "IN HOUSE"  
PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe alternate methods and sources of data processing.
- o Explain how alternate methods can be used in a client's data-processing plan.
- o Compare the alternate methods with the "in house" method.
- o Assess a client's need for alternate data processing methods.

**Description**

This unit makes management advisory services practitioners aware of the alternate methods of processing data, the ways such methods can be used by clients, and the proper ways to evaluate clients' needs.

**Requisite Knowledge and Experience**

This unit is for individuals with general knowledge of data processing methods.

**Major Topics**

- o Alternate methods of data processing:
  - Facilities management
  - Time sharing
  - Service bureaus
  - Other
- o A comparison of "in house" with alternate methods
- o Sources of alternate methods
- o Implementation of alternate methods
- o Documentation and paper flow concerns
- o Analysis of feasibility of alternate methods:
  - Economic
  - Operations
  - Application
- o Control procedures
- o Performance reviews
- o Conducting the engagement and reporting to the client

### **Companion Units**

This unit can be combined with the following units:

- o Microcomputer Systems (AS1607.2)
- o Minicomputer Systems (AS1608.2)
- o Mainframe Computer Systems (AS1609.2)
- o Office Automation (AS1612.2)



**AS1616.2 OVERVIEW OF GENERIC APPLICATION SOFTWARE TOOLS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Describe the generic application software tools most commonly used in the development of management information systems.
- o Identify when these generic applications tools are most appropriately used in the development of unique application software.

**Description**

This unit introduces participants to the capabilities of commonly used generic application software tools (data base systems, electronic spreadsheets, and the like) and helps them identify where they can be most appropriately applied in meeting specific user application requirements.

**Requisite Knowledge and Experience**

This unit is for individuals with limited management advisory services experience.

**Major Topics**

- o The types of generic application software tools:
  - Data base systems
  - Query languages
  - Report writing systems
  - Screen generation languages
  - Electronic spreadsheet systems
  - Modeling languages
  - Simulation languages
  - Authoring systems
  - Expert systems
- o Operational benefits and features of each generic application software tool
- o User application requirements which are appropriately addressed with each generic application software tool

**Companion Units**

This unit can stand alone or can be combined with the following units:

- o Data Base Systems (AS1617.2)
- o Decision Support Systems (AS1618.3)
- o Expert Application Systems (AS1619.3)

**AS1617.2 DATA BASE SYSTEMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain how data base systems and applications can be effectively used.
- o Assess a client's data base needs and select suitable systems.

**Description**

This unit provides experienced management advisory services (MAS) professionals with the knowledge needed to help clients select and use data base systems.

**Requisite Knowledge and Experience**

This unit is for individuals with extensive experience in Management Information Systems.

**Major Topics**

- o The types of data base systems:
  - Stand-alone systems vs. integrated systems
  - Relational systems vs. hierarchical systems
- o Operational benefits of data base systems:
  - Flexibility
  - Easy maintenance
- o How the systems are used (technique and applications)
- o Establishing system safeguards
- o Comparing and evaluating the systems
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit is designed to stand alone.

**AS1618.3 DECISION SUPPORT SYSTEMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain how decision support systems and applications can be effectively used.
- o Assess a client's decision support system needs and select suitable systems.

**Description**

This unit provides experienced management advisory services (MAS) professionals with the knowledge needed to help clients select and use decision support systems.

**Requisite Knowledge and Experience**

This unit is for individuals with extensive experience in management information systems.

**Major Topics:**

- o How the systems are used (technique and applications)
- o Comparing and evaluating systems
- o Establishing system safeguards
- o Selected industry applications
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit is designed to stand alone.

**AS1619.3 EXPERT APPLICATION SYSTEMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the components of an expert system.
- o Explain the differences from conventional data processing application systems.
- o Assess potential applications for use in the accounting profession or for selected client use.

**Description**

This unit provides experienced management advisory services (MAS) professionals with the knowledge needed to develop and utilize current expert systems application technology.

**Requisite Knowledge and Experience**

This unit is for participants with extensive experience in Management Information Systems and applications development.

**Major Topics**

- o What is an expert system?
- o Components of an expert system:
  - Knowledge base
  - Inference engine
  - User interface
  - Explanation facility
- o Differences from conventional data processing application systems
- o Examples of expert systems applications
- o How to develop an expert system application

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Describe management information systems (MIS).
- o Describe how these developments affect MIS service opportunities.

### Description

This unit informs experienced management advisory services (MAS) and MIS professionals of new developments dealing with MAS engagements in the MIS area.

### Requisite Knowledge and Experience

This unit is for experienced MIS practitioners.

### Major Topics

- o New computer hardware/software
- o New office equipment
- o Local area networks
- o Telecommunications
- o Security, controls, archives
- o System development techniques
- o Anticipated developments
- o Miscellaneous items
- o New reference sources
- o New engagement considerations

### Companion Units

This unit is designed to stand alone.

**AS1701.2 NEEDS ASSESSMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and define the scope and objectives of a needs assessment for internal professional services.
- o Determine which internal professional services are required.
- o Participate in a management advisory services (MAS) engagement involving a needs assessment of internal professional services.

**Description**

This unit provides participants with the knowledge necessary to perform an assessment of the need for internal professional services within an organization. It describes the types of internal professional services available and the process of analyzing the costs and benefits related to these functions.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no knowledge of how to perform a needs assessment and who have completed the Orientation to Management Advisory Services in a CPA Firm (AS1001.1) unit, or have equivalent experience.

**Major Topics**

- o The scope and objectives of a needs assessment
- o Identifying internal professional service requirements (for example, cost avoidance and demographics)
- o Cost/benefit analysis techniques
- o Preparing a needs assessment during an engagement

**Companion Units**

This unit is designed to stand alone.

**ORGANIZING AND CONTROLLING THE INTERNAL PROFESSIONAL SERVICES  
FUNCTION**

**Objectives**

This unit is designed to enable participants to -

- o Define goals and objectives for the internal professional services function.
- o Establish starting requirements and assignments.
- o Identify planning and control system requirements.
- o Develop and monitor an operating plan and budget.
- o Participate in a management advisory services engagement dealing with the organization and control of external professional services functions.

**Description**

This unit teaches participants how to conduct an engagement involving the organization and control of the internal professional services functions.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Needs Assessment (AS1701.2) unit, or have equivalent experience.

**Major Topics**

- o The goals and objectives of internal professional services functions:
  - Cost avoidance
  - Meeting internal demand
- o Organization and staffing:
  - Type of personnel
  - Kind of structure
- o Planning and control systems:
  - Manual and computer processing
  - Output reports
- o Operating plans and budgets
- o Cost/benefit evaluation

**Companion Units**

This unit is designed to stand alone.

**AS1801.1 OVERVIEW OF RESEARCH AND DEVELOPMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the scope and objectives of research and development (R&D).
- o Describe the organization of the R&D function within a firm.
- o Participate in a management advisory services engagement in planning and controlling the R&D function.

**Description**

This unit provides participants with a framework to understand the scope and operations of an R&D function in a client organization.

**Requisite Knowledge and Experience**

This unit is for participants with no knowledge of or experience in the R&D function.

**Major Topics**

- o Types of research:
  - Product
  - Process
  - Services
- o Major research strategies:
  - Basic
  - Applied
- o Organization of the research department:
  - Technical specialty vs. interdisciplinary task force approach
  - Team vs. individual research
- o Selecting projects:
  - Committee choice vs. researcher freedom
  - Ranking criteria
- o Management's overall responsibility for innovation

**Companion Units**

This unit can be combined with other introductory units in the Planning and Control Systems categories.



AS1802.2 RESEARCH AND DEVELOPMENT PROJECT DEFINITION, EVALUATION, AND  
PP MANAGEMENT

**Objectives**

This unit is designed to enable participants to -

- o Explain the steps in the research and development (R&D) process.
- o Describe the technique used to measure and evaluate R&D projects.
- o Assess methods to manage R&D projects in client organizations.

**Description**

This unit teaches participants how to define, evaluate, and manage R&D projects in client organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in R&D project management but who have completed the Overview of Research and Development (AS1801.1) unit, or have equivalent knowledge.

**Major Topics**

- o The R&D process:
  - Problem definition
  - Project definition
  - Data collection
- o Sources of information:
  - Primary sources (original data)
  - Secondary sources (publications, reports)
- o Statistical measures:
  - Averages
  - Index numbers
  - Correlation and time series analyses
  - Sampling
  - Subjective measurement techniques
- o Control of projects:
  - Critical path method
  - Gantt charts
  - Port
  - Budgeting

o Management methods:

- Personnel considerations
- Financial considerations
- Accounting and reporting

o Evaluation tools:

- Costs and budgets
- Return on investment
- Qualitative statement of expected results

**Companion Units**

This unit is designed to stand alone.

**AS1803.4 PLANNING AND CONTROL SYSTEMS - RESEARCH AND DEVELOPMENT UPDATE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used by management advisory services (MAS) in other firms in planning and control engagements concerning research and development (R&D).
- o Compare, contrast, and assess new and old strategies and techniques used in these MAS engagements.
- o Devise new strategies and techniques for their firms' MAS practice to use in performing planning and control engagements concerning R&D.

**Description**

This unit provides those experienced in MAS with new concepts, techniques, and ideas to use in R&D engagements for their firm.

**Requisite Knowledge and Experience**

This unit is for individuals with significant MAS experience in R&D engagements.

**Major Topics**

- o New techniques to plan and control R&D projects
- o New methods for performing MAS planning and control engagements involving R&D functions

**Companion Units**

This unit can be combined with other update units in other categories of the Advisory Services curriculum.

**AS1901.1 OVERVIEW OF PLANNING AND CONTROL SYSTEMS - FINANCE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic elements of a financial planning and control system.
- o Identify areas where management advisory services (MAS) engagement would be helpful to a client.
- o Participate in a relatively simple MAS engagement involving one or more basic areas of finance in an organization.

**Description**

This unit explains how MAS engagements are performed in the area of financial planning and control systems. Participants learn the basic areas of effective financial planning and control and procedures for participating in engagements.

**Requisite Knowledge and Experience**

This unit is for individuals with some basic finance experience.

**Major Topics**

- o Accounting systems and applications
- o Fixed assets management
- o Capital budgeting
- o Financial analysis
- o Profit planning
- o Prospective financial information
- o Cash management
- o Credit management
- o Investment management
- o Risk management
- o Budgeting
- o Liability and debt management
- o Internal auditing
- o Managing external reporting and stockholder-based relationships
- o Conducting an engagement and reporting to the client

**Companion Units**

This unit can be combined with other introductory units in other categories of the Advisory Services curriculum.

**AS1902.2 ACCOUNTING SYSTEMS AND APPLICATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic elements of accounting systems and their applications.
- o Design, review, and assist in the implementation of accounting systems for clients.

**Description**

This unit enables participants to perform management advisory services (MAS) engagements in designing or reviewing accounting systems to fit the needs of developing and existing businesses.

**Requisite Knowledge and Experience**

This unit is for individuals with some MAS experience.

**Major Topics**

- o Accounting systems and applications
- o Determining the client's accounting system needs:
  - Continuing organization
  - Developing organization
- o The types of accounting systems:
  - General ledger
  - Payables
  - Receivables
  - Payroll
  - Property, plant, equipment
  - Stockholders' equity
  - Profit and loss
  - Other
- o System design and modification
- o Profit vs. not-for-profit organizations
- o Bases of accounting:
  - Cash
  - Accrual
  - Tax
  - Other

- o Automation vs. manual systems and applications
- o Reporting considerations
- o Conducting the engagement and reporting to the client

#### **Companion Units**

This unit can be combined with the following units:

- o Overview of Management Information Systems (AS1601.1)
- o System Design and Development (AS1602.2)
- o System Installation (AS1603.2)

**AS1903.2    FIXED ASSETS MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the importance of financial and physical controls as related to fixed assets.
- o Evaluate controls applicable to a particular client situation.
- o Participate in management advisory services (MAS) engagement involving the design and implementation of a fixed assets management system.

**Description**

This unit provides participants with the skills necessary to establish fixed assets management and control procedures and to help clients implement them.

**Requisite Knowledge and Experience**

This unit is for individuals with accounting service experience and limited MAS experience.

**Major Topics**

- o Fixed asset accounting controls
- o Fixed asset physical controls:
  - Asset identification
  - Inventory inspections
  
- o Conducting the engagement and reporting to the client
- o Asset disposition:
  - Sale
  - Trade-in
  - Scrapping
  
- o Replacement analysis:
  - Cost avoidance
  - Payback
  - Net present value
  - Discounted cash flow
  - Internal rate of return
  - Technology changes

**Companion Units**

This unit can be combined with the Capital Budgeting and Expenditure Analysis (AS1904.2) unit.

AS1904.2 CAPITAL BUDGETING AND EXPENDITURE ANALYSIS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify and define the basic techniques used in capital budgeting and expenditure analysis in the corporate environment.
- o Explain the basic procedures and organizational structure of the capital budgeting function in the corporate environment.
- o Use capital budgeting and expenditure analysis techniques in performing management advisory services engagement.

**Description**

This unit teaches participants how to perform capital budgeting and expenditure analyses in order to participate in establishing capital budgeting systems for clients.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and who have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit, or have equivalent knowledge.

**Major Topics**

- o Theoretical background:
  - Time value of money
  - Cash flow vs. profit
  - Period of benefit realization of a capital expenditure
  - Selection of most profitable assortment of investment alternatives within budget constraints
  - Risk/reward analysis
- o Departmental capital budgeting vs. company-wide capital budgeting
- o Lease vs. buy decisions
- o Techniques:
  - Cash flow
  - Return on investment
  - Net present value
  - Discounted cash flow
  - Payback
  - Internal rate of return



- o Preparing budgets and prospective financial impact
- o Using automated analytical tools
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Fixed Assets Management (AS1903.2)
- o Financial Analysis and Control (AS1905.2)
- o Profit Planning (AS1906.2)
- o Prospective Financial Information (AS1907.2)
- o Cash Management (AS1908.2)
- o Liability and Debt Management (AS1913.2)

**AS1905.2 FINANCIAL ANALYSIS AND CONTROL**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic techniques for assessing financial strengths and weaknesses.
- o Describe the basic techniques for planning and controlling the financial resources of a company.
- o Use the techniques of financial analysis in performing management advisory services (MAS) engagements.

**Description**

This unit gives participants a theoretical and practical background in the basic techniques of financial analysis and control, which will enable them to help their clients establish financial planning and control systems within their organization during an MAS engagement.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and who have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit.

**Major Topics**

- o Purpose of financial analysis, according to third parties, such as bankers, creditors, investment advisors, and bidders
- o Techniques of financial analysis:
  - Ratio analysis
  - Comparison standards - industrial and historical
  - Short-term vs. long-term analysis
  - Strategies to improve financial position
  - Cost of capital
  - Sources and uses of funds
  - Pro-forma analysis and statements
  - Budgeting and feedback reporting
  - Forecasting techniques
  - Working capital
- o The use of automated analysis tools

### **Companion Units**

This unit can be combined with the following units:

- o Capital Budgeting and Expenditure Analysis (AS1904.2)
- o Profit Planning (AS1906.2)
- o Prospective Financial Information (AS1907.2)
- o Cash Management (AS1908.2)
- o Investment Management (AS1910.2)
- o Risk Management (AS1911.2)
- o Budgeting (AS1912.2)

**AS1906.2 PROFIT PLANNING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain basic profit-planning techniques.
- o Use profit-planning techniques in management advisory services (MAS).

**Description**

This unit gives participants a theoretical and practical background in the basic techniques for profit planning, which will enable them to help their clients establish a profit-planning system within their organizations during an MAS engagement.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and who have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit.

**Major Topics**

- o The purpose of profit planning:
  - Profit organization
  - Not-for-profit organization
- o Techniques and types of profit planning:
  - Modeling techniques
  - Forecasting techniques
  - Sensitivity and what-if analysis
  - Calculation of break-even point
  - Profit-volume-price relationships
  - Gross profit analysis
  - Return on investment analysis
- o Long-range profit planning:
  - Determining long-range objectives
  - Elements of long-range profit planning
  - Benefits of planning and follow-up
- o Using automated analysis tools
- o Conducting the engagement and reporting to the client

### Companion Units

This unit can be combined with the following units:

- o Capital Budgeting and Expenditure Analysis (AS1904.2)
- o Financial Analysis and Control (AS1905.2)
- o Prospective Financial Information (AS1907.2)
- o Cash Management (AS1908.2)
- o Investment Management (AS1910.2)
- o Risk Management (AS1911.2)
- o Budgeting (AS1912.2)

**AS1907.2 PROSPECTIVE FINANCIAL INFORMATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the differences between forecasts and projections.
- o Identify and assess the effects of accounting profession's standards and requirements on prospective financial information.
- o Describe the nature and risk of financial modeling.
- o Describe the application of computer software in preparing prospective financial information.
- o Participate in an engagement requiring the preparation and reporting of prospective financial information.

**Description**

This unit teaches participants how to distinguish among the various types of prospective financial statements and the requirements relating to each. Participants are also trained in preparing statements, adequacy of disclosures and report presentations, and learn about financial modeling and computer software relevant to preparing forecasts and projections.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with financial statement presentation.

**Major Topics**

- o Projections and forecasts:
  - Procedures
  - Documentation
  - Report presentation
- o Reporting standards:
  - Compilation
  - Review

- o Internal projections
- o Budgets
- o Financial modeling
- o Using computer software
- o Conducting the engagement and reporting to the client

#### **Companion Units**

This unit can be combined with the following units:

- o Capital Budgeting and Expenditure Analysis (AS1904.2)
- o Financial Analysis and Control (AS1905.2)
- o Profit Planning (AS1906.2)

**AS1908.2 CASH MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain basic cash management and control techniques.
- o Determine cash management techniques applicable to particular industry clients.
- o Identify and describe the use of computer software in analyzing cash flow.
- o Participate in management advisory services (MAS) engagements related to the installation of cash management techniques.

**Description**

This unit teaches participants how to assess a client's cash flow and how to install cash management procedures.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no MAS experience.

**Major Topics**

- o Time value of money
- o Liquidity vs. profitability
- o Determining the level of cash needed
- o Controlling the inflow and outflow of cash
- o Maximizing the use of cash
- o Accounts receivable and accounts payable strategies:
  - Planning for accelerating collections
  - Extending payment periods
- o Available third-party financial management services
- o Using automated analytical tools
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Budgeting (AS1912.2)
- o Profit Planning (AS1906.2)
- o Capital Budgeting and Expenditure Analysis (AS1904.2)
- o Financial Analysis and Control (AS1905.2)



**AS1909.2 CREDIT MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the importance of credit management and its basic techniques.
- o Use credit management theories and techniques in performing management advisory services (MAS) engagements.

**Description**

This unit provides participants with a theoretical and practical background in the basic techniques of credit management, which will enable them to help their clients establish systems and procedures in this area during MAS engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit.

**Major Topics**

- o Credit management practices
- o Components of good credit policy:
  - Financial standing
  - Ability to pay
- o Credit evaluation or approval - guidelines and policies:
  - Consumer
  - Commercial
- o Credit management techniques:
  - Establishing control over credit and receivables
  - Aging of receivables
  - Provisions for doubtful accounts
  - Collections
  - Cash flow vs. receivables turnover
  - Use of outside rating organizations

- o Using automated systems
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the Cash Management (AS1908.2) and Risk Management (AS1911.2) units.

**AS1910.2 INVESTMENT MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic techniques and financial instruments of corporate investment management.
- o Use investment management theories and techniques in performing management advisory services (MAS) engagements.

**Description**

This unit gives participants a theoretical and practical background in the basic techniques of investment management so that they can help their clients establish systems and procedures in this area during MAS engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit.

**Major Topics**

- o Short-term and long-term investment instruments and alternatives
- o Investment risk and return theory
- o Investment policies of various types of organizations:
  - Profit
  - Not-for-profit
- o Organization and mechanics of the securities markets
- o Portfolio theory
- o Performance attribution and measurement
- o Analyzing investment securities
- o Using automated analysis tools
- o Tax considerations
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the following units:

- o Capital Budgeting and Expenditure Analysis (AS1904.2)
- o Financial Analysis and Control (AS1905.2)
- o Profit Planning (AS1906.2)
- o Cash Management (AS1908.2)
- o Risk Management (AS1911.2)
- o Liability and Debt Management (AS1913.2)

**AS1911.2 RISK MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the importance of risk management and its basic techniques.
- o Use risk-management theories and techniques in performing management advisory services (MAS) engagements.

**Description**

This unit provides participants with a theoretical and practical background in the basic techniques of risk management so that they will be able to help their clients establish systems and procedures in this area during MAS engagements.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate finance experience and have completed the Overview of Planning and Control Systems - Finance (AS1901.1) unit.

**Major Topics**

- o Risk-management practices
- o Areas of potential risks and exposure
- o Types of insurance:
  - Personal (workers' compensation, health, life)
  - Property (fire, casualty, liability)
  - Liability (product, personal injuries, Occupational Safety and Health Administration, Equal Employment Opportunity)
- o Risk and exposure strategy:
  - Self-insurance
  - Amounts, limits, deductibles, coinsurance
- o Techniques for collecting and analyzing data to quantify risks and exposures:
  - Claim reserves
  - Loss reserves
  - "Incurred but not reported"

- o Developing an effective risk-management program:
  - Product monitoring
  - Placement of insurance
  - Identifying self-insurance areas

**Companion Units**

This unit can be combined with the Financial Analysis and Control (AS1905.2) and Profit Planning (AS1906.2) units.

**AS1912.2 BUDGETING**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and use budgeting techniques.
- o Prepare various types of budgetary documents.
- o Participate in management advisory services (MAS) engagements involving establishing and maintaining an effective budgeting process.

**Description**

This unit provides participants with the skills necessary to participate in MAS engagements involving client budget preparation and the budgetary process.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview of Planning and Control - Finance (AS1901.1) unit, or have equivalent experience, and are familiar with financial statement presentation and public accounting services. Direct MAS experience is not required.

**Major Topics**

- o Types of budgets:
  - Operating
  - Capital
  - Cash-flow
  - Fixed
  - Flexible
  - Zero-based
- o Budgeting process:
  - Planning
  - Input
  - Monitoring
  - Evaluation
- o Budget documents
- o Budget implementation
- o Conducting the engagement and reporting to the client

### Companion Units

This unit can be combined with the following units:

- o Capital Budgeting and Expenditures Analysis (AS1904.2)
- o Financial Analysis and Control (AS1905.2)
- o Profit Planning (AS1906.2)
- o Prospective Financial Information (AS1907.2)
- o Cash Management (AS1908.2)

**AS1913.2    LIABILITY AND DEBT MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic techniques of liability and debt management in the corporate environment.
- o Perform management advisory services engagements related to establishing and implementing liability and debt-management systems.

**Description**

This unit provides participants with a theoretical and practical background in the basic techniques of liability and debt management to enable them to help their clients establish systems and procedures in this area.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview of Planning and Control - Finance (AS1901.1) unit and are familiar with general CPA service delivery.

**Major Topics**

- o Debt policy and capital structure:
  - Cost of debt
  - Selection of financing sources
  - Lines of credit
- o Payment strategies:
  - Cash-centered credit analysis procedure for determining ability to repay
  - Refunding of debt
- o Cash management planning and monitoring
- o Using automated analytical tools
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the Capital Budgeting and Expenditure Analysis (AS1904.2) and the Investment Management (AS1910.2) units.



**Objectives**

This unit is designed to enable participants to -

- o Describe the responsibilities and benefits of the internal auditing function.
- o Participate in management advisory services (MAS) engagements involving the establishment or review of an internal audit function.

**Description**

This unit teaches participants how to establish an internal audit function for clients and how to evaluate the efficiency and effectiveness of existing internal auditing functions in client organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with auditing services and have limited MAS experience.

**Major Topics**

- o The nature, purposes, and characteristics of internal auditing:
  - Independence
  - Personnel
  - Department management
  - Reporting
- o The factors that contribute to the effectiveness of internal auditing in organizations:
  - Planning
  - Supervision
  - Staff guidance material
  - Continuing education
  - Documentation procedures
- o Establishing a system of internal auditing control:
  - Policies and procedures
  - Control measures

- o Appraising the system of internal auditing to determine if it is working properly:
  - Organization and structure
  - Nature of audits
  - Personnel
  - Results achieved
  
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with units pertaining to the internal audit process from the Accounting and Auditing curriculum.

**AS1915.2    MANAGING EXTERNAL REPORTING AND STOCKHOLDERS/BOARD RELATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify important elements of corporate external reporting requirements.
- o Explain the responsibilities and reporting needs of the board of directors.
- o Perform management advisory services engagements involving the advising of the important elements of stockholders relations and communicating with the board of directors, stockholders, and various external parties.

**Description**

This unit provides participants with a practical background on the various external reporting requirements of different types of business entities to enable them to help their clients improve external reporting and present appropriate information to their board of directors, stockholders, and other external parties.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Overview of Planning and Control Systems - Finance (AS1901.1) and who have general exposure to corporate reporting.

**Major Topics**

- o The role and responsibilities of the board of directors:
  - Fiduciary relationship
  - Not-for-profit organizations
- o Methods of external reporting:
  - Report format
  - Graphics
  - Narratives
  - Formal vs. informal reporting
- o Legal requirements for disclosures and external reporting to public agencies and other third parties:
  - Profit organizations
  - Not-for-profit organizations

- o Use of external reporting for public relations purposes
- o Stockholders relations:
  - Elements of relationships
  - Communication devices
  - Use of annual report
- o Conducting the engagement and reporting to the client

**Companion Units**

This unit can be combined with the Public and Media Relations (PD1401.2) unit.

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used by management advisory services (MAS) in other firms in providing financial planning and control systems engagements.
- o Compare, contrast, and assess new and old strategies and techniques used in these MAS engagements.
- o Devise new strategies and techniques for their firm's MAS practice to use in financial systems planning and control engagements.

**Description**

This unit provides those experienced in MAS with new concepts and ideas for their firms to use in financial planning and control systems engagements.

**Requisite Knowledge and Experience**

This unit is for MAS practitioners with significant MAS experience in financial planning and control systems.

**Major Topics**

- o Major changes in financial planning and control techniques and methods
- o New accounting systems, methods of managing fixed assets, capital budgeting systems, and forecasting and projecting financial performance
- o New techniques used for cash, investment, risk, liability and debt management, budgeting, internal auditing, and external reporting

**Companion Units**

This unit can be combined with other update units in other categories of the Advisory Services curriculum.

**AS2001.1    MARKETING A PERSONAL FINANCIAL PLANNING PRACTICE**  
**PP**

**Objectives**

This unit is designed to enable participants to design a strategic plan, prepare a marketing plan, determine cost-effective services, and market the personal financial planning services.

**Description**

This unit explains how to develop and implement a marketing plan to enhance development and growth of a personal financial planning practice.

**Requisite Knowledge and Experience**

This unit is for individuals with no experience in marketing a personal financial planning practice.

**Major Topics**

- o The strategic planning process:
  - Identifying your firm's strengths and weaknesses
  - Setting your direction
  - Establishing goals and objectives
  - Designing marketing strategies to meet specific goals
  
- o Preparing a marketing plan:
  - Assessing market potential
  - Market segmentation
  - Preparing a budget
  - Developing an action plan
  
- o Pricing determinants:
  - Full rates, base fee
  - Incremental pricing
  - Value-added billing
  - Competitive pricing
  - Price/affordability
  - Networking
  - Billing

o Marketing techniques:

- Personal sales calls
- Seminars
- Direct mail
- Newsletters
- Cross-selling services
- Brochures
- Referrals from other professionals
- Newspaper articles
- Speaking engagements
- Executive perk
- Media advertising

o Selling skills

o Monitoring results

**Companion Units**

This unit is designed to stand alone.

**AS2002.2 DEVELOPING AND MANAGING A PERSONAL FINANCIAL PLANNING PRACTICE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Determine the appropriate level of PFP engagements.
- o Develop a formalized PFP process.
- o Identify, assess, and select a practical working team for personal financial planning engagements.
- o Comply with the professional, regulatory and ethical constraints.

**Description**

This unit explains how to develop an effective personal financial planning practice. Participants learn the various professional and ethical regulatory requirements, the various types of financial planning engagements, and ways to use the services of other professionals when preparing plans.

**Requisite Knowledge and Experience**

This unit is for individuals who want to formalize their personal financial planning practice. Participants should be familiar with taxes and various personal financial matters.

**Major Topics**

- o Industry overview
- o CPA's role in financial planning
- o Types of financial planning engagements:
  - Comprehensive
  - Consultation:
    - General
    - Specific
  - Single issue
- o Steps in financial planning process:
  - Gathering data
  - Identifying financial goals and objectives
  - Identifying financial constraints and issues
  - Preparing financial plan
  - Implementing plan
  - Monitoring and update plan
- o Engagement administration:
  - Communicating financial plans
  - Engagement letters



- Staffing
- Education
- Networking
- Working papers
- Library
- Fees

o Regulations and ethics:

- Compliance with AICPA ethics, reporting, and performance standards
  - Historic (SSARS 1 and 6, SOP 82-1)
  - Prospective (authoritative standard, guide, Rule 201-E)
  - Other
- Compliance with SEC regulatory requirements
- Compliance with state and local regulations

o Sources of personal financial planning information:

- Organizations
- References

**Companion Units**

This unit is designed to stand alone.

**AS2003.2 PERSONAL FINANCIAL PLANNING: TOOLS AND TECHNIQUES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Gather data, identify and set financial goals and objectives, and identify financial constraints and issues.
- o Prepare, implement, monitor, and update a financial plan.
- o Communicate financial plans to clients.
- o Calculate and explain to clients the time value of money and rates of return.
- o Apply diagnostic review techniques to determine clients' needs.

**Description**

This unit provides participants with the tools and techniques they will need to prepare personal financial plans. Participants learn how to gather personal and financial data, calculate the time value of money and rates of return, and apply diagnostic review techniques.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with taxes and personal financial matters.

**Major Topics**

- o Steps in the personal financial planning process
- o Gathering personal data:
  - Family biography
  - Financial planning team
- o Gathering financial data:
  - Statement of financial condition
  - Cash flow analysis
- o Goal-setting techniques
- o Economics:
  - Understanding time value of money
  - Rates of return
  - Marketplace risks
  - Inflation

- o Diagnostic review techniques:
  - Risk management and use of insurance
  - Investments
  - Income taxes
  - Estate tax and gifts
  - Retirement
  - Education
  - Cash flow
  
- o Communicating plans
- o Implementing plans and follow-up
- o Applying computers in the PFP process

**Companion Units**

This unit is designed to stand alone.

AS2004.2 RISK MANAGEMENT AND INSURANCE FOR PERSONAL FINANCIAL PLANNING  
PP

**Objectives**

This unit is designed to enable participants to -

- o Apply diagnostic review techniques to recognize clients' risks.
- o Recommend strategies to minimize risks.

**Description**

This unit provides participants with the skills necessary to help clients minimize risk. Participants learn the interrelationship between business and personal risk, appropriate diagnostic review techniques, and which strategies to recommend.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in providing personal financial planning services.

**Major Topics**

- o Risk management overview:
  - Avoidance
  - Reduction
  - Transfer
  - Retention
- o Interrelationship of business and personal risks:
  - Disability
  - Loss of life
  - Property
  - Liability
  - Health
  - Retirement
  - Social
- o Needs analysis (goal setting)
- o Diagnostic review techniques:
  - Understanding insurance contracts
  - Product availability
  - Tax aspects of insurance
  - Cost of products
  - Parties to contracts
- o Communicating and implementing recommendations

**Companion Units**

This learning unit is designed to stand alone.

**AS2005.2 INVESTMENT DECISIONS AND ANALYSIS FOR PERSONAL FINANCIAL PLANNING  
PP**

**Objectives**

This unit is designed to enable participants to -

- o Apply diagnostic review techniques, including calculating return on investments to recognize clients' needs.
- o Analyze investment risks and asset allocation constraints to assist clients in setting goals.
- o Analyze investment categories and vehicles, match them to clients' goals, and assist clients in making investment decisions.

**Description**

This unit provides participants with the theory and skills necessary to assist their clients in making investment decisions. The participants learn how to calculate return on investments and analyze investment risks and allocation constraints to assist clients in identifying and setting goals and making investment decisions.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in providing personal financial planning services.

**Major Topics**

- o Overview:
  - Sources of information
  - Investment vehicles
- o Investment risks:
  - Purchasing:
    - Inflation
    - Disinflation
  - Interest
  - Market
  - Liquidity
  - Business
  - Tax

- o Asset Allocation Constraints:
  - Risk tolerance
  - Income needs
  - Liquidity needs
  - Growth
  - Time
  - Tax status
  - Diversification
  - Call protection
  - Collateralization
  - Management involvement requirements
  
- o Methods of calculating return on investments
- o Methods of analyzing investments
- o Developing client goals:
  - Accumulating, preserving, or distributing wealth
  - Establishing written goals
  - Ranking goals by priority
  - Assigning a dollar value to each goal
  - Defining the financial goals
  - Setting time frame of each goal
  - Coordinating the phases of a person's life cycle
  
- o Record keeping requirements
- o Investment categories and vehicles:
  - Money market instruments
  - Life insurance company products
  - Fixed-income securities
  - Common stock
  - Futures and options
  - Limited partnerships
  - Real estate
  - Oil and gas
  - Leasing
  - Various indirect investments
  - Physical assets

### **Companion Units**

This unit is designed to stand alone.

## AS2006.2 PLANNING FOR THE FAMILY BUSINESS

### Objectives

This unit is designed to enable participants to -

- o Describe the need for and use of planning in the family business.
- o Identify and resolve issues affecting the income tax, estate tax, and gift tax planning for the family business.
- o Participate in a personal financial planning (PFP) engagement concerning planning for the family business.

### Description

This unit focuses on how to conduct engagements involving planning for the family business. It covers specific family business issues, the impact of individual taxes, and the relationship of family business alternatives to the objectives of individual personal financial plans.

### Requisite Knowledge and Experience

This unit is for individuals who have completed the Personal Financial Planning: Tools and Techniques (AS2003.2) unit, or have equivalent knowledge. Little or no experience in planning for family business is required, but participants should be familiar with business planning and taxes.

### Major Topics

- o Family business issues:
  - Ownership
  - Operations
  - Succession
  - Expansion
  - Disposition alternatives
  - Compensation
- o Relating family business planning to the owner's personal financial planning
- o Creating wealth outside the family business
- o Conducting PFP engagements that deal with family business planning

### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Determine clients' present asset base.
- o Determine clients' retirement objectives.
- o Determine clients' asset base requirements needed to meet their retirement objectives.
- o Evaluate retirement planning alternative.
- o Design a retirement plan.

### Description

This unit provides participants with the theory and skills necessary to assist clients in analyzing their retirement needs and reaching their retirement objectives.

### Requisite Knowledge and Experience

This unit is for individuals who are involved in providing personal financial planning services.

### Major Topics

- o Overview of the retirement planning process
- o Identifying clients' retirement objectives
- o Identifying asset base requirements
- o Retirement plan considerations:
  - Retirement planning strategies:
    - Pension, profit sharing, IRA, Keogh, and other deferred plans
    - Plan distributions
    - Insurance considerations
    - Understanding social security and medicare
    - Nonqualified deferred compensation plans
  - Tax considerations:
    - Income taxes
    - Gift and estate taxes
  - Creating and preserving savings



- o Complying with regulatory requirements:
  - Internal Revenue Code
  - Department of Labor regulations
- o Designing the retirement plan

**Companion Units**

This unit is designed to stand alone.

AS2008.3 INNOVATIVE STRATEGIES FOR INCOME, ESTATE, AND GIFT TAX PLANNING  
PP

**Objectives**

This unit is designed to enable participants to recommend income, estate, and gift tax management strategies.

**Description**

This unit provides participants with the theory and skills necessary to make recommendations regarding ways to manage taxes.

**Requisite Knowledge and Experience**

This unit is for individuals who have either taken the following units:

- o Concepts of Individual Income Taxation (TX1202.2)
- o Problems in Income Taxation of Estates and Trusts (TX1706.2)

or

- o Problems of Estate and Gift Taxation (TX1707.2)

or who have the equivalent knowledge gained through several years in the tax planning area.

**Major Topics**

- o Family limited partnerships
- o Living and testamentary trusts
- o Life insurance trusts
- o Interest-free loans
- o Installment sales to heirs
- o Gifts
- o Post mortem estate planning
- o Charitable trusts
- o Strategies under the 1986 tax code
- o Corporations as planning tools
- o Fringe benefits
- o State taxes
- o Annuities
- o Computer software

**Companion Units**

This unit may be combined with the Introduction to Estate Planning (TX1710.3) unit and the Problems in Individual Income Taxation (TX1207.3) unit.

AS2009.4    **PERSONAL FINANCIAL PLANNING UPDATE**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify and appraise new strategies and techniques used by firms providing personal financial planning services.
- o Compare, contrast, and assess new and old personal financial planning strategies and techniques.
- o Devise new skills to be used in improving the scope and nature of their firms' personal financial planning (PFP) practice.

**Description**

This unit is designed to teach those experienced in management advisory services new PFP concepts and ideas for their firms to use in personal financial planning engagements.

**Requisite Knowledge and Experience**

This unit is for PFP practitioners who have significant PFP experience and have completed other Personal Financial Planning units, or have equivalent experience.

**Major Topics**

- o Changes in skills required to perform personal financial planning engagements
- o New techniques in planning for personal financial, family, business, and retirement planning

**Companion Units**

This unit is designed to stand alone.

AS2101.2 LITIGATION SUPPORT  
PP

**Objectives**

This unit is designed to enable participants to -

- o Define and describe the various aspects and techniques of litigation support.
- o Identify specific client service opportunities requiring litigation support services.
- o Participate in a litigation support engagement.

**Description**

This unit teaches participants how to determine the scope and objectives of litigation support engagement and assist in its completion.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in litigation support.

**Major Topics**

- o The litigation process
- o Litigation support systems:
  - Expert witnesses
  - Document retrieval
  - Forensic accounting theory
- o The purposes of litigation support systems
- o Identifying client services opportunities in litigation support
- o The use of computers
- o Preparing accounting testimony
- o Arbitration support services
- o Using discovery tools:
  - Depositions
  - Subpoenas
  - Interrogatories

- o Preparing court testimony
- o Contract review services
- o Privileged communications:
  - Attorney-client
  - Accountant-client
  - Self-incrimination
  - Spousal privilege

**Companion Units**

This unit is designed to stand alone.

MG  
MANAGEMENT

**MG****MANAGEMENT**

<b>MG1000</b>	<b>HUMAN RESOURCES MANAGEMENT IN A PUBLIC ACCOUNTING PRACTICE</b>	
MG1001.1	Human Resources Management Overview	PP
MG1002.2	Recruiting	PP
MG1003.2	Continuing Professional Education	PP
MG1004.2	Utilization and Scheduling	PP
MG1005.2	Personnel Evaluation System	PP
MG1006.2	Compensation	PP
MG1007.2	Promotion	PP
MG1008.2	Career Planning and Development	AL
MG1009.2	Outplacement	PP
MG1010.4	Emerging Issues in Human Resources Management	PP
<b>MG1100</b>	<b>HUMAN RESOURCES MANAGEMENT IN INDUSTRY</b>	
MG1101.1	Human Resources Management Overview	II
MG1102.2	Planning, Recruiting, Selecting, and Outplacing Personnel	II
MG1103.2	Personnel Evaluation Systems	II
MG1104.2	Compensation and Fringe Benefits	II
MG1105.2	Promotion	II
MG1106.2	Continuing Professional Education	II
MG1107.4	Human Resources Management Update	II
<b>MG1200</b>	<b>HUMAN RESOURCES MANAGEMENT IN GOVERNMENT</b>	
MG1201.1	Human Resources Management Overview in Government	GG
MG1202.2	Recruitment, Selection, and Orientation in Federal, State, and Local Governments	GG
MG1203.2	Continuing Professional Education in Federal, State, and Local Governments	GG
MG1204.2	Human Resources Utilization and Scheduling in Federal, State, and Local Governments	GG
MG1205.2	Personnel Evaluation Systems in Federal, State, and Local Governments	GG
MG1206.2	Compensation, Human Resources, Labor Contracts, and Civil Service in Federal, State, and Local Governments	GG
MG1207.2	Promotion Systems in Federal, State, and Local Governments	GG
MG1208.2	Career-Development Systems in Federal, State, and Local Governments	GG
MG1209.2	Terminating Staff in Federal, State, and Local Governments	GG
MG1210.2	Office Administration and Personnel Policies in Federal, State, and Local Governments	GG
MG1211.4	Human Resources Development Update - Federal, State, and Local Governments	GG

<b>MG1300</b>	<b>ORGANIZATION OF A PUBLIC ACCOUNTING PRACTICE</b>	
MG1301.2	Strategic, Business, and Operational Planning for Public Accounting Firms	PP
MG1302.2	Organization, Communications, and Control in a Public Accounting Firm	PP
MG1303.2	Formal Organizational Structures: Partnerships and Professional Corporations	PP
MG1304.2	Mergers, Acquisitions, and Dissolutions	PP
MG1305.2	Legal Aspects of Practice Management	PP
MG1306.3	Starting a Public Accounting Practice	PP
MG1307.4	Emerging Issues and Their Impact on the Management of an Accounting Practice	PP
<b>MG1400</b>	<b>ADMINISTRATION OF A PUBLIC ACCOUNTING PRACTICE</b>	
MG1401.2	Administration of Financial Processes	PP
MG1402.2	Administration of the Information System	PP
MG1403.2	Administration of Facilities Management	PP
MG1404.2	General Office Administration	PP
MG1405.2	Establishing and Maintaining a Quality-Control System	PP
MG1406.4	Emerging Issues in the Administration of a CPA Practice	PP
<b>MG1500</b>	<b>MAS PRACTICE MANAGEMENT</b>	
MG1501.2	Selling the Management Advisory Services Engagement	PP
MG1502.2	Establishing a Management Advisory Services Department	PP
MG1503.2	Managing the Management Advisory Services Department	PP
MG1504.2	Marketing Management Advisory Services	PP
<b>MG1600</b>	<b>MARKETING PROFESSIONAL SERVICES</b>	
MG1601.2	Fundamentals of Marketing Professional Services	PP
MG1602.2	Developing a Marketing Plan for CPA Services	PP
MG1603.2	Market Research for Public Accounting Firms	PP
MG1604.2	Product Development for Public Accounting Firms	PP
MG1605.2	Strategies for Market Entry and Expansion	PP
MG1606.2	Client and Product Profitability Analysis for CPA Firms	PP
MG1607.4	Emerging Issues in Marketing	PP
<b>MG1700</b>	<b>TAX MANAGEMENT</b>	
MG1701.3	Managing Today's Tax Practice	PP
MG1702.3	Organizing and Managing a Tax Department in Industry	II



<b>MG1800</b>	<b>MANAGEMENT INFORMATION SYSTEMS IN INDUSTRY</b>	
MG1801.1	Overview of Management Information Systems	IG
MG1802.2	System Design and Development	IG
MG1803.2	System Installation	IG
MG1804.2	Security Systems of Management Information Systems	IG
MG1805.2	Software Evaluation and Selection	IG
MG1806.2	Equipment Evaluation and Selection	IG
MG1807.2	Microcomputer Systems	IG
MG1808.2	Minicomputer Systems	IG
MG1809.2	Mainframe Computer Systems	IG
MG1810.2	Management Information Systems Internal and Operating Controls	IG
MG1811.2	Data and Telecommunications	IG
MG1812.2	Office Automation	IG
MG1813.3	Developing Software	IG
MG1814.2	Organization of a Management Information Systems Function	IG
MG1815.2	Alternative Methods to In-House Data Processing for Industry	IG
MG1816.3	Data Base Systems	IG
MG1817.3	Decision Support Systems	IG
MG1818.4	Management Information Systems Update	IG
<b>MG1900</b>	<b>MANAGEMENT INFORMATION SYSTEMS IN STATE AND LOCAL GOVERNMENTS</b>	
MG1901.3	Developing Software in State and Local Governments	GG
MG1902.2	Alternatives to In-House Data Processing for State and Local Governments	GG
	See also: MG1800 Management Information Systems in Industry	
<b>MG2000</b>	<b>BUDGETING IN INDUSTRY</b>	
MG2001.1	Budgeting - Understanding the Process, Tools, and Methods	PI
MG2002.2	Preparing the Budget	PI
MG2003.2	Use of Budgets as Operational Tools	PI
MG2004.3	Designing an Interactive Electronic Data Processing/Management Information Systems Budgeting System	II
MG2005.2	Capital Budgeting - Techniques and Analysis	PI
<b>MG2100</b>	<b>BUDGETING AND COST ANALYSIS IN STATE AND LOCAL GOVERNMENTS</b>	
MG2101.1	The Budgeting Process and Types of Budgets for the Federal Government	GG
MG2102.1	The Budgeting Process and Types of Budgets for State and Local Governments	GG
MG2103.2	Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds	GG

MG2104.2	Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments	GG
MG2105.2	Preparing the Capital Budget for State and Local Governments	GG
MG2106.2	Long-Range Financial Planning for State and Local Governments	GG
MG2107.1	OMB Circular A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments	GP
MG2108.2	Concepts and Tools for Costing Government Services for State and Local Governments	GG
MG2109.2	Contracting Out Federal, State, and Local Government Services	GG
MG2110.2	Cost Analysis for Internal Service Funds for State and Local Governments	GG
MG2111.1	Cost Accounting for Federal Government Contracts	GP
MG2112.2	Establishing Rates for Proprietary Services for State and Local Governments	GG
<b>MG2200</b>	<b>MANAGEMENT PLANNING IN INDUSTRY</b>	
MG2201.1	Overview of Planning	II
MG2202.3	Strategic Planning Process	II
MG2203.2	Business Planning Process	II
MG2204.2	Operational Planning Process	II
<b>MG2300</b>	<b>FINANCIAL MANAGEMENT IN GOVERNMENT</b>	
MG2301.1	The Elected Official's Role in Financial Planning and Control for State and Local Governments	GG
MG2302.2	Cash Management for the Federal Government	GG
MG2303.2	Cash Management and Investment Policies and Procedures for State and Local Governments	GG
MG2304.1	Real and Personal Property Taxes, Assessment (Billing) Collection, and Enforcement for State and Local Governments	GG
MG2305.2	Inventory Planning and Control for State and Local Governments	GG
MG2306.2	Property and Infrastructure Management for State and Local Governments	GG
MG2307.3	Long-Term Capital Improvements and Development Management for State and Local Governments	GG
MG2308.2	Debt Policy and Management for State and Local Governments	GG
MG2309.1	Uniform Administrative Requirements for Federal Grants in Aid: OMB Circulars A-102 and A-110	GG
MG2310.3	Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments	GG
MG2311.2	Gambling and Lotteries Revenue Management for State and Local Governments	GG
MG2312.2	Alternative Revenue Sources for State and Local Governments	GG

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MG2313.2	Fundamentals of Procurement and Contractual Management for State and Local Governments	GG
MG2314.1	Unique Tax Reporting for State and Local Governments	GG
MG2315.2	Risk Management and Insurance for State and Local Governments	GG
MG2316.1	Public Employee Retirement Systems for State and Local Governments	GG
MG2317.2	Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments	GG
MG2318.2	Banking Practices in State and Local Governments	GG
MG2400	<b>ASSET MANAGEMENT IN INDUSTRY</b>	
MG2401.2	Cash Management Systems	PI
MG2402.2	Credit, Collections, and Receivables	II
MG2403.2	Inventory Planning and Control	PI
MG2404.2	Manufacturing and Materials Management	II
MG2405.2	Fixed-Asset Management	II
MG2406.3	Short-Term and Long-Term Investment Management	PI
MG2500	<b>RESEARCH METHODS AND ANALYTICAL TECHNIQUES IN INDUSTRY</b>	
MG2501.2	Researching Accounting and Finance Problems: Data Selection and Analysis	II
MG2502.2	Modeling and Simulations for Business Decision-Making	II
MG2503.2	Data Gathering Techniques	II
MG2504.2	How to Use Decision Aids	II
MG2600	<b>CONTRACTING FOR GOODS AND SERVICES IN INDUSTRY</b>	
MG2601.1	Contracting - A General Understanding	II
MG2602.2	Contracting - Writing and Responding to Requests for Proposals	II
MG2603.2	Contract Management	II
MG2604.1	Introduction to Government Contracts	II
MG2605.2	Monitoring Cost, Schedule, and Performance of Government Contracts	II
MG2700	<b>BUYING AND SELLING BUSINESSES</b>	
MG2701.2	Mergers, Acquisitions, and Divestitures	II
MG2702.3	Analyzing and Deciding on Candidates for Mergers and Acquisitions	II

<b>MG2800</b>	<b>FOREIGN OPERATIONS IN INDUSTRY</b>	
MG2801.2	Import/Export Procedures and Operations	II
MG2802.2	Establishing Foreign Operations	II
MG2803.2	Managing and Controlling Foreign Operations	II
MG2804.4	International Business - Update	II
<b>MG2900</b>	<b>OTHER - INDUSTRY</b>	
MG2901.2	Preparing and Presenting Management Reports	II
MG2902.2	Financial Analysis for Decision-Making	PI
MG2903.3	The Structuring and Analysis of Financing Alternatives	PI
MG2904.2	Insurance and Risk Management	II
MG2905.2	Personal Financial Planning	II
MG2906.2	Selecting Personal Computers	II
MG2907.2	The Impact of Economic Trends and Indicators on Business Strategies	II
MG2908.2	The Impact of Politics and Legislation on Business Strategies	II
MG2909.2	Dealing With Bankruptcies	II

### Objectives

This unit is designed to enable participants to -

- o Identify significant areas of human resources management.
- o Explain the importance of human resources investment in the management of an accounting practice.
- o Apply human resources management principles to an accounting practice.
- o Identify administrative procedures needed to support human resources management in an accounting practice.

### Description

This unit provides an overview of human resources management in an accounting practice and teaches participants the importance of various areas of human resources management. The unit also provides participants with an opportunity to assess their use of human resources and to develop alternative approaches to improve current practices and implement new procedures.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for overall practice management or human resources management within a practice. Prior training in human resources management is not required.

### Major Topics

- o Definition of human resources management
- o The importance of human resources management to an organization:
  - History of human resources management
  - Psychological basis of human resources management
  - Effect of cultural values on human resources management
  - Long-term financial results
- o The significant organizational categories of human resources management:
  - Recruiting
  - Training
  - Utilization/scheduling
  - Evaluation
  - Compensation
  - Promotion
  - Career development
  - Outplacement

- o The effects of human resources management on an accounting practice:
  - Economic
  - Professional
  - Operational
  
- o How to develop an approach to human resources management in an accounting practice:
  - Assessment
  - Policies
  - Systems
  
- o The administrative procedures needed to support human resources management:
  - Documentation
  - Organization
  - Control
  - Monitoring

#### Companion Units

This unit is designed to stand alone, but it may be used as an introduction to other Human Resources Management in a Public Accounting Practice units.

MG1002.2 RECRUITING  
PP

**Objectives**

This unit is designed to enable participants to -

- o Design, implement, monitor, and evaluate an ongoing recruitment function.
- o Communicate to partners and staff the importance of a firm-wide recruiting function.

**Description**

This unit explains the major facets and benefits of an effective recruitment function. It provides a basis for developing a recruitment system by detailing administrative requirements, pre-interview planning, campus visits, office visits, pursuit/follow-up, experienced recruitment and other elements of recruiting. It also stresses the need to monitor the system continually.

**Requisite Knowledge and Experience**

This unit is for individuals who are or expect to be responsible for recruitment activity. No prior recruiting training is required, but participants should have an interest in the field.

**Major Topics**

- o Administrative functions:
  - Planning
  - Affirmative action
  - Establishing the quota/human resources planning
  - Internships
  - Establishing criteria for selecting schools to visit
  - Establishing faculty and administration contacts
  - Correspondence (other than offers)
  - Word-processing requirements
  - Administrative support-staff hiring
- o College recruitment:
  - Pre-interview planning
  - Assessment - interviewing skills/need for training
  - Participation in university events
  - Financial support
  - Dinners, socials
  - Faculty/placement contacts

- o Campus visits:
  - Brochures, tapes, slide shows, and the like
  - Student interviews
- o Office visits:
  - Interviewers' schedule
  - Assignment of interviewing areas
  - Trouble-shooting conflicts during interview day
  - On-the-spot offers
  - Handling rejections (good source for client placement)
- o Pursuit/follow-up:
  - VIP interviews (selling visits)
  - Continuous correspondence
- o Experienced hires:
  - Industry specialist
  - Seniors
- o Recruitment methods:
  - Advertising
  - Networking
  - Agencies
  - Client referrals
- o Interviewing techniques:
  - On campus
  - In the office

#### **Companion Units**

This unit can stand alone, or it may be combined with other Human Resources Management in a Public Accounting Practice units.



**MG1003.2 CONTINUING PROFESSIONAL EDUCATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the role of continuing professional education (CPE) and its importance to all professional/administrative personnel.
- o Relate CPE activity to the firm's mission and its strategic objectives.
- o Determine the CPE needs of an accounting practice.
- o Identify alternative approaches to providing personnel with CPE.
- o Develop a system for planning, budgeting, delivering, controlling, and evaluating the CPE activities of an accounting practice.
- o Identify and establish firm-wide administrative procedures to implement a CPE program.

**Description**

This unit provides a framework for managing the CPE function within an accounting practice. It covers alternative approaches for meeting developmental needs and ways to plan, budget, deliver, control, and evaluate CPE activities. Practical examples of course delivery alternatives and administrative procedures are also provided.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including the management of continuing professional education within the practice. No prior training in managing CPE activities is required.

**Major Topics**

- o The role of CPE in individuals' professional development
- o Nature of accounting practice:
  - Scope of service
  - Specialist requirements (industry, computer, and so on)
  - Management development
- o The relation to the firm's strategic plans and objectives
- o The CPA's needs assessment
- o Alternative CPE experiences:
  - Self-study
  - Classroom study
  - Program evaluation and revision
  - On-the-job training

- o Program delivery:
  - Course content
  - Instructor experience and presentation skills
  - Facility planning
  - Selection, scheduling, and preparation of participants
- o Program selection criteria
- o How to plan, budget, control, and evaluate CPE activity
- o Administrative systems that support CPE activities:
  - Enrollment
  - CPE requirements
  - Cost control
  - Curriculum development to meet long-term practice needs and personnel development requirements

#### Companion Units

This unit can stand alone, or it may be combined with other Human Resource Management in a Public Accounting Practice units.

### Objectives

This unit is designed to enable participants to -

- o Identify the relationship between effective use of personnel and the firm's profitability.
- o Assess the importance of achieving overall office/firm efficiency rather than individual efficiency.
- o Communicate to staff and management the importance of strategic time planning.
- o Coordinate a well-balanced work load for each staff member.
- o Match personnel's interests, capabilities, and personalities with client opportunities.

### Description

This unit explains how an effective utilization/scheduling system benefits the firm and the individual. It also provides the basis for developing an efficient and equitable scheduling system, and stresses the need for continually monitoring it.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for practice management, including human resources management and/or financial management. Prior experience in scheduling or staff utilization is not required.

### Major Topics

- o The benefits of a scheduling system:
  - Comparison of financial implications of various scheduling alternatives, such as office utilization vs. individual engagement utilizations
  - Matching personnel capabilities with client needs and interests to promote acceptance of both personnel and clients
  - Equitable distribution of work load among all personnel in a given level

- o How to develop a scheduling/utilization system:
  - Communicating the importance of the utilization system to all personnel
  - Designing an effective utilization tool that compares actual time spent vs. time scheduled through the time reporting system
  - Integrating career development into the system
  - Designing administrative procedures for successful implementation and operation
  
- o Electronic data processing and the scheduling function

#### Companion Units

This unit can stand alone, or it may be combined with other Human Resources Management in a Public Accounting Practice units.

MG1005.2 PERSONNEL EVALUATION SYSTEM  
PP

**Objectives**

This unit is designed to enable participants to -

- o Design and implement an effective personnel evaluation system.
- o Identify and establish administrative procedures to monitor and control the personnel evaluation system.
- o Explain the importance of the link between the personnel evaluation process and continuing professional education.

**Description**

This unit explains how personnel evaluations benefit the firm and the individual. It also provides participants with a framework for developing an effective and equitable personnel evaluation system.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including human resources management. Prior experience in personnel evaluation is not required.

**Major Topics**

- o The benefits of personnel evaluation:
  - Psychological basis: feedback
  - Productivity gains
  - Changing cultural environments
- o Developing an effective and equitable personnel evaluation system by allowing participants to:
  - Communicate the importance of a personnel evaluation system to all personnel
  - Relate the needs identified in an evaluation system to continuing professional education
  - Incorporate evaluation findings into career counseling
  - Communicate the importance of having well-trained evaluators

- o Designing and establishing a personnel evaluation system:
  - Designing an effective evaluation tool
  - Understanding administrative procedures for successful implementation and operation

#### Companion Units

This unit can stand alone, or it may be combined with other Human Resources Management in a Public Accounting Practice units.

**Objectives**

This unit is designed to enable participants to -

- o Create and implement an effective total compensation system encompassing both a salary and a benefits plan.
- o Identify and establish the necessary administrative procedures to establish and/or monitor the system.

**Description**

This unit identifies the need for establishing and maintaining an equitable compensation system. The unit also provides a foundation for developing an effective total compensation system that is competitive and rewards performance, and presents alternative means for collecting data used in determining compensation levels and relating compensation changes and their relevance to individual performance.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including human resources management. Prior experience in compensation management is not required.

**Major Topics**

- o The role of compensation in ensuring employee satisfaction and meeting employees' needs
- o The benefits of a structured and well-maintained firmwide system of compensating all personnel:
  - Communicating performance (negative/positive)
  - Optimizing fringe benefits
  - Remaining competitive in the marketplace
  - Incorporating effective motivation, career pathing, and evaluation
  - Complementing the strategic economic plans of the firm
- o The development of an equitable total compensation system:
  - Achieving objectives
  - Effective administration
  - Setting up a monitoring system

o How to structure:

- Economic information affecting compensation (for example, regional continuing professional education and compensation)
- The role of employee benefits in total compensation
- Analysis of data in determining compensation levels
- Alternative means of communicating compensation information
- Bonus systems

o Administrative procedures:

- Documentation requirements
- Reporting data to regulatory and tax authorities

**Companion Units**

This unit can stand alone, or it may be combined with other Human Resources in a Public Accounting Practice units. It can also be combined with the Administration of Financial Processes (MG1401.2) unit.



**MG1007.2 PROMOTION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the objective and subjective criteria that should be used in advancing personnel.
- o Integrate the effects of promotion on firm structure, internal firm management, firm economics, and strategic planning.
- o Explain the rationale involved in promotion, including effects on ownership in the organization.
- o Identify the necessary administrative procedures to monitor promotions that take training, evaluation, expertise, and compensation into consideration.
- o Establish a promotion system to fit the needs of the organization.

**Description**

This unit identifies the criteria used to determine who will be promoted. It also provides a basis for the development of an equitable and competitive system for promoting personnel. Participants will learn to communicate the effects of promotions and a viable promotion scheme in their organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including human resources management. Prior experience in promoting personnel is not required.

**Major Topics**

- o The criteria commonly used as a basis for advancement:
  - Performance
  - Training
  - Experience
  - Evaluations
  - Utilization
  - Career pathing
  - Compensation
  - Motivation
  - Firm's needs

- o Understanding promotion and its impact on the following:
  - The individual and the family
  - Other personnel (peers, other professionals, and administrative staff)
  - The dynamics, structure, economics, and strategic planning of the firm
  
- o The development of an equitable and competitive system for promotion that is integrated into the human resources management structure of the firm:
  - Matching firm-wide promotion opportunities with available personnel
  - Communicating projected firm-wide promotion opportunities and alternatives
  
- o Processes for communicating promotions to maximize the benefits to the firm
- o Post-promotion orientation
- o Administrative procedures

#### Companion Units

This unit can stand alone, or it may be combined with other Human Resources Management in a Public Accounting Practice units.

MG1008.2 CAREER PLANNING AND DEVELOPMENT  
AL

**Objectives**

This unit is designed to enable participants to -

- o Establish a career development program that meets their needs and satisfies the career interest of their organization.
- o Identify and establish administrative procedures to implement, monitor, and control a career development program.

**Description**

This unit emphasizes the benefits of career development and enables participants to design, implement, and monitor an effective career development program in either a large or small organization. Some training in the skills necessary for conducting career counseling interviews, which emphasizes the importance of well-trained career advisers, will be provided.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for establishing and monitoring the career-development program of an organizational unit and who have taken the Human Resources Management Overview (MG1001.1) unit, or have equivalent knowledge and experience.

**Major Topics**

- o The importance of career planning and development:
  - Planning and goal setting
  - Motivational opportunity
  - Personal and professional improvement
  - Environmental influences
  - On-the-job training
  - Assumption of new and increased responsibilities
  - Tie-in to firm goals
- o Establishing and implementing a career-development program:
  - Setting objectives
  - Structuring the system
  - Developing administrative procedures
  - Evaluating
  - Counseling
  - Documenting performance
  - Communicating with personnel
    - Importance of career planning
    - Result of performance evaluations

- o Planning the counseling interview:
  - Understanding the employee's job responsibilities
  - Researching employee background on past performance and future potential
  - Understanding possible employee reactions to counseling
  - Setting interview objectives
  
- o Conducting the counseling interview:
  - Establishing a comfortable climate
  - Defining the purpose of the interview
  - Encouraging a participative approach
  - Searching for understanding
  - Preparing a developmental plan that contains specific and realistic objectives
  
- o The importance of adequately trained career advisers:
  - Preparation of written development documents
  - Responsibilities of advisers before, during, and after the interview
  - Preparation of individual developmental plans

#### **Companion Units**

This unit can be presented as part of a cluster with other Human Resources Management units.

**MG1009.2 OUTPLACEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Design and implement an effective outplacement system.
- o Identify and establish the necessary administrative procedures to monitor and control the outplacement system.

**Description**

This unit provides the basis for the development of an outplacement system, including initial placement, career moves, and networking. It also identifies the benefits of an effective outplacement system to both the firm and the individual.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including outplacement management. Prior outplacement experience is not required.

**Major Topics**

- o The benefits of an outplacement system:
  - Self-development and actualization for the individual
  - Maintenance of existing clients and securing new business opportunities for the firm
- o Development of an outplacement system, including the following:
  - Designing effective initial placement services that match known opportunities with staff personnel who are dissatisfied with their current position and/or who have reached maximum development
  - Designing an ongoing clearing-house that allows former employees to make necessary subsequent career shifts to achieve their maximum potential
  - Considering the impact of outplacement on client continuity
  - Designing a system that encourages networking among former employees to assist them in maximum development, implementation, and operation of an ongoing system
  - Considering the value of retirees who can use their experience on temporary projects for clients or friends of the firm

- o Administrative procedures:
  - Gathering information from within and outside the organization
  - Monitoring mechanisms

#### Companion Units

This unit can stand alone, or it may be combined with other Human Resources Management in a Public Accounting Practice units.

### Objectives

This unit is designed to enable participants to -

- o Identify and communicate new trends in human resources management.
- o Integrate current human resources management trends into the policies and procedures of the firm's human resources system.

### Description

This unit identifies the benefits of emerging issues in human resources management to the firm and the individual. The unit provides a framework for integrating emerging issues of human resources management into the firm's total human resources system and reference sources for participants to use when confronted with a human resources management issue. Participants will also learn how federal and state laws and regulations affect the management of an accounting practice.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for human resources management and have some experience in the field.

### Major Topics

- o The importance of keeping current in human resources management
- o New trends in such areas of human resources management as:
  - Career pathing, counseling, compensation, and advancement
  - Interviewing, employment applications, hiring, termination, human resources management administration, work leaves, and minorities, and their application to state and federal laws and recent court decisions
  - Hiring, training, and promoting specialized personnel, women, and minorities
  - Computerization - record keeping, evaluation, scheduling
  - Testing of applicants - psychological, training-specific, criteria-based
  - Continuing professional education - applicability and cost-effectiveness of self-study, peer group, video, and conference formats, including sources

- o Relating new trends to existing firm situations
- o Integrating applicable trends into policies and procedures

**Companion Units**

This unit is designed to stand alone.



**MG1101.1 HUMAN RESOURCES MANAGEMENT OVERVIEW**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Describe the major areas of human resources management and their importance to the organization's operations.
- o Identify the administrative procedures needed to manage human resources effectively.

**Description**

This unit introduces participants to the major areas of human resources management and explains their relation to the effective functioning of the business. The emphasis of this unit will be on combining these areas into an integrated human resources management system.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in human resources management.

**Major Topics**

- o What human resources management is:
  - Recruiting
  - Training
  - Career development
  - Evaluation
  - Compensation and fringe benefits
  - Promotion
  - Counseling
  - Outplacement
- o The administrative procedures needed to support human resources management:
  - Documentation
  - Organization
  - Controlling
  - Monitoring

**Companion Units**

This unit is designed to stand alone. It may, however, be used as an introduction to other Human Resources Management in Industry units.

MG1102.2 PLANNING, RECRUITING, SELECTING, AND OUTPLACING PERSONNEL  
II

**Objectives**

This unit is designed to enable participants to -

- o Identify the human resources needs of the organization as they relate to its objectives and operating plans.
- o Organize and evaluate the internal and external recruiting function in an organization.
- o Design and implement an effective termination and outplacement policy and system.

**Description**

This unit provides participants with information and techniques to manage the staff acquisition and termination requirements of an organizational unit.

**Requisite Knowledge and Experience**

This unit is for individuals who are or expect to be responsible for hiring and terminating personnel within their organizational unit. Participants should have taken the Human Resources Management Overview (MG1101.1) unit, or have equivalent experience.

**Major Topics**

o Planning:

- Assessing personnel needs:
  - Task analysis
  - Skills inventory
  - Relating to operational plans
- Establishing a quota for human resources planning
  - Estimating and managing attrition
- Affirmative action
- Use of internal personnel department

o Recruitment:

- Alternative sources of personnel:
  - Universities
  - Other departments within the organization
  - Personnel agencies
  - Accounting firms

- Advertising and solicitations  
Screening techniques
- Recruiting skills
- Equal Employment Opportunity
- The recruiting process, that is, visits, follow-ups, and the like

o Selection:

- Evaluating a candidate's potential
- Relating the organizational needs to a candidate's capabilities
- Making the best selection
- Handling those not selected

o Termination and outplacement:

- Establishing termination policy and procedures
- Identifying personnel for termination
- Effecting the termination
- Outplacement methods

**Companion Units**

This unit can be combined with other Human Resources Management in Industry units.

**MG1103.2 PERSONNEL EVALUATION SYSTEMS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Create and implement a personnel evaluation system that can be uniformly applied within the organizational unit.
- o Identify and establish the administrative procedures needed to monitor and control the personnel evaluation system.
- o Link the personnel evaluation process with promotion and career development.

**Description**

This unit explains the processes and procedures of a formal personnel evaluation system and teaches participants how to establish an effective evaluation system to fit the needs of their organizational units.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for implementing or monitoring the personnel evaluation system of an organizational unit.

**Major Topics**

- o Identifying the criteria for personnel evaluation
- o Establishing time frames for the ongoing evaluation process
- o Selecting and training personnel to be evaluators
- o Communicating and documenting the results of the evaluation process
- o Linking evaluation results with career development and promotion

**Companion Units**

This unit can be combined with the Evaluating Performance (PD1203.2) and Effective Counseling (PD1204.2) units. It can also be combined with other Human Resources Management in Industry units.

### Objectives

This unit is designed to enable participants to -

- o Identify various compensation and fringe benefit alternatives.
- o Design and implement an effective total compensation plan within a unit.
- o Establish the administrative procedures needed to monitor the plan.

### Description

This unit explains how to design, implement, and monitor an effective compensation and fringe benefits plan within an organizational unit.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for establishing and monitoring the compensation and fringe benefit plan of an organizational unit and who have taken the Human Resources Management Overview (MG1101.1) unit, or have equivalent experience.

### Major Topics

- o Alternative compensation and fringe benefit packages:
  - Salary and wage structure
  - Exempt and nonexempt employees
  - Fixed or flexible plans
  - Voluntary or contributory benefit plans
  - Executive perks
- o Compliance with regulatory standards
- o Selecting the compensation package:
  - Meeting the organization's objectives
  - Ensuring consistency with organizational policies and practices
- o Monitoring the plan:
  - Linking compensation and fringe benefits to performance appraisals and career development
  - Insuring the organizational unit's compensation plan remains consistent with organizational policies

### Companion Units

This unit can be combined with other Human Resources Management in Industry units.

**MG1105.2 PROMOTION**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify the criteria for promoting staff personnel.
- o Design and implement effective promotion procedures needed within a unit.
- o Establish the administrative procedures necessary for monitoring the promotion program.

**Description**

This unit explains how to design and implement effective promotion procedures within an organizational unit.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for establishing and monitoring the promotion activities within an organizational unit and who have taken the Human Resources Management Overview (MG1101.1) and the Personnel Evaluation Systems (MG1103.2) units, or have equivalent experience.

**Major Topics**

- o Advancement criteria:
  - Performance
  - Experience
  - Responsibility
- o Identifying and selecting candidates for promotion
- o Documenting the selection process
- o Monitoring the performance of the program

**Companion Units**

This unit can be combined with other Human Resources Management in Industry units.

### Objectives

This unit is designed to enable participants to -

- o Identify the continuing professional education (CPE) needs of individuals within the organizational unit.
- o Identify sources of CPE programs.
- o Select appropriate CPE programs to match the needs of individual staff members.
- o Assess the effect of CPE on an individual's performance.
- o Implement the necessary record keeping and administrative procedures.

### Description

This unit identifies the CPE needs of individuals within an organizational unit and selects the best identifiable training program to fit those needs. Participants also learn how to assess the effectiveness of CPE experiences by linking them to on-the-job performance, and how to document individuals' CPE records.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for establishing and monitoring the CPE effort for individual staff members of an organizational unit. Participants should have completed the Human Resources Management Overview (MG1101.1) unit, or have equivalent experience.

### Major Topics

- o Assessing the individual's training needs:
  - Testing
  - Performance appraisal
  - Self-evaluation
- o Sources of CPE programs:
  - State societies and AICPA
  - Universities
  - Training associations
  - In-house training efforts
  - Self-study
- o Choosing programs to fit individual needs

- o Evaluating the effectiveness of training:
  - Counseling
  - Performance appraisals
  - Pre- and post-testing
  - Apparent attitudinal changes
  
- o Establishing documentation and record keeping procedures:
  - Internal requirements
  - External and regulatory requirements

#### **Companion Units**

This unit can be combined with other Human Resources Management in Industry units.



**MG1107.4 HUMAN RESOURCES MANAGEMENT UPDATE**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify recent changes and developments in the human resources management areas that affect personnel in an organizational unit.
- o Assess how this information will affect individuals in an organizational unit.

**Description**

This unit provides participants with information on current developments in human resources management.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management and have a basic understanding of the function.

**Major Topics**

- o Equal Employment Opportunities
- o Employee Retirement Income Security Act
- o Affirmative action
- o Compensation and fringe benefit programs
- o Executive perks
- o Personal income tax rulings and regulations
- o Other personnel areas

**Companion Units**

This unit can be combined with other nontechnical update units to form a current development program.

### Objectives

This unit is designed to enable participants to -

- o Identify significant human resources management practices in government.
- o Apply the principles governing human resources management to government employees.
- o Identify administrative procedures needed to support human resources management in government.

### Description

This unit provides an overview of human resources management in government. In learning the importance of various areas of human resources management, participants assess their use of human resources and develop alternative approaches to improve current practices.

### Requisite Knowledge and Experience

This unit is for individuals responsible for human resources management within a governmental unit.

### Major Topics

- o Human resources management
- o The importance of human resources management to an organization
- o The significant organization categories of human resources management:
  - Recruiting
  - Training
  - Utilization/scheduling
  - Evaluation
  - Compensation
  - Promotion
  - Counseling
  - Outplacement

- o The administrative procedures needed to support human resources management:
  - Documentation
  - Organization
  - Controlling
  - Monitoring

#### **Companion Units**

This unit is designed to stand alone. It may, however, be used as an introduction to other Human Resources Management in Government units.

MG1202.2 RECRUITMENT, SELECTION, AND ORIENTATION IN FEDERAL, STATE, AND  
GG LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Implement and/or evaluate the recruitment and selection function in government.
- o Design, implement, and evaluate an orientation function.

**Description**

This unit explores the major facets and benefits of recruitment programs. It provides a basis for developing an overall system, including but not limited to, the administrative requirements, pre-interview planning, campus visits, office visits, pursuit/follow-up, and experienced recruitment and selection. The elements of a successful orientation program are also reviewed.

**Requisite Knowledge and Experience**

This unit is for individuals who are or expect to be responsible for recruitment activities in government.

**Major Topics**

- o The administrative function:
  - Planning
  - Affirmative action
  - Establishing the quota/human resources planning
  - Internships
  - Establishing criteria for selecting which schools to visit
  - Establishing faculty administration contacts
  - Correspondence (other than offers)
  - Word-processing requirements
  - Administrative support-staff hiring
- o College recruitment:
  - Pre-interview planning
  - Assessment: interviewing skills/need for training
  - Participation in university events
  - Financial support
  - Dinners and other socials
  - Faculty/placement contacts

- o Campus visits:
  - Brochures, tapes, slide shows, and the like
  - Student interviews
- o Office visits:
  - Schedule of interviewers
  - Assignment of interviewing areas
  - Trouble-shooting conflicts during interview day
  - On-the-spot offers
  - Handling rejections (good source for client placement)
- o Pursuit/follow-up:
  - VIP interviews (selling visits)
  - Continuing correspondence
- o Experienced hires:
  - Advertising
  - Networking, referrals
- o Differences in interviewing techniques:
  - Evaluation and selection criteria
- o Orientation:
  - Designing and implementing an effective program

#### **Companion Units**

This unit can be combined with other Human Resources Management in Government units.

### Objectives

This unit is designed to enable participants to -

- o Explain the importance of continuing professional education (CPE) for all professional/administrative personnel.
- o Determine the CPE needs of a governmental unit.
- o Identify alternative approaches for providing CPE to personnel.
- o Plan, budget, control, and evaluate the CPE activities of a governmental unit.
- o Identify and establish administrative procedures to implement a CPE program.
- o Relate CPE activity to a governmental unit's objectives.

### Description

This unit provides a framework for managing the CPE function within a governmental unit. It covers alternative approaches for meeting developmental needs and ways to plan, budget, control, and evaluate CPE activities. Practical examples of course delivery alternatives and administrative procedures are also covered.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for human resources management. No prior training in managing CPE activities is required.

### Major Topics

- o The role of CPE in the professional development of individuals
- o Needs assessment
- o Alternative CPE experiences:
  - Self-study
  - Classroom study
  - Program evaluation and revision
  - Current/future goals
  - On-the-job training
- o Program delivery:
  - Instructor competencies: experience, course content/presentation skills
  - Facility planning
  - Participant selection, scheduling, preparation

- o Program selection
- o Planning, budgeting, controlling, and evaluating the CPE activity
- o Administrative systems to support CPE activities:
  - Enrollment
  - CPE requirements
  - Cost control
  - Curriculum development to meet long-term practice needs and personnel development requirements

#### Companion Units

This unit can be combined with other Human Resources Management in Government units.

### Objectives

This unit is designed to enable participants to -

- o Assess the relationship between personnel utilization and the governmental unit's goals.
- o Recognize the importance of achieving overall office efficiency rather than individual efficiency.
- o Communicate the importance of strategic time planning to staff and management.
- o Explain the need for a well-balanced work load for each staff member.
- o Realize the benefits of matching interest, capabilities, and personalities of personnel, with the tasks to be performed.

### Description

This unit identifies the benefits of an effective human resources utilization/scheduling system to both the governmental unit and the individual. It provides participants with a basis for developing an efficient, equitable utilization/scheduling system and stresses the need for continual monitoring of the system.

### Requisite Knowledge and Experience

This unit is for individuals who are or expect to be responsible for managing staff.

### Major Topics

- o The benefits of a scheduling system that:
  - Matches personnel capabilities with needs and interests
  - Equitably distributes the work load among all personnel in a given level
- o The development of a scheduling/utilization system that allows participants to do the following:
  - Communicate the importance of the utilization system to all personnel
  - Design an effective utilization tool that compares actual time spent with time scheduled



- Understand administrative procedures for successful implementation and operation of a scheduling/utilization system

- o Electronic data processing and the scheduling function

#### **Companion Units**

This unit can be combined with other Human Resources Management in Government units.

MG1205.2 PERSONNEL EVALUATION SYSTEMS IN FEDERAL, STATE, AND LOCAL GOVERNMENTS  
GG

**Objectives**

This unit is designed to enable participants to -

- o Explain the role of personnel evaluation in the government.
- o Design and implement an effective personnel evaluation system.
- o Identify and establish necessary administrative procedures to monitor and control the personnel evaluation system.
- o Understand the importance of the link between the personnel evaluation process and continuing professional education (CPE).

**Description**

This unit identifies the benefits of personnel evaluations to the government and the individual. It also provides a framework for the development of an effective and equitable personnel evaluation system.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management in government.

**Major Topics**

- o The benefits of personnel evaluation:
  - Psychological basis - feedback
  - Productivity gains
  - Changing environments
- o Developing an effective and equitable personnel evaluation system:
  - Communicating the importance of a personnel evaluation system to all personnel
  - Designing an effective evaluation tool
  - Understanding the administrative procedures for successfully implementing and operating a personnel evaluation system
  - Relating the needs identified in an evaluation system to CPE

- Incorporating evaluation findings into career-path counseling
- Communicating the importance of having well-trained evaluators

#### **Companion Units**

This unit can be combined with other Human Resources Management in Government units.

**MG1206.2    COMPENSATION, HUMAN RESOURCES, LABOR CONTRACTS, AND CIVIL SERVICE  
GG            IN FEDERAL, STATE, AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Explain the psychological dynamics involved in compensation.
- o Prepare labor contracts negotiations and provisions.
- o Explain the need to comply with civil-service requirements.
- o Create and implement an effective total compensation system encompassing both a salary and a benefits plan.
- o Identify and establish the necessary administrative procedures to establish and monitor the system.

**Description**

This unit identifies the needs for establishing and maintaining an equitable compensation system. The unit provides a foundation for developing an effective total compensation system that is competitive and rewards performance and also provides background information on labor contracts and civil service laws and regulations.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management.

**Major Topics**

- o The benefits of a structured and well-maintained system of compensating all personnel:
  - Rewarding performance
  - Optimizing fringe benefits
  - Remaining competitive in the marketplace
  - Complementing the strategic economic plans of the firm
- o Developing, administering, and monitoring an equitable total compensation system
- o Economic information affecting compensation
- o The role of employee benefits in total compensation
- o Analyzing data to determine compensation levels

**Companion Units**

This unit can be combined with other Human Resources Management in Government units.

### Objectives

This unit is designed to enable participants to -

- o Develop the objective and subjective criteria that should be used in advancing personnel.
- o Estimate the effects of promotion on the individual and others.
- o Identify the necessary administrative procedures to monitor promotions that consider training, evaluation, expertise, and compensation.

### Description

This unit specifies the criteria used when promoting employees. The unit provides a basis for developing an equitable and competitive system for promoting personnel and teaches participants how to communicate the importance of the effects and dynamics involved in promotions on the individual promoted, his or her peers, and others.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for human resources management.

### Major Topics

- o Criteria commonly used as a basis for advancement:
  - Performance
  - Training
  - Experience
  - Evaluation
  - Utilization
  - Career pathing
  - Compensation
  - Self-actualization
  - Responsibility
  - Motivation
  - Government's needs
- o The impact of the promotion on the following:
  - The individual and his or her family
  - Other personnel (including peers)

- o Developing an equitable and competitive promotion system that is integrated into the human resources management structure of the governmental unit:
  - Matching promotion opportunities with available personnel
  - Communicating projected promotion opportunities and alternatives
- o Communicating promotions to maximize the benefit to the individual(s) promoted and the governmental unit
- o The importance of post-promotion orientation

#### **Companion Units**

This unit can be combined with other Human Resources Management in Government units.

**CAREER-DEVELOPMENT SYSTEMS IN FEDERAL, STATE, AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Summarize the role of personnel career development in government.
- o Design and implement an effective career-development system.
- o Identify and establish the necessary administrative procedures to monitor and control the career-development system.

**Description**

This unit identifies the benefits of career development, provides a framework for the development and monitoring of an effective, equitable career-development system and establishes the importance of having well-trained career advisors.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management. No experience in career development is required.

**Major Topics**

- o The importance of planned career growth to the government and the individual:
  - Psychological ramifications
  - Productivity gains
  - Changing cultural environment
- o Developing an effective career-development system:
  - Communicating the importance and value of career development to all personnel
  - Developing administrative procedures for a career-development system
  - Incorporating the results of career development into personnel utilization and training
- o The importance of adequately trained career advisors:
  - Preparing written development documents
  - Responsibilities of advisors before, during, and after the interview
  - Preparing individual developmental plans

**Companion Units**

This unit can be combined with other Human Resources Management in Government units.

**MG1209.2    TERMINATING STAFF IN FEDERAL, STATE, AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to -

- o Design and implement an effective termination policy.
- o Identify and establish the necessary administrative procedures to monitor and control the termination system.

**Description**

This unit provides the basis for developing an efficient termination policy, including the need for continual monitoring of the system.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management within a governmental unit.

**Major Topics**

- o Labor contracts and applicable laws and regulations regarding termination
- o The benefits of a termination policy system
- o Developing an effective termination policy and system
- o Administrative procedures for monitoring and controlling the termination system in government

**Companion Units**

This unit can be combined with other Human Resources Management in Government units.



MG1210.2 OFFICE ADMINISTRATION AND PERSONNEL POLICIES IN FEDERAL, STATE,  
GG AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to develop effective policies, plans, techniques, and practices.

**Description**

This unit provides an overview of office administration and personnel policies in government.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for human resources management within a governmental unit.

**Major Topics**

- o Office administration:
  - Organizational principles
  - Job descriptions
  - Management information and reporting needs
  - Procedure manuals
  - Files, reports, microfilming
- o Personnel administration and control:
  - Policies and regulations
  - Records
  - Safety
  - Turnovers
  - Training

**Companion Units**

This unit can be combined with other Human Resources Management in Government units.

### Objectives

This unit is designed to enable participants to -

- o Understand the importance of keeping current on emerging issues in human resources development (HRD).
- o Identify and communicate new HRD trends.
- o Assess current HRD trends and, if applicable, integrate them into policies and procedures of an entity-wide human resources system.

### Description

This unit identifies the benefits of emerging HRD issues to the entity and the individual. The unit provides a framework for developing emerging issues of HRD into an entity's total human resources system and reference sources for participants to use when confronted with an HRD issue. The unit also explains how federal and state regulations affect the management of governmental entities.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for human resources management. Prior human resources training is not required.

### Major Topics

- o New trends in the various areas of human resources management, such as:
  - Career pathing, counseling, compensation, advancement
  - Interviewing, employment applications, hiring, conflict, termination, wage, salary and benefits, HRD administration, work leaves, and minorities, and the ways they are affected by state and federal laws and recent court decisions
  - Specialized personnel: sources and training
  - Women and minorities entering and advancing in the profession
  - Computerization: record keeping, evaluation, scheduling
  - Testing applicants: psychological, training-specific, criteria-based

- Continuing professional education: applicability and cost-effectiveness of self-study, peer-group, video, and conference formats, including sources
- o Relating new trends to existing organizational situations
- o Integrating applicable trends into policies and procedures

**Companion Units**

This unit is designed to stand alone.

**MG1301.2     STRATEGIC, BUSINESS, AND OPERATIONAL PLANNING FOR PUBLIC ACCOUNTING  
PP             FIRMS**

**Objectives**

This unit is designed to enable participants to -

- o Establish planning procedures for long-range, short-range, and operational planning.
- o Develop, implement, and monitor plans at all levels - strategic, business, and operational.
- o Develop and manage a planning system or process.

**Description**

This unit provides an overview of the total planning process at all levels - strategic, business, and operational. It also explains how to develop, implement, and monitor plans specifically designed for the public accounting firm.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in managing an accounting practice. They should be partners or shareholders in the firm.

**Major Topics**

- o Strategic planning:
  - Definition and description of planning process
  - Benefits derived from strategic planning
  - Relation to business and operational planning
  - Steps to develop strategic plans
  - Implementation of strategic plans
- o Business planning:
  - Definition and purpose
  - Relation to strategic and operational planning
  - Steps to develop business plans
  - Implementation of business plans
- o Operational planning:
  - Definition and purpose
  - Relation to strategic and business planning
  - Steps to develop operational plans
  - Implementation of operational plans

- o Monitoring the progress of all three types of plans
- o Planning systems and processes for a public accounting practice
- o Case studies (the unit materials will include samples of the various planning documents for public accounting firms of various sizes)

#### **Companion Units**

This unit can stand alone, or it may be combined with other Organization of a Public Accounting Practice units.

**MG1302.2 ORGANIZATION, COMMUNICATIONS, AND CONTROL IN A PUBLIC ACCOUNTING  
PP FIRM**

**Objectives**

This unit is designed to enable participants to -

- o Develop an organizational structure that facilitates the achievement of the firm's established goals.
- o Establish the necessary formal and informal communications lines to allow information to reach all members of the organization.
- o Construct appropriate production and quality-control systems to provide the necessary monitoring data for the organization.

**Description**

This unit explains the major areas of responsibility, the lines of authority and communication, and working relationships within the organizational structure of the firm. It provides an understanding of the critical role of communications within the firm, and of various avenues of formal and informal communication. The unit also offers insight into the need for controls and reports in internal financial data, human resources utilization, end-product quality control, word processing, and other personnel and administrative functions. In addition, the unit demonstrates how these systems function and how they affect the management of the firm.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in managing an accounting practice. They should be partners or shareholders in the firm.

**Major Topics**

- o Organization in a firm:
  - Job descriptions; management, administrative and functional responsibility; lines of authority and reporting channels
  - The organizational effects of such factors as single vs. multi-office firms, client mix, and services provided
  - Documenting the firm's organization via organizational (and suborganizational) charts that clearly define functional authority and responsibility
  - Key processes in performing an engagement, including all steps or activities from client acceptance to issuance of the report or final product

o Communications in a firm:

- The need for understanding all available avenues of communication, including formal and informal means and their impact on staff and management
- The various avenues of communication, including meetings, counseling, manuals, memos, newsletters, luncheon conversations, and "the grapevine"

o Controls in a firm:

- The need for control and reports in internal financial data, human resources utilization, end-product quality control, word processing, and other personnel and administrative functions
- The means available for establishing control, such as check lists and sign-off sheets
- Total reporting vs. exception reporting: which method applies to a given control need

**Companion Units**

This unit can stand alone, or it may be combined with other Organization of a Public Accounting Practice units.

**MG1303.2 FORMAL ORGANIZATIONAL STRUCTURES: PARTNERSHIPS AND PROFESSIONAL  
PP CORPORATIONS**

**Objectives**

This unit is designed to enable participants to develop an appropriate written agreement covering the structure and operations of a public accounting firm.

**Description**

This unit provides an understanding of the basic agreement that outlines the structure and operation of the public accounting firm. In addition, it helps participants gain an appreciation for the various approaches that can be used to organize the firm (partnership vs. professional corporation). It addresses selecting, admitting, developing, evaluating, and terminating partners and determining how to capitalize the firm and at what level to do so.

**Requisite Knowledge and Experience**

This unit is for individuals who are partners or shareholders in the firm or designated as partners or shareholders in training.

**Major Topics**

- o Basic provisions of an agreement for a public accounting firm
- o Relative advantages and disadvantages of the partnership and the professional corporation
- o Basic criteria required to select and admit an individual to the partnership
- o Evaluating the contributions of partners' efforts to the firm
- o Allocating firm income to individual partners
- o Effectively providing for the withdrawal, disability, death, and retirement of partners
- o Determining and raising the capital requirements for CPA firms
- o Developing partners to fill all the roles within the firm
- o Recruiting experienced individuals who have specialized knowledge and partnership potential
- o Finalizing the written agreement that the firm will use to guide its organizational structure



### **Companion Units**

This unit can stand alone, or it may be combined with other Organization of a Public Accounting Practice units, such as the Mergers, Acquisitions, and Dissolutions (MG1304.2) unit.

### Objectives

This unit is designed to enable participants to -

- o Evaluate alternative methods of firm expansion, specifically, mergers and purchase acquisitions.
- o Explain the need for the partnership agreement provision covering the dissolution of the firm.

### Description

This unit informs participants of firm growth opportunities through mergers and acquisitions as opposed to internal growth. General negotiations guidelines and steps are highlighted and guidance is provided regarding the first approach to a targeted firm. Positive and negative aspects of dissolving an accounting firm are discussed, as well as suggested wording of dissolution provisions in the partnership agreement.

### Requisite Knowledge and Experience

This unit is for individuals who have an interest in and are responsible for the firm's growth. Participants should have a general knowledge of partnership agreement provisions and some experience in working with partners.

### Major Topics

- o Mergers and purchase acquisitions:
  - Objectives of the firms involved
  - Exchanging financial statements
  - Compatibility of the firms' specializations
  - Comparison of fee structures and billing procedures
  - Comparison of salary structure
  - Examination of personnel policies
  - Selection of the firm's name
  - Preparation of new organizational arrangement
  - Determination of capital investment
  - Defining partner duties and responsibilities
  - Legal counsel
  - Drafting new partnership agreements
  - Selecting executive partners and management group
  - Notifying the staff
  - Notifying clients

- o Valuation of the practice:
  - Size of practice
  - Type of practice
  - Sellers' ability to assist in the transfer
  - Growth potential
  - Goodwill and various formulas to arrive at valued amount
  
- o Dissolutions:
  - Withdrawal, termination, or death of a partner does not usually dissolve the firm
  - Dissolution provision in partnership agreement:
    - Where there is successor partnership
    - Where there is no successor partnership
  - Positive and negative factors in liquidating an accounting practice

### **Companion Units**

This unit can stand alone, but would complement the Short-Term and Long-Term Investment Management (MG2406.3) and the Formal Organizational Structures: Partnerships and Professional Corporations (MG1303.2) units.

MG1305.2 LEGAL ASPECTS OF PRACTICE MANAGEMENT  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify the legal requirements and ramifications of personnel issues, professional liability, and other practice risks.
- o Design and implement policies and procedures regarding these legal aspects.
- o Deal with problems to avoid litigation and possible legal risks.

**Description**

This unit covers federal and state laws affecting personnel issues, professional liability, and other practice risks. It also explains how the firm may avoid and minimize litigation and defend itself against legal actions.

**Requisite Knowledge and Experience**

This unit is for individuals who have significant responsibility within an accounting firm.

**Major Topics**

- o Personnel issues:
  - Federal law and history; existing laws, regulations, and reports; authority of various federal agencies
  - State regulations and the organization of the labor commissioner's office (This will probably have to be added by each state organization sponsoring this unit.)
  - Specific documents and procedures to protect the firm, including the following:
    - Applications
    - Use of outside agencies for background searches
    - Internal background searches
    - Interview techniques and documentation procedures
    - Termination techniques and documentation
    - Performance evaluations
  - Communication of firm policy to management and supervisory employees, and the use of personnel committees
  - Dealing with such problems as discrimination, wrongful termination, and sexual harassment

- o Professional liability and other practice risks:
  - Client acceptance and retention procedures
  - Symptoms of potential problem situations
  - Obtaining and reviewing professional liability insurance coverage
  - Initial steps in litigation defense

#### **Companion Units**

This unit can stand alone, or it may be combined with other Organization of a Public Accounting Practice units.

**MG1306.3    STARTING A PUBLIC ACCOUNTING PRACTICE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Establish a public accounting practice.
- o Identify the basic needs for office space and library requirements.
- o Identify administrative and staff requirements.
- o Establish initial steps for practice development.

**Description**

This unit explains the basic structures and needs when starting a public accounting practice. This unit provides background material from the experiences of local practitioners who have started their own practices.

**Requisite Knowledge and Experience**

This unit is for individuals who have at least three to five years of public accounting experience and advanced knowledge of taxes and audit and accounting standards.

**Major Topics**

- o When to start a public accounting practice
- o Basic office requirements:
  - Space
  - Library, accounting, and tax
  - Administrative staff
  - Professional staff
  - Office equipment
- o How to build a practice development program
- o Involvement in community activities
- o Minimum record keeping requirements
- o Goals and objectives - three-to-five year plan
- o Insurance needs
- o Fields of specialization

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Explain recent studies that have identified significant trends in society and business.
- o Learn to be open to new ideas and frameworks.
- o Construct scenarios of the future to examine what the business environment is likely to be and how an accounting practice will be conducted.

### Description

This unit provides participants with an understanding of future studies and develops a method of thinking about the future. Recent trends in society and business and their impact on the future of the accounting profession are explored. Participants are shown how to free themselves from the constraints of tunnel vision and to examine alternatives. Participants are given an appreciation for how the profession, the practice, and the individual professional are likely to change during the next several decades.

### Requisite Knowledge and Experience

This unit is for individuals who have experience in managing an accounting practice.

### Major Topics

- o What is futurism?
  - A definition
  - A constructive way of thinking about futurism
- o Significant trends in society:
  - The environment and limited resources
  - Technological change
  - From an industrial society to an information society
  - Mobility of people and the development of new cultural groups
- o Opening up to new ideas:
  - Practice exercises to help consider alternatives

- o Scenarios for the future:
  - Building a framework to envision what the future will be like, in terms of the economy, values, business, people, and so on
  - A look at the accounting profession within this scenario
  - How an accounting firm will operate in the future
  - How individual professionals will function in the future
- o Integrating relevant issues into the firm's structure, policies, and practices.

#### Companion Units

This unit is designed to stand alone.



### Objectives

This unit is designed to enable participants to develop appropriate systems and procedures to administer the internal financial processes of the firm, including cash management, revenue and expense budgeting, salary administration, financial analysis, and capital investment.

### Description

This unit explains how to identify, develop, and use the various financial planning and reporting systems available for tracking and analyzing the firm's results.

### Requisite Knowledge and Experience

This unit is for individuals who have a general understanding of the preparation and evaluation of financial data, budgeting, and management reporting.

### Major Topics

- o Cash management:
  - Billing and collections
  - Disbursement policies
  - Use of excess funds
  - Borrowing techniques
  
- o Revenue budgeting:
  - Chargeable hours
  - Rate determination
  - Discounts
  - Practice mix (present and prospective)
  
- o Expense budgeting:
  - Fixed
  - Variable
  - Nonrecurring
  
- o Financial analysis:
  - Revenue and expense (historical)
  - Performance ratios, such as work in progress, age of receivables, and utilization and realization

- o Salary administration:
  - Minimizing employment taxes
  - Deferred compensation and other fringe benefits
  - Cash-flow implications
  
- o Capital investment:
  - Asset additions
  - Asset replacement
  - Lease vs. buy

#### Companion Units

This unit can be combined with the following units:

- o Compensation (MG1006.2)
- o Administration of the Information System (MG1402.2)
- o Administration of Facilities Management (MG1403.2)

### Objectives

This unit is designed to enable participants to -

- o Supervise and maintain an information system for an accounting practice.
- o Organize and analyze data with respect to the firm's client base.
- o Develop and administer appropriate filing systems and record-retention programs.
- o Compile specific internal tax-related data.
- o Establish and maintain appropriate library and other reference services.

### Description

This unit provides guidance for the administration of an accounting practice's information system. It covers the establishment of the appropriate information system and the maintenance of files and library services.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for practice management at the accounting and administrative level. Participants should have a general understanding of budgeting, financial statement preparation, and payroll matters.

### Major Topics

- o Identifying the basic information needs of an accounting practice:
  - Statistical data
  - Cash requirements
  - Time and expense recording
- o Evaluating and selecting appropriate accounting and information systems for the firm:
  - Manual-based systems
  - Computerized systems
  - Software and hardware considerations
- o Collecting tax-related data:
  - Payroll
  - Sales
  - Partnership matters

- o Maintaining file systems:
  - Record-retention procedures
  - Library services and controls
  - Electronic retrieval and hard copy

#### **Companion Units**

This unit can be combined with the Administration of Financial Processes (MG1401.2) unit.

**MG1403.2 ADMINISTRATION OF FACILITIES MANAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Plan for and administer space, computer, and equipment requirements for professional practice.
- o Select equipment that suits the needs of the participant's practice.
- o Evaluate leases, maintenance contracts, security services, and telecommunications systems.

**Description**

This unit explores space planning and usage and describes major equipment systems, as well as the pertinent acquisition considerations.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for planning and selecting facilities and equipment for the practice. Participants should have a general understanding of the tax and legal aspects pertaining to facilities and equipment acquisition.

**Major Topics**

- o Facilities:
  - Space planning: efficient use of space, work flow, efficiency of personnel, and so on
  - Lighting, access, local regulations
  - Parking considerations for staff and clients
  - Leases: documentation, negotiation, pitfalls
  - Security needs
  - Tax considerations
- o Equipment acquisition considerations:
  - Identification of need
  - Selection
  - Maintenance and replacement
  - Lease vs. purchase decisions
  - Tax considerations
  - Insurance: property, liability

- o Major equipment systems:
  - Office furniture and layout
  - Telephone systems
  - Word processing
  - Computer systems
  - Reproduction equipment

#### Companion Units

This unit can be combined with the Administration of Financial Processes (MG1401.2) unit.

**MG1404.2 GENERAL OFFICE ADMINISTRATION**

**PP**

**Objectives**

This unit is designed to enable participants to -

- o Establish and supervise selected administrative functions of an accounting practice.
- o Administer the firm's insurance program.
- o Assist in the administration of other office activities.

**Description**

This unit provides guidance in general office administration by highlighting the roles of support staff, insurance, quality-control programs, mail and file rooms, and internal communications.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for their firm's office administration functions.

**Major Topics**

- o The office administrative function
- o Hiring, training, and retaining support staff
- o Insurance programs:
  - Worker's compensation
  - General liability
  - Property
  - Other
- o Assisting and administrating quality-control programs
- o Staffing and controlling mailroom and file-room activities
- o Assisting in the preparation and distribution of internal communications
- o Establishing control procedures for due dates for reports, filings, and the like

**Companion Units**

This unit can stand alone, or it may be combined with other Administration of a Public Accounting Practice units.

**ESTABLISHING AND MAINTAINING A QUALITY-CONTROL SYSTEM**

**Objectives**

This unit is designed to enable participants to -

- o Describe the quality-control standards that must be incorporated into a quality-control system.
- o Develop specific quality-control policies and procedures to meet those standards.

**Description**

This unit covers the quality-control standards established by the AICPA and the development of quality-control policies and procedures to meet these standards.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for establishing and maintaining quality-control policies and procedures in a CPA firm.

**Major Topics**

- o The relationship of generally accepted auditing standards to quality-control standards
- o Elements of quality control
- o Establishing specific policies and procedures
- o Communications
- o Monitoring the system
- o Peer review

**Companion Units**

This unit is designed to stand alone.



## EMERGING ISSUES IN THE ADMINISTRATION OF A CPA PRACTICE

### Objectives

This unit is designed to enable participants to -

- o Become familiar with new developments in all areas of firm administration.
- o Integrate new information and systems into the firm's existing administrative framework.
- o Disseminate information regarding new developments to administrative staff.
- o Inform management of new developments that affect or could affect the administration of the firm.

### Description

This unit introduces new ideas, procedures, systems, and techniques that can enhance the firm's existing administrative infrastructure.

### Requisite Knowledge and Experience

This unit is for individuals who have a thorough understanding of the firm's existing administrative systems and procedures. Although the participants need not have taken other Administration units, equivalent knowledge is desirable.

### Major Topics

- o New trends in the following:
  - Computer hardware
  - Computer software
  - Communications systems
  - Human resources development
  - Quality control
  - Legal issues
  - Demand for products and services
- o The relation of new trends to existing firm situations
- o The integration of applicable trends into policies and procedures

### Companion Units

This unit may be combined with other Emerging Issues units in the Management Curriculum.

**MG1501.2    SELLING THE MANAGEMENT ADVISORY SERVICES ENGAGEMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Define the management advisory services (MAS) to be rendered.
- o Identify and use the steps of the sales process.
- o Prepare and present proposals.
- o Evaluate the selling efforts.

**Description**

This unit explains how to sell an MAS engagement. Emphasis is on the identification of services, steps of the selling process, presentation of proposals, and follow-up methods.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Identification of Management Advisory Services Opportunities (AS1101.1) unit, or have equivalent knowledge. Individuals should have participated in several MAS engagements and have some exposure to other services provided by a CPA firm.

**Major Topics**

- o Identifying the services needed by the client
- o Proposed delivery of services:
  - Steps to be performed
  - Time and cost requirements
  - Level of client involvement
- o Identifying client benefits
- o Preparing the proposal
- o Presenting the proposal:
  - Handling objections
  - Presentation techniques
  - Listening skills
  - Closing the sale
- o Follow-up
- o Review and analysis of the selling effort

### **Companion Units**

This unit can be combined with the following units:

- o Effective Writing (PD1001.2)
- o Effective Professional Public Presentations (PD1002.2)
- o Effective Listening (PD1003.2)
- o Marketing Management Advisory Services (MG1504.2)
- o Proposals, Letters of Understanding, and Contracts (AS1103.2)

**MG1502.2 ESTABLISHING A MANAGEMENT ADVISORY SERVICES DEPARTMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to identify the need for and establish a separate management advisory services (MAS) department.

**Description**

This unit explores the benefits and advantages of and the elements needed to establish a separate MAS department.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the following units or have equivalent knowledge:

- o Identification of Management Advisory Services Opportunities (AS1101.1)
- o Selling the Management Advisory Services Engagement (MG1501.2)
- o Orientation to Management Advisory Services in a CPA Firm (AS1001.1)
- o The Consulting Process (AS1003.2)
- o Scope of Practice (AS1004.2)
- o Standards of the Profession and Legal Liability (AS1005.2)

**Major Topics**

- o Benefits of establishing an MAS department
- o Services to be provided:
  - Identifying clients' needs
  - Identifying market potential
  - Identifying the firm's capabilities and opportunities for expansion
- o Relationship of MAS to other firm services:
  - Accounting and auditing
  - Tax
- o Staff - professional and administrative:
  - Selection and retention
  - Training
  - Evaluation
  - Engagement assignment

- o Department administration
- o Use of outside consultants
- o Engagement administration:
  - Quality and project control
  
- o Billing and collecting for services

#### **Companion Units**

This unit can be combined with the Managing the Management Advisory Services Department (MG1503.2) unit.

**MG1503.2 MANAGING THE MANAGEMENT ADVISORY SERVICES DEPARTMENT**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the unique characteristics of management advisory services (MAS) operations.
- o Manage and administer an MAS department.

**Description**

This unit helps participants manage and administer the MAS department more effectively.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for managing MAS services in a CPA firm and who have completed the following units, or have equivalent experience:

- o Identification of Management Advisory Services Opportunities (AS1101.1)
- o Selling the Management Advisory Services Engagement (MG1501.2)

**Major Topics**

- o Unique aspects of an MAS practice
- o Human resources development:
  - Needs determination
  - Recruiting
  - Retention and promotion
  - Evaluation
- o Engagement control system:
  - Delegation
  - Review
  - Reporting
  - Follow-up
- o Marketing management:
  - Market determination
  - Service development
- o Planning:
  - Strategic
  - Operational

- o Financial management:
  - Cash management
  - Budgeting
  - Reporting
  
- o Multi-office management and coordination:
  - Quality control
  - Sharing expertise
  - Profitability
  
- o Use of consultants
- o Communications:
  - With firm
  - With clients
  
- o Administration:
  - Record keeping
  - Support staff

#### Companion Units

This unit can be combined with the Establishing a Management Advisory Services Department (MG1502.2) and Marketing Management Advisory Services (MG1504.2) units.

**MG1504.2    MARKETING MANAGEMENT ADVISORY SERVICES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Explain the need for having a long-term plan for making the management advisory services (MAS) business grow profitably.
- o Prepare a marketing plan for an MAS function/department.
- o Develop an industry- or product-specific marketing plan.
- o Use support tools in marketing and sales.
- o Use pertinent marketing tactics.

**Description**

This unit explains how to establish and maintain a marketing plan and use various support tools in the marketing effort. It describes the process of marketing, which includes such activities as sales, public relations, advertising, research, and communications.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for developing a marketing plan for an MAS service in a CPA firm and who have completed the Identification of Management Advisory Services Opportunities (AS1101.1) unit, or have equivalent experience.

**Major Topics**

- o The marketing plan:
  - Need
  - Marketing cycle:
    - Awareness creation
    - Evaluation state
    - Justification
    - Internal/external selling
    - Divisions
    - Use
    - Reevaluation
- o Preparing a marketing plan:
  - Marketing needs
  - Available resources
  - Industry considerations
  - Products or lines of services



- o Support tools:
  - Market research
  - Advertising
  - Sales analysis
  
- o Marketing tactics:
  - Personal attention
  - Public relations promotion
  - Sales promotion strategies
  - Tracking and control
  - Seminars

#### **Companion Units**

This unit can be combined with the Managing the Management Advisory Services Department (MG1503.2) unit.

**Objectives**

This unit is designed to enable participants to -

- o Assess the strengths of their particular practice.
- o Identify individual and firm goals.
- o Describe the total marketing concept and functional approach to the marketing organization.
- o Compose the elements of the marketing plan.
- o Formulate the cost/benefit equation in marketing transactions.

**Description**

This unit provides a framework for assessing and understanding marketing issues and opportunities. It emphasizes the importance of designing and implementing strategies to achieve the firm's organizational objectives.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management including their firm's total marketing effort.

**Major Topics**

- o The principle marketing functions:
  - Product characteristics
  - Pricing
  - Providing/delivering a product
  - Promotion/communications
  - Control factors
  - Interdependent elements:
    - Market research
    - Public relations
    - Product development
    - Advertising
    - Sales
- o The strategic planning process:
  - Setting your direction
  - Defining the mission
  - Setting organizational goals and objectives
  - Designing strategies to meet specific goals

- o The market research process:
  - Disciplined approach to data collection
  - Achieving decision-making objectives
  
- o A competitive analysis process:
  - Develop a "positioning strategy"
  - Assess organizational strengths
  
- o The marketing audit:
  - Evaluate the internal and external environments
  - Appraise the organization's marketing ability
  
- o A systematic approach to the marketing plan:
  - Situational analysis
  - Goals and strategies
  - Problems and opportunities
  - Budget
  - Action plan
  
- o Your marketing effort from the client's point of view

#### Companion Units

This unit can be combined with other Marketing Professional Services units.

**MG1602.2 DEVELOPING A MARKETING PLAN FOR CPA SERVICES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify strategies for market entry and expansion.
- o Relate the firm's marketing plan to the organization's mission.
- o Develop a plan for marketing CPA services.

**Description**

This unit provides participants with practical assistance in developing and implementing a marketing plan for their organization, including the occasional limited use of outside consultants. An overview of market research techniques and realistic marketing opportunities available to CPAs is also given.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including the firm's marketing effort.

**Major Topics**

- o Components of an effective marketing plan:
  - Mission statement
  - Identification of firm's strengths and weaknesses:
    - Specialized industry services
    - Areas of staff expertise
  - Definition of market for services through market research
  - Establishing strategy to increase market share
  - Staff and partner training in marketing
  - Monitoring results
  - Evaluation, report, and follow-up:
    - Assigning responsibility
- o The "why" and the "how to" of market research
- o Methods for evaluating the profitability of existing services; tracking costs and revenues on new product offerings
- o Various marketing strategies:
  - Identifying new services to be provided
  - Expanding services to existing clients
  - Getting referrals from clients, bankers, attorneys, certified licensed underwriters, and the like
  - Direct selling

- Advertising
- Mergers and acquisitions
- Use of an outside consulting firm: advantages and disadvantages

- o The concept of target clients and industries
- o The concept of positioning the firm in the local public accounting marketplace

#### **Companion Units**

This unit can be combined with other Marketing Professional Services units.

### Objectives

This unit is designed to enable participants to -

- o Prepare an analysis of the firm's current client base, the staff's and owners' personal and technical abilities, and the competitors who provide similar services in the same market.
- o Measure the satisfaction level of the firm's client.
- o Develop a list of target clients.
- o Assess the firm's market opportunities.
- o Prepare a formula to measure the firm's market penetration.
- o Budget and compile research costs.

### Description

This unit provides some practical guidance on the methodology of market research. It outlines areas of research where it is essential to compile data in order to make informed marketing decisions. Basically a how-to unit, it reviews specific problems and offers solutions. Participants share their experiences in market research and solve problems involving survey writing and tracking research costs.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for practice management, including market research. Prior market research experience is not required.

### Major Topics

- o Analyzing the practice's current client base by the following:
  - Industry
  - Type of service provided
  - Quality of the client
  - Size of the client in sales volume or assets
  - Fees generated
  - Professional delivering the services (partner and staff)
  - Other significant factors as determined by the practice
- o Analyzing the professional staff's abilities:
  - Review of continuing professional education records
  - Self-assessment
  - Assessment by management
  - Peer assessment by partners
  - Review of deficiencies as noted in peer review reports

- o Analyzing the competition providing similar services in the marketplace:
  - Which public accounting firms are providing competition and what are their strengths and weaknesses?
  - What other types of professional service organizations are providing competition and what are their strengths and weaknesses?
- o Developing the survey instruments, tabulating the data, and interpreting the results
- o Surveying client satisfaction with existing products and services
- o Surveying potential clients and significant referral sources to determine the current needs that have not yet been met in the marketplace
- o Preparing portions of a report that assesses market opportunities
- o Comparing tax volume as a percent to audit volume and relating these percentages to those of other comparable firms
- o Analyzing the depth of the firm's market penetration by comparing volume to the county/city census, sales tax revenue, or some other statistic
- o Developing a listing of target clients
- o Accumulating and using the costs of market research

#### Companion Units

This unit can stand alone, or it may be combined with other Marketing Professional Services units.

### Objectives

This unit is designed to enable participants to -

- o Develop methods to identify client needs.
- o Manage a product development effort.
- o Develop a comprehensive list of potential products.
- o Coordinate research and development (R&D) activities with the firm's overall marketing services.
- o Develop pricing strategies for new products and services.
- o Identify the methods, including quality control, needed to motivate the staff to market and deliver new products.
- o Identify emerging trends in accounting and technology that affect clients' existing and future needs.

### Description

This unit emphasizes the need to develop new products and provides practical approaches for motivating staff to do so. Sources for producing new products are explored, as is the effect of pricing on the marketability of a new product. Some guidance is also provided in accumulating product development costs and matching those costs against revenues generated by the new product. Participants assist in managing R&D programs in new product and service development.

### Requisite Knowledge and Experience

This unit is for senior management members in large or small firms who are responsible for R&D activities. Participants should have taken the Market Research for Public Accounting Firms (MG1603.2) unit or possess equivalent knowledge or experience.

### Major Topics

- o Methods used to identify client needs
- o Analyzing the market research report and data and compiling list of new or expanded services sought by the firm's marketplace
- o Establishing priorities for new product and service development:
  - Staff input
  - Partner and management input
  - Client input
  - Potential client input
  - Referral sources input (for example, bankers and attorneys)



- o Establishing a framework for managing the development of new products and services
- o Policies and procedures for accumulating R&D time and expense charges:
  - Project account number
  - Guidelines for charging time expenses
  - Project priority vs. client assignments
- o Developing a marketing strategy to sell new products and services in the market place:
  - Coordinating advertising and marketing efforts with R&D activities
  - Developing methods of delivering the appropriate marketing skills and tools to partners
- o Establishing a framework for encouraging and rewarding staff and partners for participation in new product development
- o Identifying the personal and technical abilities required to market and provide the products and services
- o Identifying and selecting the sources of new products and ideas:
  - External and in-house continuing professional education
  - Experienced hires at various levels
  - Self-development
- o Developing a system to ensure the matching of R&D charges with new revenues
- o Pricing strategies for new products and services:
  - Value billing
  - Premium billing
  - Time and expenses
  - Other
- o Tracking emerging trends in accounting, technology, and other aspects of the profession that affect future services

#### Companion Units

This unit can stand alone, or it may be combined with other Marketing Professional Services units.

### Objectives

This unit is designed to enable participants to -

- o Use effectively market research data and reports.
- o Select market entry and expansion strategies that are compatible with the firm's goals.
- o Identify and develop the specific personal and technical skills required to enter new markets.
- o Develop and present different pricing strategies for market entry and expansion.

### Description

This unit emphasizes the need to plan and structure new market entry efforts. Besides detailing various strategies for market entry and expansion, it demonstrates the necessity for specific staff and partner responsibilities and assignments for market entry, and provides a framework for a marketing effort focused on new markets.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for practice management, including the marketing efforts directed at new markets. Participants should have taken the Market Research for Public Accounting Firms (MG1603.2) unit, or have equivalent knowledge and experience.

### Major Topics

- o Using market research data or reports to identify specific potential geographic locations, industries, and target clients
- o Developing priorities for geographic locations, industries, and target clients
- o The importance of and means for creating and maintaining an effective referral system:
  - Outside sources (for example, bankers, attorneys, certified licensed underwriters)
  - Existing clients
  - Former employees
- o The importance of understanding buyers' needs and motivations
- o Professional selling skills:
  - Getting to know the potential client or existing client
  - Determining the client's stated need

- Understanding what the client really needs
- How and when to value bill
- Selling augmented services
- o Team selling:
  - Its role and importance
  - Situations where it applies
- o Developing and presenting proposals:
  - Writing
  - Using computer graphics
  - Making a presentation to an audit committee
  - Making a presentation to the chief executive officer or chief financial officer
  - Closing strategies
- o Developing and maintaining an advertising program:
  - Use of magazines and newspapers
  - Use of radio and TV
  - Client newsletters
  - Brochures (for example, client, special industry, and recruiting brochures)
- o Developing and maintaining a public relations program:
  - Public speaking
  - Dealing with civil and charitable organizations
  - Obtaining publicity in professional and trade journals
  - Teaching at colleges and universities
- o Use of staff versus outside consultants
- o Establishing partner and staff responsibilities and assignments in the market entry effort.
- o Obtaining the skills required to provide traditional and new products and services:
  - External and in-house continuing professional education
  - Experienced hires
  - Self-development
- o Different pricing strategies for market entry:
  - Full rates
  - Discounts
  - Value billing
  - Realization
- o Marketing trends for the future
- o The importance of an ongoing data collection effort that relates to the firm's ongoing strategic planning process

#### Companion Units

This unit can stand alone, or it may be combined with other Marketing Professional Services units.

**MG1606.2 CLIENT AND PRODUCT PROFITABILITY ANALYSIS FOR CPA FIRMS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Prepare a profitability analysis for a public accounting firm.
- o Calculate the approximate costs and capital requirements of acquiring new business.
- o Assess criteria for retaining or dropping clients.

**Description**

This unit explains how to analyze client, partner, and product profitability. Participants learn to develop criteria for client retention and methods of allocating costs and revenues to new products. The effect of pricing on product and firm profitability is also covered.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for practice management, including profitability analysis.

**Major Topics**

- o Preparing a profitability analysis for a public accounting firm, which includes revenue, expense, and net income by the following:
  - Department
  - Client
  - Type of service, including new products
  - Industry
  - Engagement partner
  - Source of business, if referred
  - Partner obtaining the business
- o Analyzing a new business by referral source:
  - Existing clients
  - Advertising program
  - Public relations program
  - Partners' marketing efforts
  - Other
- o Analyzing successful selling of additional services to existing clients:
  - Service sold
  - Engagement partner
  - Marketing (selling) partner

- o Estimating the cost of acquiring new business from the following:
  - Existing clients
  - Privately held clients
  - Government clients
  - Nonprofit clients
  
- o Criteria for classifying clients and/or products and services as profitable or unprofitable and for determining which clients should be retained and which are candidates for outplacement:
  - Profitability
  - Level of risk
  - Quality of work
  - Potential source of additional business
  - History of the relationship with the firm
  - Source of referrals in the past and potential for the future
  
- o Various pricing strategies:
  - Hourly rates
  - Variable pricing/value added
  - Price cutting
  
- o The need for policies regarding profitability of new products:
  - Estimating the break-even point
  - Estimating how long to carry a product before it becomes profitable
  - Scheduling reviews of progress at regular intervals

#### **Companion Units**

This unit can stand alone, or it may be combined with other Marketing Professional Services units.

### Objectives

This unit is designed to enable participants to -

- o Evaluate changing conditions, new technologies, and other factors that affect a CPA firm's marketing function.
- o Monitor competitors' activities.
- o Assess governmental, demographic, and environmental conditions that can affect a firm.
- o Relate current trends to the firm's marketing efforts.

### Description

This unit explains how to coordinate emerging marketing issues with the current marketing program. It provides an overview of historical changes in the profession and attempts to relate these changes to underlying causes and to their potential impact on the profession.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for practice management, including the marketing effort.

### Major Topics

- o The effect of the economy on client needs
- o The impact of technological changes on CPA firms' products and services
- o Dealing with the impact of the market's changing makeup and attitudes:
  - Gender
  - Age
  - Minority groups
  - Other
- o Local demographics and their impact on a CPA firm's product and market
- o Other external factors:
  - International market
  - Energy
  - Other

- o Government legislation and actions
- o Developments in the financial community
- o Self-regulation of the profession
- o Relating current trends to marketing efforts

**Companion Units**

This unit is designed to stand alone.

**MG1701.3**    **MANAGING TODAY'S TAX PRACTICE**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify techniques for streamlining internal tax practice procedures.
- o Establish the appropriate internal policies, systems, and procedures to manage a tax practice.

**Description**

This unit explains how to streamline internal tax practice procedures and provides insight on personnel hiring, training, and utilization; dealing with clients; billing techniques; and other topics having a direct bearing on successful tax practice management.

**Requisite Knowledge and Experience**

This unit is for individuals with administrative responsibility in a small- to medium-size CPA firm. There are no specific prerequisite units, but the participant should have level III knowledge of income tax matters.

**Major Topics**

- o Developing internal personnel and administrative policies
- o Establishing internal systems and procedures relating to the following:
  - Recruiting staff
  - Training staff
  - Preparing and processing tax returns
  - Billings and collections
  - Setting fees
  - Budgeting and profit planning
  - Office practices
- o Streamlining internal procedures:
  - Systems analysis
  - Equipment selection
  - Use of microcomputers and mainframe computers

**Companion Units**

This unit is designed to stand alone.



MG1702.3 ORGANIZING AND MANAGING A TAX DEPARTMENT IN INDUSTRY  
II

**Objectives**

This unit is designed to enable participants to effectively organize and efficiently manage a company's tax department.

**Description**

This unit presents the most efficient methods for managing the corporate tax department. This is accomplished through a discussion of managerial techniques used in the corporate tax function; the allocation of human, monetary, and facilities resources; the advantages and disadvantages of centralization; and goal-setting.

**Requisite Knowledge and Experience**

This unit is for tax managers in industry or corporate executives responsible for administering the tax function. Practitioners may also benefit from the program. Advanced knowledge of federal, state, and local corporate and miscellaneous taxes is required.

**Major Topics**

- o The tax function:
  - Compliance
  - Accounting
  - Planning and analysis
  - Tax awareness
  - Other tax-related duties
  
- o Designing the system:
  - Allocating resources
  - Location within the corporate hierarchy
  
- o Establishing goals and objectives
- o Accomplishing goals and objectives:
  - Scheduling
  - Communicating
  - Motivating
  - Evaluating

**Companion Units**

This unit is designed to stand alone.

**MG1801.1 OVERVIEW OF MANAGEMENT INFORMATION SYSTEMS**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Analyze the various ways of processing information from manual or semiautomated systems to automated systems.
- o Compare various automated systems, such as service bureaus, time sharing, local government cooperatives, and mini and micro in-house computer installations.
- o Prepare a request for proposal and formulate methods to evaluate proposals.
- o Assess areas for computer application and prepare accompanying cost-benefit analysis.

**Description**

This unit identifies the proper framework for evaluating the potential use of computers.

**Requisite Knowledge and Experience**

This unit is for executives who think a computer will improve their operations but do not know where to go for additional information or which technical questions to ask.

**Major Topics**

- o Use of computers at three levels: legislative/policy, administration, and functional area service providers
- o Using a computer as a support tool, as an information resource, or as a service provider
- o Determining requirements for management and operational personnel, hardware, software, training, costs, maintenance, location, conversion/installation, privacy/security, documentation, liability/insurance, forms/supplies, and future growth potential
- o Unique computer applications in the functional areas, including auditing, budgeting, accounting, financial reporting, treasury, planning and zoning, building inspection, property management, police, fire, parks and recreation, traffic control, public work services, and personnel resources

**Companion Units**

This unit can be combined with the Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments (MG2317.2) unit.

**MG1802.2 SYSTEM DESIGN AND DEVELOPMENT**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Formulate the basic steps connected with management information systems (MIS) design and development.
- o Identify some of the specific techniques that are useful in MIS design and development.
- o Design appropriate systems.

**Description**

This unit gives participants a theoretical and practical background in the techniques of MIS design so that they can help the entity establish good general systems designs internally and develop their own MIS.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in MIS design concepts and have taken the Overview of Management Information Systems (MG1801.1) unit.

**Major Topics**

- o Fundamentals of the system design process:
  - Data gathering and analysis of present system
  - Definition of information needs/volume/application
  - External or functional system design specifications:
    - Output
    - Processing
    - Inputs
  - Internal or technical system design specifications
  - Program design specifications and language requirements
  - Program coding
  - Program testing and system testing
  - Program code documentation
  - User documentation
  - Audit trail
- o Structured design methodology in applying a top-down modular concept to systems design
- o Project management techniques

### **Companion Units**

This unit can be combined with the following units:

- o System Installation (MG1803.2)
- o Security Systems of Management Information Systems (MG1804.2)
- o Microcomputer Systems (MG1807.2)
- o Management Information Systems Internal and Operating Controls (MG1810.2)
- o Data and Telecommunications (MG1811.2)
- o Organization of a Management Information Systems Function (MG1814.2)

**MG1803.2    SYSTEM INSTALLATION**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Formulate the basic steps connected with management information systems (MIS) installation.
- o Identify some of the specific techniques that are useful in MIS installation.
- o Use specific steps and techniques in the installations of systems during engagements.

**Description**

This unit provides a good theoretical and practical background in the steps necessary for an effective MIS installation. It should enable participants to help the agency manage an overall MIS installation.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in MIS installation concepts.

**Major Topics**

- o Implementation planning:
  - Task identification
  - Assignment of responsibility
  - Identification of overall schedule
  - Monitoring plan
- o Initial equipment installation:
  - Equipment sizing
  - Physical site planning
  - Ordering initial supplies
  - Personnel training
  - Equipment testing
- o Application system installation:
  - Determining manual system interface changes
  - Conversion control plan
  - Software testing
  - Master-file set-up or conversion
  - Parallel processing (if necessary)

- o Systems operation standards development:
  - Documentation standards
  - Data control and security
  - Physical security
  - Audit coordination

#### Companion Units

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o Security Systems of Management Information Systems (MG1804.2)
- o Management Information Systems Internal and Operating Controls (MG1810.2)
- o Organization of a Management Information Systems Function (MG1814.2)

MG1804.2 SECURITY SYSTEMS OF MANAGEMENT INFORMATION SYSTEMS  
IG

**Objectives**

This unit is designed to enable participants to -

- o Identify the security systems and methods needed in the management information systems (MIS) environment.
- o Explain the need for hardware, software, and other safeguards.
- o Identify the security systems available.
- o Describe file-retention systems.
- o Assess agency needs for security systems and report on them.

**Description**

This unit explains to the experienced MIS professional the information needed to conduct a study involving MIS security. Participants learn of the current security systems and methods available.

**Requisite Knowledge and Experience**

This unit is for individuals with prior MIS experience.

**Major Topics**

- o Current security systems and methods
- o Paper flow control systems
- o Computer file-retention systems
- o Safeguarding MIS hardware and software
- o Creating procedures to maintain integrity of records
- o Documentation as part of the system
- o Internal control considerations
- o Organizational concerns

**Companion Units**

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o System Installation (MG1803.2)
- o Microcomputer Systems (MG1807.2)
- o Management Information Systems Internal and Operating Controls (MG1810.2)
- o Data and Telecommunications (MG1811.2)
- o Organization of a Management Information Systems Function (MG1814.2)

MG1805.2 SOFTWARE EVALUATION AND SELECTION  
IG

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic criteria in selecting computer software for business use.
- o Evaluate and select software.

**Description**

This unit provides a theoretical and practical background in the techniques for selecting computer software so that participants can help the entity acquire the most cost-effective software system.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in management information systems software systems.

**Major Topics**

- o Cost-effectiveness
- o Using the cost-effectiveness concept in selecting software
- o Specification development:
  - Defining the user's information needs
  - Formulating system specifications:
    - Application features
    - Vendor support
    - Documentation
    - Ease of implementation
    - Ease of operation
    - System flexibility
    - System expandability
    - System compatibility
    - Auditability/security
- o Request for proposal:
  - Contents
  - Issuing procedures
- o Evaluation:
  - Measuring cost-effectiveness of software alternatives
  - Dealing with vendors
  - Contract terms
  - Demonstration
  - User evaluation



- o Sources of software and technical literature references
- o Differences in software selection for microcomputers, minicomputers, and mainframe computers

#### **Companion Units**

This unit can be combined with the following units:

- o Equipment Evaluation and Selection (MG1806.2)
- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Data and Telecommunications (MG1811.2)
- o Organization of a Management Information Systems Function (MG1814.2)

MG1806.2    EQUIPMENT EVALUATION AND SELECTION  
IG

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic criteria in selecting computer equipment.
- o Evaluate and select automated equipment.

**Description**

This unit provides a theoretical and practical background in the techniques for selecting computer equipment so that participants can help the entity acquire the most cost-effective hardware for particular applications.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience with data processing equipment.

**Major Topics**

- o Cost-effectiveness
- o Using the cost-effectiveness concept in selecting electronic data processing equipment
- o Specification development:
  - Defining the user's processing requirements
  - Formulating system specifications:
    - Processing volumes and data storage requirements
    - Application software
    - Operating software and utilities
    - Data throughput requirements
    - Telecommunications requirements
    - Documentation
    - System compatibility
    - System security
    - Reliability and back-up availability
    - Environmental effects
    - Conversion requirements
    - Programming languages
    - Work load expansion requirements
    - Response time requirements
    - Vendor support
    - Ease of implementation and operation
    - System flexibility
    - Physical facility requirements
    - Training

- o Request for proposal:
  - Contents
  - Issuing procedures
  
- o Evaluation:
  - Measuring cost/effectiveness of equipment alternatives
  - Contract terms
  - User evaluation
  - Dealing with vendors
  - Demonstration
  
- o Sources of technical information
- o Differences in hardware selections - microcomputers, minicomputers, and mainframe computers

#### Companion Units

This unit can be combined with the following units:

- o Software Evaluation and Selection (MG1805.2)
- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Data and Telecommunications (MG1811.2)
- o Organization of a Management Information Systems Function (MG1814.2)

**MG1807.2 MICROCOMPUTER SYSTEMS**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of microcomputer systems that are currently on the market.
- o Judge when these systems may be most appropriately used by an entity to perform specific automated operations.

**Description**

This unit explains how to handle or participate in studies dealing with microcomputers.

**Requisite Knowledge and Experience**

This unit is for individuals with basic management information systems experience.

**Major Topics**

- o How microcomputer technology works
- o Differences between micros and minis/mainframes
- o General microcomputer hardware configurations
- o Types of micros (desktop, super, local area network, portable)
- o Use of micros as terminal devices in larger systems
- o The marketing of micros (computer stores)
- o The most widely used software
- o Data storage and retrieval systems
- o Word processing
- o Decision support application
- o Internal and operating controls for the micros
- o Available sources of hardware and software support
- o Programming languages
- o Operating systems
- o Reference sources for personal knowledge

**Companion Units**

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o Security Systems of Management Information Systems (MG1804.2)
- o Software Evaluation and Selection (MG1805.2)

- o Equipment Evaluation and Selection (MG1806.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Data and Telecommunications (MG1811.2)
- o Organization of a Management Information Systems Function (MG1814.2)
- o Alternative Methods to In-House Data Processing for Industry (MG1815.2)

MG1808.2 MINICOMPUTER SYSTEMS  
IG

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of minicomputer systems that are currently on the market.
- o Judge when these systems may be most appropriately used by an agency to perform specific automated operations.

**Description**

This unit provides an understanding of currently marketed minicomputer systems.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience with the relative capabilities of commercially available minicomputers systems and are familiar with the basic concepts of data processing equipment and software.

**Major Topics**

- o Historical background on the development of minicomputers
- o What is a minicomputer?
- o Current configuration concepts
- o Current configuration capabilities and costs:
  - Data storage capacities
  - Data throughput capacities
  - Work load expansion capabilities
  - Response time capabilities
  - Telecommunication capabilities
  - Vendor support
  - Equipment reliability
  - Ease of implementation and operation
  - Equipment compatibility and flexibility
  - Security
  - Physical facility requirements
  - Environmental effects
  - Personnel requirements
- o Application software
- o System software and utilities
- o Programming languages
- o Available sources of hardware, software, and support
- o Reference sources for maintaining personal knowledge of minicomputers

### Companion Units

This unit can be combined with the following units:

- o Software Evaluation and Selection (MG1805.2)
- o Equipment Evaluation and Selection (MG1806.2)
- o Microcomputer Systems (MG1807.2)
- o Mainframe Computer Systems (MG1809.2)
- o Organization of a Management Information Systems Function (MG1814.2)
- o Alternative Methods to In-House Data Processing for Industry (MG1815.2)

### Objectives

This unit is designed to enable participants to -

- o Describe the basic capabilities and costs of mainframe computer systems that are currently on the market.
- o Judge when these systems may be most appropriately used to perform specific automated operations.

### Description

This unit provides an understanding of currently marketed mainframe computer systems.

### Requisite Knowledge and Experience

This unit is for individuals who have experience with the relative capabilities of commercially available mainframe computer systems and are familiar with the basic concepts of data processing equipment and software.

### Major Topics

- o Historical background on the development of mainframe computers
- o What is a mainframe computer?
- o Current configuration concepts
- o Current configuration capabilities and costs:
  - Data storage capacities
  - Data throughput capacities
  - Work load expansion capabilities
  - Response time capabilities
  - Telecommunication capabilities
  - Vendor support
  - Equipment reliability
  - Ease of implementation and operation
  - Equipment compatibility and flexibility
  - Security
  - Physical facility requirements
  - Environmental effects
  - Personnel requirements
- o Application software
- o System software and utilities
- o Programming languages
- o Available sources of hardware, software, and support
- o Reference sources for maintaining personal knowledge of mainframe computers



### Companion Units

This unit can be combined with the following units:

- o Software Evaluation and Selection (MG1805.2)
- o Equipment Evaluation and Selection (MG1806.2)
- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Organization of a Management Information Systems Function  
(MG1814.2)
- o Alternative Methods to In-House Data Processing for Industry  
(MG1815.2)

MG1810.2    MANAGEMENT INFORMATION SYSTEMS INTERNAL AND OPERATING CONTROLS  
IG

**Objectives**

This unit is designed to enable participants to -

- o Explain the operating and internal controls required for the computer environment.
- o Describe the security measures required to prevent loss of accumulated data and improper entry into data bases.
- o Assess the entity's internal and operating controls and report on them.

**Description**

This unit emphasizes that audit procedures must be used to create internal and operating control in the management information systems (MIS) environment. Participants learn which areas must be controlled and where problems may arise.

**Requisite Knowledge and Experience**

This unit is for individuals with a knowledge of basic accounting or auditing.

**Major Topics**

- o Internal control procedures for flow of information through the organization
- o Documentation needed to maintain operating controls
- o Recognizing control weaknesses in the MIS environment
- o Preparing internal control questionnaires and other tools for the MIS department and the entire organization
- o Security systems to protect and conserve computer data
- o Security systems to guard against improper access to computers and/or resources
- o Creating and using transactions checks, test programs, and other techniques
- o Conducting the study and reporting to management

**Companion Units**

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o System Installation (MG1803.2)
- o Security Systems of Management Information Systems (MG1804.2)

**MG1811.2 DATA AND TELECOMMUNICATIONS**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Assess an entity's data and telecommunication needs and report on them.
- o Explain data and telecommunications.
- o Describe general applications and methods for data and telecommunications.

**Description**

This unit provides the background and knowledge needed to conduct a telecommunications study.

**Requisite Knowledge and Experience**

This unit is for individuals with experience in management information systems usage.

**Major Topics**

- o Data and telecommunications technology
- o Current methods of communicating data
- o Hardware/software needs
- o Alternative telecommunications carriers
- o Safeguarding access to the data
- o Determining data to be communicated
- o Internal and operating controls
- o Recognizing agency needs and selecting systems
- o Integration of voice and data telecommunications
- o Local area networks
- o Reference and support sources
- o Conducting the study and reporting its results

**Companion Units**

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o Security Systems of Management Information Systems (MG1804.2)
- o Software Evaluation and Selection (MG1805.2)
- o Equipment Evaluation and Selection (MG1806.2)
- o Microcomputer Systems (MG1807.2)
- o Office Automation (MG1812.2)
- o Organization of a Management Information Systems Function (MG1814.2)

**MG1812.2 OFFICE AUTOMATION**  
**IG**

**Objectives**

This unit is designed to enable participants to assess an agency's office automation needs and report on them.

**Description**

This unit provides awareness of general office automation techniques and products. Participants are introduced to the most current thought and to future concepts concerning office automation to enable them to evaluate automation needs and report the results to management.

**Requisite Knowledge and Experience**

This unit is for individuals with limited management information systems experience.

**Major Topics**

- o Current trends in general office automation
- o The "office of the future" concepts
- o The place of the computer in an overall office system
- o Sources for information
- o Training office staff
- o Specific applications:
  - Electronic mail
  - Word processing
  - Desk management
  - Calendar management
  - File storage and retrieval
  - Data storage and retrieval
  - Automated typesetting
  - Optical character recognition
  - Telecommunications
  - Video disc storage
- o Work design and procedure development
- o Conducting the study and reporting its results

**Companion Units**

This unit can be combined with the Data and Telecommunications (MG1811.2) and Alternative Methods to In-House Data Processing for Industry (MG1815.2) units.

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**MG1813.3 DEVELOPING SOFTWARE**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic resources and approaches necessary to develop management information systems software.
- o Manage the development of the software process.

**Description**

This unit explains the requirements, resources, and approaches needed by an organization to develop software.

**Requisite Knowledge and Experience**

This unit is for individuals with advanced data processing industry experience.

**Major Topics**

- o Developmental resources:
  - Personnel (design/development/support)
  - Equipment
  - Software
- o Contract considerations and legal requirements
- o Software protection methods
- o Potential support requirements
- o Ethical considerations
- o Conducting the study and reporting its results

**Companion Units**

This unit is designed to stand alone.

**MG1814.2 ORGANIZATION OF A MANAGEMENT INFORMATION SYSTEMS FUNCTION**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Describe the elements of the overall organization of a management information systems (MIS) function.
- o Assess the needs of an entity's MIS function and report on them.

**Description**

This unit explains how to perform a study of an entity's MIS function and how to help establish an MIS function or evaluate an existing one.

**Requisite Knowledge and Experience**

This unit is for individuals with limited MIS experience.

**Major Topics**

- o Organizational designs of MIS functions:
  - Operations
  - Systems
  - Programming
  - Control
  
- o Methods used to determine hardware and software needs
- o Capacity planning
- o Software/hardware selection considerations
- o Space and physical concerns
- o Security and control (hardware/software)
- o Creating and selecting a personnel organization
- o Working with users of the MIS function
- o Cost recovery
- o Maintenance of systems:
  - Equipment
  - Application software
  
- o Conducting the study and reporting its results

## Companion Units

This unit can be combined with the following units:

- o System Design and Development (MG1802.2)
- o System Installation (MG1803.2)
- o Security Systems of Management Information Systems (MG1804.2)
- o Software Evaluation and Selection (MG1805.2)
- o Equipment Evaluation and Selection (MG1806.2)
- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Data and Telecommunications (MG1811.2)

**MG1815.2 ALTERNATIVE METHODS TO IN-HOUSE DATA PROCESSING FOR INDUSTRY**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Describe the alternatives to and sources of data processing.
- o Explain how alternative methods can be used in an entity's overall data-processing plan.
- o Compare the alternative methods with the in-house method.
- o Assess the entity's need for alternative methods of data processing.

**Description**

This unit provides awareness of the alternative methods of processing data and the ways they can be used by their clients.

**Requisite Knowledge and Experience**

This unit is for individuals with a general knowledge of data-processing methods.

**Major Topics**

- o Alternative methods of data processing:
  - Facilities management
  - Service bureaus
  - Time sharing
  - Others
- o In-house vs. alternative methods
- o Sources of alternative methods
- o Implementation of alternative methods
- o Alternative methods/documentation and paper flow concerns
- o Analyzing the feasibility of alternative methods:
  - Economic
  - Operating
  - Applications
- o Performance reviews

**Companion Units**

This unit can be combined with the following units:

- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Office Automation (MG1812.2)



**MG1816.3 DATA BASE SYSTEMS**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Explain how data base systems and applications can be effectively used.
- o Assess an entity's data base needs and select suitable systems.

**Description**

This unit teaches experienced management information systems (MIS) professionals how to help entities select and use data base systems.

**Requisite Knowledge and Experience**

This unit is for individuals with extensive MIS experience.

**Major Topics**

- o Types of data base systems:
  - Stand-alone systems vs. integrated systems
  - Relational systems vs. hierarchical systems
- o Operational benefits of data base systems:
  - Flexibility
  - Easy maintenance
- o How the systems are used (technique and applications)
- o Establishing system safeguards
- o Conducting the study and reporting to the entity

**Companion Units**

This unit is designed to stand alone.

**MG1817.3 DECISION SUPPORT SYSTEMS**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Explain how decision support systems and applications can be used effectively.
- o Assess an entity's decision support system needs and select suitable systems.

**Description**

This unit teaches experienced management information systems (MIS) professionals how to help entities select and use decision support systems.

**Requisite Knowledge and Experience**

This unit is for individuals with extensive MIS experience.

**Major Topics**

- o How the systems are used (technique and applications)
- o Comparing and evaluating systems
- o Establishing system safeguards
- o Selected government applications
- o Conducting the study and reporting to the entity

**Companion Units**

This unit is designed to stand alone.

**MG1818.4    MANAGEMENT INFORMATION SYSTEMS UPDATE**  
**IG**

**Objectives**

This unit is designed to enable participants to -

- o Describe management information systems (MIS) developments in the industry.
- o Describe how these developments affect the entity's MIS system.

**Description**

This unit brings experienced MIS professionals up to date on items of interest and current developments in MIS.

**Requisite Knowledge and Experience**

This unit is for experienced MIS professionals.

**Major Topics**

- o New computer hardware/software
- o New office equipment
- o Local area networks
- o Telecommunications
- o Security, controls, and archives
- o Systems development techniques
- o Anticipated developments
- o New reference sources
- o Miscellaneous MIS items of interest

**Companion Units**

This unit is designed to stand alone.

**MG1901.3 DEVELOPING SOFTWARE IN STATE AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to describe the basic resources and approaches necessary to develop management information systems software.

**Description**

This unit explains the requirements, the resources, and the approaches needed by an agency to develop software.

**Requisite Knowledge and Experience**

This unit is for individuals with advanced data-processing experience.

**Major Topics**

- o Development resources:
  - Personnel (design/development/support)
  - Equipment
  - Software
- o Contract considerations and legal requirements
- o Software protection methods
- o Potential support requirements
- o Ethical considerations
- o Conducting the study and reporting its results

**Companion Units**

This unit can be combined with Microcomputer Systems (MG1807.2) unit.

**Objectives**

This unit is designed to enable participants to -

- o Describe the alternatives to and sources of data processing.
- o Explain how alternative methods can be used in an agency's overall data-processing plan.
- o Compare the alternative methods with the in-house method.
- o Assess the agency's need for alternative methods of data processing.

**Description**

This unit provides awareness of the alternative methods of data processing and the ways such methods can be used by clients.

**Requisite Knowledge and Experience**

This unit is for individuals with a general knowledge of data-processing methods.

**Major Topics**

- o Alternative methods of data processing:
  - Facilities management
  - Service bureaus
  - Time sharing
  - Others
  
- o In-house vs. alternative methods
- o Sources of alternative methods
- o Implementing alternative methods
- o Alternative methods: documentation and paper flow concerns
- o Analyzing the feasibility of alternative methods:
  - Economic
  - Operations
  - Applications
  
- o Performance reviews
- o Conducting the engagement and reporting to the agency

### Companion Units

This unit can be combined with the following units:

- o Microcomputer Systems (MG1807.2)
- o Minicomputer Systems (MG1808.2)
- o Mainframe Computer Systems (MG1809.2)
- o Office Automation (MG1812.2)

MG2001.1 BUDGETING - UNDERSTANDING THE PROCESS, TOOLS, AND METHODS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify various budgeting methods.
- o Describe the types of budgets.
- o Maximize the usefulness of the budget and improve preparation efficiency by segmentation into responsibility units.
- o Understand the human behavioral factors associated with budget preparation, modification, and compliance.
- o Identify the tools that may add speed, flexibility, and sophistication to the budgeting process.

**Description**

This unit explains the budgeting process. It features various methods commonly used to prepare budgets and the ways that responsibility for the budget may be segmented to improve efficiency of preparation and usefulness of information. It also discusses some of the common human behavioral factors that must be considered about budgets, their preparation, and making them work, and the tools available to prepare a budget.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no budgeting experience.

**Major Topics**

- o Methods of budgeting:
  - Zero-base
  - Incremental
  - Flexible
  - Demand-driven
  - Others
- o Types of budgets:
  - Capital improvements
  - Operating
  - Cash
  - Others

- o Segmenting budget responsibility by the following:
  - Division
  - Department
  - Product line
  - Cost center
  - Function
  - Geographic location
  - Others
  
- o The human element and behavioral factors to be dealt with:
  - General motivation and acceptance of the budget as a management tool
  - Distribution of responsibility (for preparation, modification, and compliance)
  - Recognition of and reaction to variances and/or changes
  - Presentation of the budget
  
- o Budgeting tools:
  - Electronic data-processing hardware and software options
  - Modeling
  - Cost-behavior analysis

#### **Companion Units**

This unit can be combined with other units in the budgeting area, except Capital Budgeting - Techniques and Analysis (MG2005.2). It could also be combined with the planning units and with the Modeling and Simulations for Business Decision-Making (MG2502.2) unit. Finally, it could be combined with other overview units to form a general management program.



MG2002.2    PREPARING THE BUDGET  
PI

**Objectives**

This unit is designed to enable participants to -

- o Develop a budget.
- o Use the tools available for budgeting.
- o Deal with the psychological and motivational factors of budgeting.

**Description**

This unit is designed to develop participants' budgeting skills by providing practical examples of different approaches commonly used in budgeting. Participants also learn the practical uses of modeling and electronic data processing tools available to help them prepare budgets. Typical personalities and common reactions of individuals involved in the budgeting process will be considered, and recommendations made for dealing effectively with them. In short, this unit teaches participants the general skills needed to organize and develop a moderately complex budget.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the budgeting process, have prepared simple budgets, and have completed the Budgeting - Understanding the Process, Tools, and Methods (MG2001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Developing the budget using various approaches:
  - Zero-base
  - Incremental
  - Flexible
  - Demand-driven
  - Other methods
- o Using budgeting tools:
  - Common models
  - Electronic data processing hardware/software:
    - Spreadsheets
    - Graphics
- o Dealing with people involved in the budgeting process:
  - Getting others involved
  - Ensuring credibility of facts and figures

- Motivation
- Dealing with acceptance and living within the confines of the budget
- Influencing individual and organizational behavior based on budget variances or changes

#### Companion Units

This unit can be combined with other units in the budgeting area, except Capital Budgeting - Techniques and Analysis (MG2005.2).

**MG2003.2 USE OF BUDGETS AS OPERATIONAL TOOLS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Perform and apply budget analyses as a management tool.
- o Use management information systems for obtaining budget information.
- o Implement operational and behavioral modifications called for by budget reports and analyses.

**Description**

This unit identifies the key budget elements of an effective management information system and provides guidance for establishing a budgetary system. It will also cover alternative courses of action for dealing with unsatisfactory variances.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic understanding of the budgeting process and the way a budget is prepared, are responsible for or need to know about budget analyses and responding to budget variances, and have taken the following units, or have equivalent experience and knowledge:

- o Budgeting - Understanding the Process, Tools, and Methods of Budgeting (MG2001.1)
- o Preparing the Budget (MG2002.2)

**Major Topics**

- o Budget analysis:
  - Measuring variances
  - Spotting trouble, deficiencies, and efficiencies
  - Recognizing reliability of data (comparative analyses with data from prior years, other departments, or products, and the like)
- o Management information systems:
  - Types of information needed for efficient budgeting
  - Types of information needed for effective analysis
  - Responsibility of various reporting entities

- o Responding to budget and variance analyses:
  - Analysis of alternative courses of action
  - Reporting the need for modification
  - Accomplishing change
  - Dealing with the human motivational factors

#### **Companion Units**

This unit can be combined with other units in the budgeting area, except Capital Budgeting - Techniques and Analysis (MG2005.2).

### Objectives

This unit is designed to enable participants to -

- o Design a company budgeting system using the most effective and efficient tools available for gathering and disseminating information.
- o Organize the multidirectional network for an efficient and effective management information system.
- o Participate in the design of an electronic data processing (EDP) system that provides reliable and timely information.

### Description

This unit provides the basis for designing a relatively complex budgeting system that will interact with the company's flow of information and EDP resources. It details management information system guidelines and EDP concepts that can be used to improve the efficiency of budgeting and the effectiveness of the budget as a management tool.

### Requisite Knowledge and Experience

This unit is for individuals who have experience in budgeting and are familiar with EDP capabilities and management information systems concepts. Participants should have a practical understanding of the principles and applications of management information systems, budgeting, and EDP systems.

### Major Topics

- o Designing a budgeting system:
  - Selecting responsibility segmentation most effective for the size, location, and personalities of the company (by division, department, product, responsibility center, cost center, function, location, and so on)
  - Selecting the most effective budgeting methods (zero-base, incremental, flexible, demand-driven, and the like)
  - Distributing authority for budget-related decisions and responsibility for preparation
  - Assigning responsibility for variance detection and related corrective action

- o Designing an efficient and effective information system to help develop and monitor the budget:
  - Key people
  - Key information elements
  - Networking; channels of information
  
- o Designing and gathering useful information on EDP systems:
  - Using micro-, mini-, and mainframe computers (hardware and software considerations)
  - Designing the budget to interact automatically with normal financial reporting systems
  - Designing analytical and variance systems
  - Building in detection and early-warning systems for significant differences and critical areas

#### Companion Units

This unit is designed to stand alone.

MG2005.2 CAPITAL BUDGETING - TECHNIQUES AND ANALYSIS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Use capital budgeting techniques.
- o Analyze an organization's capital needs and project the impact of capital acquisition alternatives.
- o Distinguish the various funding options, including their cost of capital.

**Description**

This unit details the elements and issues to be considered when preparing a capital budget and shows how to use various capital budgeting techniques. It includes an analysis of resource options and capital rationing alternatives, including tax considerations. It also considers the impact of the various options on current and long-term operations and provides an overview of funding alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals who have an understanding of general budgeting concepts and techniques.

**Major Topics**

- o Capital budgeting techniques:
  - Concepts and mechanics
  - Payback
  - Net present value
  - Internal rate of return
  - Others
- o Tax considerations
- o Analyzing capital needs based on long-range strategic plans:
  - Understanding current property, plant, and equipment lives and limitations
  - Recognizing needs and planning for maintenance, overhaul, and/or replacement of existing assets
  - Projecting new property, plant, and equipment needs

- o Projecting alternative capital needs:
  - Identifying resources for new property, plant, and equipment
  - Projecting the various options
  - Analyzing the impact of options on current and future operations and cash flows
  - Evaluating the impact of alternatives on internal and external financial performance
  
- o Capital projects priorities:
  - Budget constraints
  - Funding constraints
  - Ranking approaches
  - Other constraints
  
- o Overview of funding alternatives:
  - Internal and external financing considerations
  - Tax implications and incentives

#### **Companion Units**

This unit can be combined with the following units:

- o Fixed-Asset Management (MG2405.2)
- o Financial Analysis for Decision-Making (MG2902.2)
- o The Structuring and Analysis of Financing Alternatives (MG2903.3)



### Objectives

This unit is designed to enable participants to -

- o Explain the step-by-step process and responsibilities of various parties in preparing the budget.
- o Identify the budget as both a legal document and a management tool.
- o Distinguish among the various types and bases of budgets and budgetary financial reporting.

### Description

This unit introduces participants to budgets and the budgetary process in the federal government environment.

### Requisite Knowledge and Experience

This unit is for individuals with little or no experience in the federal budget process.

### Major Topics

- o Four phases of the budget process
- o Roles played by departments and agencies, OMB, the President, Congress, the Congressional Budget Office, and GAO
- o Types of budgets
- o Differences between budget terms such as apportionment, allotment, obligation, and outlay
- o Sequence leading to budget execution

### Companion Units

This unit is designed to stand alone or to be combined with other level I units in the National Curriculum for members in government.

**MG2102.1 THE BUDGETING PROCESS AND TYPES OF BUDGETS FOR STATE AND LOCAL  
GG GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Explain the step-by-step process and responsibilities of various parties in preparing the budget.
- o Identify the budget as both a legal document and a management tool.
- o Distinguish among the various types and bases of budgets and budgetary financial reporting.

**Description**

This unit introduces participants to budgets and the budgetary process in the state and local government environment.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in governmental budgeting.

**Major Topics**

- o Governmental budgeting requirements (with emphasis on understanding the specific laws that apply to a jurisdiction):
  - Basis of generating property taxes
  - Public input solicited
  - Authority to spend - appropriations
  - Form prescribed
  - Revenue and expenditure limitations
  - Encumbrances
  - Debt limitations
- o Executive-managerial and legislative involvement in the budgeting process
- o Type and bases of budgets and budgetary reporting
  - Operating budget - governmental funds:
    - Basis differences - cash, encumbrances, accrual
    - Timing differences
    - Perspective differences
    - Entity differences
  - Operating budget proprietary funds - flexible
  - Capital budget

- o Budgets and human behavior - acceptance, turf, incentives to inefficiency, and politics.

#### Companion Units

This unit can be combined with other level I units in the National Curriculum for members in government.

**MG2103.2 PREPARING AND CONTROLLING THE OPERATING BUDGET FOR STATE AND LOCAL  
GG GOVERNMENTS - GOVERNMENTAL FUNDS**

**Objectives**

This unit is designed to enable participants to prepare and control a governmental fund operating budget.

**Description**

This unit explains how to prepare and control a governmental fund operating budget.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit and/or are familiar with the state and local government budgetary environment.

**Major Topics**

- o Legal requirements, chart of accounts, and form of final document
- o Importance of citizen input
- o Methods for preparing budgets: zero-based, retrenched, major program changes, incremental, line item, and program
- o Forms used to gather data
- o Effects of debt service requirements
- o Integrating the budget into the accounting system
  
- o Revenue analysis:
  - Understanding the revenue characteristics
  - Forecasting, including statistical techniques and software package overview
  - Alternative sources (enhancement)
  - User fees
  
- o Expenditure analysis and control:
  - Appropriations
  - Line item - function/character/object
  - Program, performance, level of service, and responsibility centers
  - Encumbrances
  - Relation to revenues
  - Allotments

- o Amending or supplementing the budget
- o Budgetary financial reporting - internal and external, Government Finance Officers Association Distinguished Budget Award Program
- o Variance analysis

#### Companion Units

This unit can be combined with the following units:

- o Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments (MG2104.2)
- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)
- o Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments (MG2310.3)

**MG2104.2    PREPARING AND CONTROLLING THE OPERATING BUDGET - PROPRIETARY FUNDS  
GG            FOR STATE AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Prepare and control a proprietary fund flexible operating budget.
- o Report on a proprietary fixed operating budget.
- o Analyze variances in the proprietary fund operating budget.

**Description**

This unit explains how to prepare and control a proprietary fund operating budget.

**Requisite Knowledge and Experience**

This unit is for individuals who need to understand or prepare and control a proprietary fund operating budget for state and local governmental units and have taken The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit.

**Major Topics**

- o The importance of citizen input
- o The importance of understanding the business being budgeted
- o Operating policy - self-sufficient, subsidized, return on investment
- o Pricing policy
- o Direct and indirect costs
- o Sales (or output) basis flexible budget - statistical methods for determining cost behavior:
  - High and low points method
  - Statistical scattergraph
  - Method of least squares - correlation analysis, regression analysis
- o Possible legal requirements
- o Debt alternative and bond indentures
- o Relationship to any governmental funds
- o Use of standard costing to build budget
- o Cost centers as a part of the budget
- o Reporting-budget vs. actual and variance analysis

### Companion Units

This unit can be combined with the following units:

- o Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds (MG2103.2)
- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)
- o Establishing Rates for Proprietary Services for State and Local Governments (MG2112.2)

**MG2105.2 PREPARING THE CAPITAL BUDGET FOR STATE AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to -

- o Prepare multiple-year capital budget.
- o Use the cost-analysis techniques of capital budgeting.

**Description**

This unit explains how to prepare a multiple-year capital budget and a cost analysis on individual capital expenditure alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of budgeting, planning, and cost-managerial accounting and a general understanding of the state and local government operating environment.

**Major Topics**

- o Importance of citizen input
- o Infrastructure needs analysis
- o Financing alternatives (including leasing vs. buying and privatization)
- o Time value of money
- o Evaluation techniques (consider risk and return):
  - Payback-period method
  - Average-annual-return-on-investment (or cost-savings) method
  - Present-value method
  - Discounted cash-flow method
- o Relationship of the capital budget to long-range plans and operating budgets
- o Evaluating costs of repair and maintenance vs. replacement
- o Evaluating doing work in house or contracting out
- o Revolving equipment replacement program
- o Using the program evaluation and review technique (PERT) and the PERT/cost [critical path method (CPM)]
- o Formats for presenting capital budgets and capital analyses



### **Companion Units**

This unit can be combined with the following units:

- o Lease Accounting and Financial Reporting for State and Local Governments (AA1604.2)
- o Fixed Asset Accounting and Financial Reporting by State and Local Governments (AA1605.2)
- o Capital Projects Accounting and Financial Reporting for State and Local Governments (AA1614.2)
- o Long-Range Financial Planning for State and Local Governments (MG2106.2)
- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)
- o Long-Term Capital Improvements and Development Management for State and Local Governments (MG2307.3)

**MG2106.2 LONG-RANGE FINANCIAL PLANNING FOR STATE AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to -

- o Develop long-term financial plans or strategies to meet the goals and objectives of state and local governmental units.
- o Evaluate various financing alternatives for services and capital improvements.

**Description**

This unit explains how to participate in or coordinate a long-range financial plan for state and local governmental units.

**Requisite Knowledge and Experience**

This unit is for individuals who have an understanding of the budgeting process and have taken the following units, or have equivalent knowledge:

- o The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1)
- o Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds (MG2103.2)
- o Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments (MG2104.2)
- o Long-Term Capital Improvements and Development Management for State and Local Governments (MG2307.3)
- o Debt Policy and Management for State and Local Governments (MG2308.2)

**Major Topics**

- o Long-range financial planning and its relationship to strategic planning
- o Importance of citizen input
- o Establishing long-term goals and objectives (multi-year)
- o Describing an output (service) - quality and quantity
- o Integrating development plans and financing plans
- o Relation of the long-range plan to operating and capital budgets
- o Relation of the long-range plan to investment policy
- o Methods for financing services, equipment, capital improvements, and infrastructure:
  - Long term
  - Short term
  - Leases

- o Planning the time frame for infrastructure and utilities
- o Implementing, monitoring, and reporting on the plan
- o Long-range financial plan report documents
- o Updating the plan
- o Distinction of enterprise financial planning
- o Evaluation of economic and demographic factors
- o Research techniques
- o Modeling concepts
- o Available software
- o Obtaining public commitment to the plan

#### **Companion Units**

This unit can be combined with the following units:

- o Preparing the Capital Budget for State and Local Governments  
(MG2105.2)
- o Concepts and Tools for Costing Government Services for State and  
Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services  
(MG2109.2)

**MG2107.1 OMB CIRCULAR A-87 - COST PRINCIPLES APPLICABLE TO GRANTS AND  
GP CONTRACTS WITH STATE AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Understand and apply the cost principles outlined in OMB Circular A-87, especially with respect to the Single Audit Act requirements.
- o Understand the requirements for local and state-wide cost allocation plans, departmental indirect cost proposals, relationship between local/state plans and departmental proposals, and continuity of cost allocation.

**Description**

This unit explains how to -

- o Apply the cost principles outlined in OMB Circular A-87, the requirements for local and state-wide cost allocation plans, departmental indirect cost proposals.
- o Understand the relationship between local/state plans and departmental proposals and the continuity of cost allocation.

**Requisite Knowledge and Experience**

The unit is for individuals who have a general understanding of the governmental environment.

**Major Topics**

- o Types of costs that are eligible for inclusion in federal grants
- o Definitions of "servicing" department and "serviced" department
- o Types of bases over which indirect costs may be allocated
- o Preparation of a cost allocation plan

**Companion Units**

This unit may be combined with the Contract Auditing (AA2413.2) and Cost Accounting for Federal Government Contracts (MG2111.1) units.

MG2108.2    CONCEPTS AND TOOLS FOR COSTING GOVERNMENT SERVICES FOR STATE AND  
GG            LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify applicable governmental services.
- o Apply the quantitative and analytical tools of cost-managerial accounting to budgeting, planning, and economic decision-making for governmental services.

**Description**

This unit explains how to apply the quantitative and analytical tools of cost-managerial accounting to budgeting, planning, and economic decision-making tasks.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the governmental environment and cost-managerial accounting and have taken The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit.

**Major Topics**

- o Defining and quantifying services
- o Unit costs
- o Cost types - direct, indirect
- o Cost behavior - variable, fixed, semi-variable
- o Cost concepts - opportunity, avoidable, sunk, marginal, standard
- o Applications and examples - standard costs and variance analysis, direct, costing, quantitative models, cost/volume analysis, differential (marginal) cost analysis, cost of services, rate setting, inventory management and control, make or buy, contracting out, cost allocation, job (or work) order costing, capital budgeting analysis techniques, and ratio analysis
  
- o Cost vs. pricing

**Companion Units**

This unit can be combined with the following units:

- o Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds (MG2103.2)

- o Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments (MG2104.2)
- o Preparing the Capital Budget for State and Local Governments (MG2105.2)
- o Long-Range Financial Planning for State and Local Governments (MG2106.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)
- o Cost Analysis for Internal Service Funds for State and Local Government (MG2110.2)
- o Establishing Rates for Proprietary Services for State and Local Governments (MG2112.2)

MG2109.2    **CONTRACTING OUT FEDERAL, STATE, AND LOCAL GOVERNMENT SERVICES**  
GG

**Objectives**

This unit is designed to enable participants to use the concepts of contracting out government services in various situations to determine the most cost-efficient alternative in completing the project or task.

**Description**

This unit explains the process, steps, and policy considerations involved in contracting out government services.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the public sector environment and concepts of cost-managerial accounting, and who have taken The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit, or have equivalent knowledge.

**Major Topics**

- o The process of contracting out (to private enterprise and other governments):
  - Determining in-house costs and comparing them to outside costs (make or buy)
  - Defining service requirements
  - Preparing requests for proposals or bids
  - Soliciting proposals or bids
  - Evaluating proposals or bids
  - Negotiating and awarding the contract
  - Administering and evaluating the contract
- o Risks of contracting out
- o Service quality considerations
- o Government financing considerations and options
- o Evaluating present and future costs
- o Privatization - owner and operator sells service to government, elaborate tax incentives, and IRS requirements

### **Companion Units**

This unit can be combined with the following units:

- o Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds (MG2103.2)
- o Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments (MG2104.2)
- o Preparing the Capital Budget for State and Local Governments (MG2105.2)
- o Long-Range Financial Planning for State and Local Governments (MG2106.2)
- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Cost Analysis for Internal Service Funds for State and Local Governments (MG2110.2)
- o Establishing Rates for Proprietary Services for State and Local Governments (MG2112.2)
- o Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments (MG2317.2)



MG2110.2 COST ANALYSIS FOR INTERNAL SERVICE FUNDS FOR STATE AND LOCAL  
GG GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Develop and implement internal service funds.
- o Make productive use of internal service fund data.

**Description**

This unit explains how to develop and implement local government internal service funds and make productive use of the data they provide.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the state and local governmental operating environment and cost-managerial accounting, and who have taken The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit, or have equivalent knowledge.

**Major Topics**

- o Managerial reasons for internal service funds
- o Accounting and costing for internal service funds
- o Types of internal service funds:
  - Fleet management
  - Risk management
  - Data processing
  - Administrative services - word processing, supplies, and printing
- o Considerations for establishing an internal service fund:
  - Acceptance within the organization
  - How to budget
  - Working capital
  - Pricing services
- o Financial reporting guidelines

**Companion Units**

This unit can be combined with the following units:

- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)

**MG2111.1 COST ACCOUNTING FOR FEDERAL GOVERNMENT CONTRACTS**  
**GP**

**Objectives**

This unit is designed to enable participants to properly account for costs under a federal government contract.

**Description**

This unit explains how to properly account for costs under a federal government contract and how to determine allowable costs.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the governmental environment and have taken Grant Accounting and Financial Reporting for the Federal Government (AA1602.2).

**Major Topics**

- o Contract cost principles (Part 31 of the Federal Acquisition Regulations)
- o Uniform cost accounting standards
- o Prospective and retrospective pricing
- o Factors affecting the allowability of costs
- o Formulas used by contractors to establish a price
- o Direct and indirect costs
- o Methods of indirect cost allocation
- o Cost and price analysis
- o Cost-volume-profit analysis

**Companion Units**

This unit may be combined with the OMB Circular A-87 - Cost Principles Applicable to Grants and Contracts With State and Local Governments (MG2107.1) unit.

### Objectives

This unit is designed to enable participants to gather, prepare, and present data for a rate study, and to analyze and explain alternative rate structures.

### Description

This unit explains how to work on a rate study project, determine the critical rate-making policy decisions, and analyze rate-structure alternatives.

### Requisite Knowledge and Experience

This unit is for individuals who have a general understanding of state and local government environment, have had some exposure to proprietary funds, and have taken The Budgeting Process and Types of Budgets for State and Local Governments (MG2102.1) unit, or have equivalent knowledge.

### Major Topics

- o The types of proprietary services:
  - Water/waste
  - Electricity
  - Gas
  
- o Laws that may affect rates:
  - Federal regulations
  - State regulations
  - Local ordinances (franchise)
  
- o Importance of understanding how the business operates
- o Policy decision on self-sufficiency vs. subsidy
- o Gathering historical data
- o Making projections for the future
- o Alternative rate structures, advantages and disadvantages of each
- o Selling services outside the jurisdiction
- o Relationship of rates to debt service requirements, now and future

### Companion Units

This unit can be combined with the following units:

- o Preparing and Controlling the Operating Budget - Proprietary Funds for State and Local Governments (MG2104.2)
- o Concepts and Tools for Costing Government Services for State and Local Governments (MG2108.2)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)

**MG2201.1 OVERVIEW OF PLANNING**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Explain the steps in the planning process.
- o Summarize plan objectives and strategies.
- o Distinguish among the various types of planning.
- o Identify the methods and models used in planning.
- o Illustrate how plans are evaluated and revised.

**Description**

This unit provides an overview of the planning process. It includes the technical methods used in planning and the monitoring and evaluating of ongoing plans.

**Requisite Knowledge and Experience**

This unit is for individuals who want an introduction or overview of the planning process.

**Major Topics**

- o The importance and purpose of planning:
  - Stating the mission of the organization
- o Types of planning:
  - Strategic
  - Business
  - Operational
- o Strategic considerations:
  - General thrust of the organization
  - Assumption about the planning base
- o Developing goals and objectives:
  - Who is involved
  - Long-range vs. short-range goals
  - Qualitative and quantitative goals
  - Statements of strategy
- o Environmental factors:
  - Political, social, economic, regulatory
  - Sources of information
  - Contingency planning

- o Methods and models:
  - Modeling as an analytical tool
  - Computer applications
  - Types of modeling
  
- o Assessing resources:
  - Identifying strengths and weaknesses
  - Budgeting for needed resources
  - Human, cash, capital, material
  
- o Monitoring, evaluating, and control:
  - Methods of review
  - Information systems
  - Revising the plan

### Companion Units

This unit can be used as an introduction to other planning and budgeting units or it can be combined with other overview units to form a general management program.

MG2202.3 STRATEGIC PLANNING PROCESS  
II

**Objectives**

This unit is designed to enable participants to -

- o Summarize the process of strategic planning.
- o Formulate an approach for developing a strategic plan.
- o Measure the progress of the plan.

**Description**

This unit provides in-depth information on the strategic planning process to enable participants to -

- o Develop, present and monitor a strategic plan for their own or other organizations.
- o Develop a long-range mission statement to provide direction for business and operational planning.
- o Develop and monitor a strategic plan for their organization.

Participants develop a long-range mission statement, which provides direction for business and operational planning.

**Requisite Knowledge and Experience**

This unit is for individuals who have been assigned to a strategic planning group or are responsible for strategic planning in an organization.

**Major Topics**

- o Concepts and definition of strategic planning:
  - Importance and purpose
  - Time frame
  - Differentiating from other types of planning, for example business and operational planning
- o Steps in the strategic planning process:
  - Evaluate the environment:
    - External (political, social, economic, regulatory)
    - Internal (management styles, corporate culture)
    - Identifying the business of the organization
    - Developing a mission statement
    - Obtaining input from internal and external sources
  - Assess the resources:
    - Modeling, forecasting, and computer simulations
    - Scheduling acquisition of needed resources
    - Determining how to obtain needed resources



- Developing a plan and milestones for accomplishment
- Planning for contingencies
- Preparing and presenting the plan
- Establishing a method of implementation
  - Distributing information
  - Securing cooperation
  - Delegating responsibility

o Progress status reporting:

- Progress toward mission
- Reevaluating the environment and developing alternatives

**Companion Units**

This unit can be combined with the Analyzing and Deciding on Candidates for Mergers and Acquisitions (MG2702.3) unit.

MG2203.2 BUSINESS PLANNING PROCESS  
II

**Objectives**

This unit is designed to enable participants to -

- o Explain the process of business planning.
- o Develop and implement a business plan.

**Description**

This unit covers the steps in the business planning process. Given the goals of a strategic plan, participants will learn how to develop, implement, monitor, and revise a business plan within the constraints of available resources and other environmental influences.

**Requisite Knowledge and Experience**

This unit is for individuals with responsibilities in the business planning process.

**Major Topics**

- o Defining a business plan
- o Relation to the strategic plan:
  - Difference between strategic and business plan
  - Incorporating the business plan into the strategic plan
  - Time frames
- o Steps in the business plan
  - Developing assumptions
  - Goals and objectives:
    - Qualitative and quantitative
    - Receive input from those affected
  - Resources and environmental considerations:
    - Obtaining needed resources
    - Allocating resources
  - Evaluating other factors:
    - Marketing and product decisions
    - Business financing and capital structures
    - Human resources
    - Government and public relations
    - Production, distribution, and/or service delivery
  - Using models and computer simulations
  - Writing plans, including schedule and milestones

- Implementation:
  - Distributing completed plan
  - Reviewing and briefing with implementers
  - Delegating responsibility
- Monitoring and evaluating progress:
  - Feedback from scheduling and milestones
  - Revising plan as necessary in relation to strategic plan
  - Taking corrective action
  - Developing information for the next year's plan

#### Companion Units

This unit can be combined with other planning and budgeting units.

MG2204.2 OPERATIONAL PLANNING PROCESS  
II

**Objectives**

This unit is designed to enable participants to -

- o Explain the process of operational planning.
- o Develop and implement an operational plan.

**Description**

This unit explains how to implement an operational plan. Participants learn the ways the operating plan follows from and relates to the business and strategic plans and the steps required to develop a short-term detailed operational plan.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for managing an operation, unit, division, or department.

**Major Topics**

- o Defining an operational plan
- o The relationship to other organizational planning:
  - Strategic plans
  - Business plans
  - Other plans
- o Steps in operational planning:
  - Objective and purpose
  - Availability of resources
  - Human resources
  - Facilities and equipment
  - Budget constraints
- o Identifying elements/functions of the operational plan:
  - Listing tasks
  - Scheduling resources, for example, material, equipment, and human resources
  - Monitoring progress:
    - Revising plan as necessary
  - Reporting results

**Companion Units**

This unit can be combined with other planning and budgeting units.

MG2301.1 THE ELECTED OFFICIAL'S ROLE IN FINANCIAL PLANNING AND CONTROL FOR  
GG STATE AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Describe the role of elected officials in the financial planning and budgeting processes.
- o Explain the elected official's role in monitoring and controlling financial resources.
- o Identify the independent auditor's role and use services more effectively.
- o Illustrate and use the more important financial warning indicators that can suggest existing or developing problems.

**Description**

This unit provides an understanding of government finance and, thus, enable elected officials to be more effective in carrying out their responsibilities.

**Requisite Knowledge and Experience**

This unit is for elected officials, appointed finance board members, chief executives, and other nonfinancial officials who want to increase their understanding of the financial management function.

**Major Topics**

- o Planning and budgeting:
  - Operating budgets
  - Capital improvement programs
  - Scarce resources decision-making
- o Monitoring and controlling financial resources:
  - Budget status reporting
  - Interim financial reporting
  - Cash-flow projections
  - Annual financial reports
- o Using the auditor:
  - Using an audit committee
  - Selecting qualified auditors
  - Using auditors' services
  - Management letters

- o Financial warning signals:
  - Conducting financial management reviews
  - Using warning indicators
  - Evaluating and improving financial status

#### Companion Units

This unit is designed to stand alone.

MG2302.2 CASH MANAGEMENT FOR THE FEDERAL GOVERNMENT  
GG

**Objectives**

This unit is designed to enable participants to -

- o Identify the basic techniques of cash management and control necessary to minimize idle cash balances.
- o Design a system of internal controls.

**Description**

This unit provides participants with a theoretical and practical background in the basic techniques of cash management through internal controls, proper reporting and critical evaluation. It should enable them to help improve the cash portion of the Treasury and eliminate unnecessary borrowing costs.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in federal cash management.

**Major Topics**

- o Flow and control of budget authority
- o Cash management initiatives in the federal government
- o Administering the program
  - Management policies and goals
  - Operating procedure and internal controls
  - Audit procedures
  - Cash forecasting
- o Reporting and evaluation techniques

**Companion Units**

This unit is designed to stand alone.

**MG2303.2 CASH MANAGEMENT AND INVESTMENT POLICIES AND PROCEDURES FOR STATE AND  
GG LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Construct a set of policies and procedures for cash management and investments considering security, yield, and liquidity.
- o Identify the basic techniques of cash management and control necessary to maximize available cash for investment.
- o Explain the basic investment techniques and financial instruments available for public-sector investment management.
- o Illustrate how investment assets are adequately protected.
- o Design a system of internal controls.
- o Accurately report on and evaluate investments.

**Description**

This unit provides participants with a theoretical and practical background in the basic techniques of cash and investment management through internal controls, proper reporting, and critical evaluation. This should enable them to establish systems that facilitate control and provide an investment program emphasizing security, yield, and liquidity.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in public-sector finance.

**Major Topics**

- o Defining responsibilities for cash management and investment systems
- o Administering the program:
  - Management policies and goals
  - Operating procedures and internal controls
  - Audit procedures
- o Determining legal investment alternatives:
  - Authority to invest
  - Authorized depositories
  - Types of bank accounts
  - Types of investment obligations
- o Collateralization of investments and demand deposits
- o Reporting and evaluation techniques



### **Companion Units**

This unit can be combined with the following units:

- o Debt Policy and Management for State and Local Governments  
(MG2308.2)
- o Public Employee Retirement Systems for State and Local Governments  
(MG2316.1)

MG2304.1 REAL AND PERSONAL PROPERTY TAXES, ASSESSMENT (BILLING) COLLECTION,  
GG AND ENFORCEMENT FOR STATE AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to identify the basic steps of the real and personal property tax cycle and analyze its impact on government financial management.

**Description**

This unit familiarizes participants with the steps involved in the real and personal property tax process typically found in government, including the pertinent statutes, time tables, authority, and responsibilities.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no background in this area.

**Major Topics**

- o The assessment process:
  - Approaches
  - Preparation of assessment/tax roll
  - Exemptions
  - Appeals
  - Classification of property
- o The levying process:
  - Determining the levy rate
  - Relationship to budget
  - Estimating uncollectibles
- o The billing process:
  - Billing cycles
  - Escrow accounts
  - Computation
- o The collection process:
  - Internal vs. external collection
  - Full vs. partial payment
  - Internal control
  - Banking

- o The enforcement process:
  - Types
  - Penalties
  - Conveying property
  - Court cases

#### Companion Units

This unit is designed to stand alone.

MG2305.2 INVENTORY PLANNING AND CONTROL FOR STATE AND LOCAL GOVERNMENTS  
GG

**Objectives**

This unit is designed to enable participants to -

- o Design an inventory-control system.
- o Establish and use control records.
- o Formulate acquisition procedures.
- o Plan, count, and cost physical inventories.
- o Explain disclosure requirements for reporting inventories in financial statements.

**Description**

This unit enhances understanding of inventory operations, control, and reporting. Emphasis is on inventory internal control systems.

**Requisite Knowledge and Experience**

This unit is for those with a basic understanding of financial and cost accounting. Responsibility for inventory control or inventory accounting in a public sector is desirable.

**Major Topics**

- o Inventory system planning and design
- o Forecasting inventory demand
- o Integrating the system with fixed-asset accounting
- o Control measures:
  - Physical controls
  - Economic order quantity
  - Obsolescence and spoilage
- o Cost-flow assumptions
- o Disclosure of inventories in financial reports
- o Insurance considerations
- o Physical inventory planning and procedure

**Companion Units**

This unit is designed to stand alone.

MG2306.2 PROPERTY AND INFRASTRUCTURE MANAGEMENT FOR STATE AND LOCAL  
GG GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Prescribe standards to govern the identification, use, and disposition of real, personal, and infrastructure property.
- o Formulate property management procedures.
- o Identify adequate safeguards to prevent loss, damage, or theft.
- o Formulate adequate maintenance procedures.

**Description**

This unit trains participants in property and infrastructure management for a governmental unit.

**Requisite Knowledge and Experience**

This unit is for individuals with basic expertise in public-sector finance.

**Major Topics**

- o Procurement standards:
  - Negotiated vs. nonnegotiated
- o Property identification records:
  - Description
  - Cost
  - Location
  - Use
  - Insurance
- o Disposition procedures:
  - Alternative uses
  - Negotiated vs. nonnegotiated
  - Identifying highest potential return
- o Insurance:
  - Valuation
  - Preventive safeguards
- o Maintenance standards:
  - Scheduling procedures
  - In-house vs. buying service

### **Companion Units**

This unit can be combined with the following units:

- o Fixed Asset Accounting and Financial Reporting for State and Local Governments (AA1605.2)
- o Capital Projects Accounting and Financial Reporting for State and Local Governments (AA1614.2)

MG2307.3 LONG-TERM CAPITAL IMPROVEMENTS AND DEVELOPMENT MANAGEMENT FOR  
GG STATE AND LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Identify the relationship between capital improvements and development management.
- o Identify investment alternatives on the basis of the long-term strategic plan.
- o Use the capital allocation process as a means of achieving development objectives.
- o Prepare a long-term capital improvement and development management program.

**Description**

This unit explains to elected officials, planners, and budgeters how to make cost-effective decisions on new capital investments, how to foster development patterns that make efficient use of existing capital infrastructure, and how to achieve leverage from private development projects in return for limited public investment dollars.

**Requisite Knowledge and Experience**

This unit is for elected officials, executive officers, planning officials, citizens groups, and financial managers who have experience in governmental budgeting and financial management and are involved in implementing development programs.

**Major Topics**

- o Preparing annual policy statements specifically designed to guide the capital budgeting process
- o Fostering coordination between planning and budgeting departments
- o Combining capital and operating budgets in terms of overall programs to be accomplished
- o Establishing controls over major capital facilities that affect development
- o Making agreements with developers concerning provisions for capital facilities

**Companion Units**

This unit can be combined with the Preparing the Capital Budget for State and Local Governments (MG2105.2) unit.

MG2308.2 DEBT POLICY AND MANAGEMENT FOR STATE AND LOCAL GOVERNMENTS  
GG

**Objectives**

This unit is designed to enable participants to -

- o Describe the fundamental practices used in designing and marketing governmental securities.
- o Formulate guidelines for the appropriate and prudent use of debt.
- o Assess statutory and constitutional requirements placed upon the use of debt.
- o Explain acceptable disclosure practices as enforced in the financial markets.
- o Evaluate the questions of timing and issue design to maximize the efficiency of borrowing under various market conditions.
- o Develop, plan, and manage a debt sale.

**Description**

This unit reviews debt policy and management practices and procedures for formulating debt policy, including uses of debt, types of instruments, designing and sale of issues, debt limitations, debt capacity, and credit ratings.

**Requisite Knowledge and Experience**

This unit is for individuals who have some knowledge of government finances and are involved in any facet of debt management.

**Major Topics**

- o Formulating a debt policy
- o Uses of debt:
  - Cash flow
  - Capital projects
  - Financing economic development
  - Providing services, for example, mortgages
- o Measuring debt capacity and limitations
- o Types of borrowing and new borrowing vehicles:
  - General obligations
  - Revenue obligations
  - Industrial development bonds
  - Tax increment financing
  - Commercial paper



- o Debt issues design and sale procedures:
  - Planning a debt sale
  - Preparing an official statement
  - Public vs. private sales
  - Scheduling credit evaluation
  - Competitive vs. negotiated sale
  
- o Credit information and rating services:
  - Disclosure requirements
  - Legal and security law responsibilities

**Companion Units**

This unit can be combined with the following units:

- o Debt Accounting and Financial Reporting for State and Local Governments (AA1606.2)
- o Cash Management and Investment Policies and Procedures for State and Local Governments (MG2303.2)

MG2309.1  
GG

**UNIFORM ADMINISTRATIVE REQUIREMENTS FOR FEDERAL GRANTS IN AID:  
OMB CIRCULARS A-102 AND A-110**

**Objectives**

This unit is designed to enable participants to identify and apply the requirements the Office of Management and Budget (OMB) has issued that apply to the administration of federal grants made to state and local governments (A-102) and to colleges, hospitals, and nonprofit organizations (A-110).

**Description**

This unit covers the two circulars and their attachments, which represent the OMB's requirements for administering federal grants made to state and local governments and to colleges, hospitals, and nonprofit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for or are about to become involved in grant administration, that is, grant review, approval, or monitoring.

**Major Topics**

This unit covers the two circulars and their attachments, comparing any differences. Emphasis will be on the following major attachments:

- o Program income
- o Standard for grantee financial management systems
- o Monitoring and reporting program performance
- o Procurement standards
- o Audit requirements

**Companion Units**

This unit is designed to stand alone, but it may be combined with the Block, Categorical, and Revenue-Sharing Grant Management for State and Local Governments (MG2310.3) unit.

**MG2310.3**    **BLOCK, CATEGORICAL, AND REVENUE-SHARING GRANT MANAGEMENT FOR STATE  
GG**            **AND LOCAL GOVERNMENTS**

**Objectives**

This unit is designed to enable participants to -

- o Interpret the Single Audit Act of 1984.
- o Comply with new audit requirements under the act.
- o Identify changes to Office of Management and Budget circulars  
A-102 and A-110.
- o Interpret new compliance standards.
- o Contain costs and avoid audit disallowances.

**Description**

This unit explains the principles and procedures involved in grants management, and describes the federal laws, regulations, and accounting requirements involved with accepting federal assistance governing such management.

**Requisite Knowledge and Experience**

This unit is for fiscal managers, accountants, and auditors of state and local grant-in-aid agencies funded by federal and state governments.

**Major Topics**

- o The Single Audit Act of 1984
- o The status of federal programs
- o Special federal agency requirements
- o The basis and authority for administrative requirements
- o Unique grant administration requirements
- o Grant and contract control procedures
- o Model accounting systems for grant-in-aid agencies
- o Practice of accounting grantees
- o Typical audit disallowances of various grantees
- o Procedures for preparing for audits

**Companion Units**

This unit can be combined with the following units:

- o Grant Accounting and Financial Reporting for State and Local Governments (AA1601.2)
- o Preparing and Controlling the Operating Budget for State and Local Governments - Governmental Funds (MG2103.2)

### Objectives

This unit is designed to enable participants to -

- o Identify gambling-type programs available as an alternative revenue source for governments.
- o Account and report for the operations of these programs.
- o Implement and manage revenue programs.
- o Formulate or advise on the structure and procedures necessary for the initiation or expansion of a gambling operation within the government sector.

### Description

This unit covers the regulatory framework of government gambling operations, including types of gambling, the accounting and reporting requirements, revenue determination and distribution, and the use of various marketing techniques.

### Requisite Knowledge and Experience

This unit is for fiscal managers, accountants, and auditors of state and local governments, elected officials, or executive administrative personnel who are involved in implementing or improving such revenue programs and have experience in governmental budgeting and financial management.

### Major Topics

- o Conducting gambling in the government sector:
  - Restraints - statutes, regulations, policies, and rules
  - State commission approval processes
  - Industry standards
  - Pools, odds, and breakage
  - Revenue distribution and retainage
  - Computer interface
- o Accounting for and reporting gambling within the government sector:
  - Amortization of start-up costs - initial and expansion
  - Various revenue calculations and cost-allocation formulas
  - Revenue determination of unique operational structures, for example, Off-Track Betting
  - Reporting process - interim and annual

- o Marketing techniques within the constraints of a governmental unit to manage gambling operations:
  - Competitive bidding and conflicts of interest
  - Determination of number and location of retail outlets
  - Advertising and promotional features
  - Market surveys

**Companion Units**

This unit can be combined with the following units:

- o Auditing Revenues for State and Local Governments (AA2409.2)
- o Alternative Revenue Sources for State and Local Governments (MG2312.2)

**MG2312.2 ALTERNATIVE REVENUE SOURCES FOR STATE AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to -

- o Identify revenue sources other than real property taxes as a financing source.
- o Explain the effect of raising alternative revenue sources on tax and debt limits and other revenue sources.
- o Identify potential restrictions on the use of alternative revenue sources.
- o Summarize political, sociological, and economic effects on revenue sources.
- o Explain the implications of providing financing by imposing alternative revenue sources and assess the legal process of imposing and expending such resources.

**Description**

This unit covers alternative revenue sources, benefits, and pitfalls relating to various sources and the legal requirements governing the imposition and use of such revenues.

**Requisite Knowledge and Experience**

This unit is for individuals with a knowledge of budgeting and an understanding of the revenue structure of governmental units.

**Major Topics**

- o Political, economic, and social issues
- o Legal provisions
- o The imposition process
- o Restrictions on use of revenue services
- o Enforcement of uncollectibles
- o Effect of revenue sources on entitlements
- o Types of alternative revenue sources:
  - Income tax
  - Sales tax
  - User charges
  - Special assessments
  - Federal and state grants
  - In-lien agreements
  - Off-Track Betting

- o Establishment of authorities
- o Effect of revenue sources on bond ratings and debt issuances
- o Budgetary/cash-flow implications

**Companion Units**

This unit can be combined with the following units:

- o Auditing Revenues for State and Local Governments (AA2409.2)
- o Gambling and Lotteries Revenue Management for State and Local Governments (MG2311.2)

MG2313.2    FUNDAMENTALS OF PROCUREMENT AND CONTRACTUAL MANAGEMENT FOR STATE AND  
GG            LOCAL GOVERNMENTS

**Objectives**

This unit is designed to enable participants to -

- o Define the impact of government purchasing and contracting on the overall financial management of the governmental unit.
- o Illustrate methods of financing purchases and contracts.
- o Explain the competitive bidding and request for proposal processes.
- o Identify the methods for measuring contract performance.

**Description**

This unit covers revisions to Office of Management and Budget circulars and other laws and regulations applicable to awards of competitive grants and contracts to ensure protest-free awards and to promote effective grantee/contractor performance.

**Requisite Knowledge and Experience**

This unit is for managers, contract administrators, program planners and monitors, procurement specialists, and accountants who award and administer contracts for federal, state, and local agencies.

**Major Topics**

- o Sources of procurement law
- o Types of contracts and methods of procurement
- o Preparing and responding to requests for proposals, invitations for bids, and requests for quotations
- o Evaluating offers:
  - Responsive bids
  - Determining responsible bidders
- o Negotiating the contract
- o Contract and project management
- o Negotiating changes and modifications
- o Contract terms and conditions
- o Handling disputes and protests
- o Terminations and closeouts
- o Special contracts:
  - Leases vs. acquisitions
  - Small/minority business set-asides
  - Preferred-customer status



### **Companion Units**

This unit can be combined with the Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments (MG2317.2) unit.

## UNIQUE TAX REPORTING FOR STATE AND LOCAL GOVERNMENTS

### Objectives

This unit is designed to enable participants to -

- o Define the types of governmental units and not-for-profit organizations that involve tax reporting.
- o Describe the requirements for tax reporting by governmental units and not-for-profit organizations.

### Description

This unit covers the various types and requirements of unique tax reporting for governmental and not-for-profit organizations.

### Requisite Knowledge and Experience

This unit is for individuals with some background in federal and state taxation.

### Major Topics

- o Types of organizations and associated tax reporting:
  - State governments
  - Local governments (counties, villages, towns, cities)
  - Hospitals
  - Community colleges
  - School districts
  - Housing authorities
  - Not-for-profit organizations (governmental)
- o Significant areas involving tax reporting:
  - Payroll
  - Sales tax
  - Income tax
  - Non-profit tax returns
  - Unemployment insurance
  - Form 1099s
- o Special considerations:
  - Statutory and federal requirements unique to tax reporting in the public sector
  - Rules and regulations on the local policy-making level that may affect tax reporting

### Companion Units

This unit can be combined with the Payroll Taxes (Federal) (TX2502.1) unit.

MG2315.2 RISK MANAGEMENT AND INSURANCE FOR STATE AND LOCAL GOVERNMENTS  
GG

**Objectives**

This unit is designed to enable participants to -

- o Identify the kinds of risk, including accidents, thefts, fire, equipment, and liability.
- o Design and administer a risk-management program to meet a government's particular needs.
- o Evaluate risk-management and insurance-evaluation programs.
- o Communicate effectively with risk management and insurance.

**Description**

This unit covers the principles of risk management and the essentials of a risk-management program. It also outlines the process of identifying, controlling, and evaluating a risk-management program.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for risk management.

**Major Topics**

- o Identifying risk by types
- o Defining ingredients necessary to support the risk-management process:
  - Organization
  - Professional advice
  - Policy statement
  - Record keeping
- o Methods to manage, control, reduce, transfer, or eliminate risk
- o Approaches to insuring risks:
  - Self-insurance
  - Purchased insurance
- o Types of insurance coverage available:
  - Damage to property
  - Loss of property
  - Loss of income or increased costs

- Liability:
  - Auto
  - Equipment
  - General
  - Umbrella
- Workers' compensation

o Risk-evaluation procedures

#### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Identify the public employee retirement system.
- o Explain each functional area and how they interrelate.
- o Illustrate some of the optional and variable aspects of such a system.
- o Describe the managerial aspects of certain areas of the system.

### Description

This unit provides an overview of public employee retirement systems, including the size and scope of public pension plans, the administrative structure, their financial condition and fiscal impacts, benefit levels, investment policies, reporting and analyses, and state and local regulatory roles. It also covers current issues affecting state and local retirement systems and their financing.

### Requisite Knowledge and Experience

This unit is for individuals with limited or no knowledge of the structure of public employee retirement systems.

### Major Topics

- o Size and scope of public pension plans
- o Administrative structure of systems
  - Organizational structure
  - Personnel management
  - Analysis and control of administrative costs
  - Types of plans, such as contributory, noncontributory, defined benefit, and defined contribution
- o Information services:
  - Planned presentations and individual consultation
  - Newsletters
  - Annual reports
  - Management of the cost of such services
- o Financial condition and fiscal impact:
  - Assumptions to determine level of contributions
  - Actuarial conditions
  - Cash-flow considerations
  - Impact of changes in funding levels or benefit levels on past, present, and future service

- o Investment practices:
  - Employer/employee contributions
  - Cash management for available funds to pay benefits
  - Long-term investments for high yield and growth
  - Investment report
  - Practices to stimulate local developments
  
- o Retirement accounts:
  - Data control of each member's account for salary, contributions, loan refunds, and benefit payments
  - Statements to verify accuracy
  - Audit of retirement accounts
  
- o Member services:
  - Pre-retirement counseling, including estimate of benefits and tax planning
  
- o Benefit levels:
  - Monthly benefit payments
  - Tax services
  - Direct deposit
  - Death benefits
  - Disability benefits
  - Group-life benefits
  - Post-retirement supplements
  - Loans
  - Actuarial staff
  - Financial management of benefit payments
  
- o Reporting and analysis:
  - Disclosure and fiduciary responsibilities
  - Accounting and financial reporting practices
  - Analyzing factors, such as mortality, disability, investment rates of return, growth rates, new membership and salary levels
  
- o State and federal regulations:
  - Applicable statutory authority and regulation
  - Employee Retirement Income Security Act regulations and reporting requirements
  - Internal Revenue Service reporting requirements for plan and members

#### Companion Units

This unit can be combined with the following units:

- o Pension Accounting and Financial Reporting for State and Local Governments (AA1603.2)
- o Cash Management and Investment Policies and Procedures for State and Local Governments (MG2303.2)

### Objectives

This unit is designed to enable participants to -

- o Define the request for proposal (RFP) process and its impact on the financial management of the governmental unit.
- o Prepare an RFP for professional services.
- o Evaluate proposals received in response to such RFPs.

### Description

This unit covers the elements included in RFPs and those peculiar to requests for professional services. It will also include methods and standards used in evaluating RFPs.

### Requisite Knowledge and Experience

This unit is for individuals who are familiar with the government procurement process and have some experience with developing or working with the RFP process.

### Major Topics

- o Model RFPs and how RFPs differ from solicitations, competitive bidding, and open-market acquisition
- o The RFP process and the advantages and disadvantages of this approach for purchasing goods and services
- o Research to be done before writing an RFP
- o The basic elements of any RFP - dates, contract language, compensation, qualifications of proposer
- o The elements peculiar to an RFP for professional services, including licenses, quantity and quality of staff, previous experience, and applicable standards
- o The statutes, rules, regulations, policies, and procedures applicable to government procurement
- o The methods for evaluating proposals received, including price, adjustments to price, fulfillment of basic qualifications, accuracy, and completeness of proposal
- o Methods for rating proposals

### Companion Units

This unit can be combined with the following units -

- o Equipment Evaluation and Selection (MG1806.2)
- o Overview of Management Information Systems (MG1801.1)
- o Contracting Out Federal, State, and Local Government Services (MG2109.2)
- o Fundamentals of Procurement and Contractual Management for State and Local Governments (MG2313.2)
- o Banking Practices in State and Local Governments (MG2318.2)



**MG2318.2 BANKING PRACTICES IN STATE AND LOCAL GOVERNMENTS**  
**GG**

**Objectives**

This unit is designed to enable participants to -

- o Examine an entity's current banking practices.
- o Evaluate the benefits and costs of an entity's current banking practices.
- o Efficiently and effectively conduct an entity's banking activities.

**Description**

This unit evaluates current banking practices and assesses their ramifications for state and local governmental units.

**Requisite Knowledge and Experience**

This unit is for financial managers who are likely to make decisions about a governmental entity's banking relations.

**Major Topics**

- o Banking needs assessment:
  - Survey of bank accounts
  - Purposes of bank accounts
- o Cash requirements analysis:
  - Short term
  - Long term
- o Determining the banking services required:
  - Checking account(s)
  - Savings account(s)
  - Investments
  - Volume of transactions
  - Wire services
  - Lock box services
  - Safekeeping
  - Delivery services
- o Securing banking services:
  - Sole source
  - Request for proposals
  - Competitive bidding

- o Developing requests for proposals/bids
- o Examples of legal agreements between entities and banks
- o Cost of service payments:
  - Compensating balances
  - Payment for services

#### Companion Units

This unit can be combined with the Guide to Preparing and Evaluating a Request for Proposal for Professional Services for State and Local Governments (MG2317.2) unit.

**MG2401.2 CASH MANAGEMENT SYSTEMS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Describe the flow of money in the U.S. economy and the functions of commercial banks.
- o Select the appropriate specialized cash collection and disbursement techniques.
- o Budget cash receipts and disbursements in business situations.
- o Manage cash shortages and excesses in short-term conditions.
- o Explain the purposes and uses of good banking relations.

**Description**

This unit provides an understanding of short-term cash management, focusing on liquidity and profitability. The unit covers techniques and illustrations for handling cash receipts, cash disbursements, budgeting, and cash-shortage and cash-excess situations. The importance and role of good banking relations is also discussed.

**Requisite Knowledge and Experience**

This unit is for individuals who have been assigned to or will soon be involved in the cash management process.

**Major Topics**

- o The U.S. commercial banking system, money flow, and money creation
- o Managing collections and disbursements:
  - Understanding and using float
  - Lock box systems
  - Concentration banking
  - Using zero-balance accounts
  - Electronic funds transfer
  - Credit policies
  - Payment terms
- o Cash-management systems:
  - Bank (proprietary) systems
  - Turnkey systems
  - Special systems

- o Cash budgeting and forecasting:
  - Traditional methods
  - Increasing accuracy
  - Simulation models
  - Optimum cash balance
  
- o Investigating excess cash:
  - Description of various investment instruments
  - Risk-return analysis
  - Portfolio approach
  - Considerations other than investing
  
- o Financing cash shortages:
  - Types of financing instruments
  - Sources of funds and related costs
  
- o Understanding banking relations

**Companion Units**

This unit can be combined with other Asset Management in Industry units.

MG2402.2 CREDIT, COLLECTIONS, AND RECEIVABLES  
II

**Objectives**

This unit is designed to enable participants to -

- o Explain the relationships among credit, collections, and cash flow.
- o Prepare and use an accounts receivable aging schedule in determining the provision for uncollectible accounts and in collections follow-up.
- o Describe good credit policy characteristics.
- o Identify important characteristics of collections letters.
- o Know when to request legal help in collections.

**Description**

This unit provides a practical background in credit, collections, and receivables management and teaches participants how to apply the most appropriate methods to an individual organization.

**Requisite Knowledge and Experience**

This unit is for individuals who have been assigned to or will soon be involved in the credit and collection management process.

**Major Topics**

- o Flow of cash from sales to collections and receivables turnover
- o The components of good credit policy
- o Credit evaluation/approval guidelines and policies:
  - Consumer
  - Commercial
- o Establishing control over credit and receivables
- o Preparing aging of accounts receivable schedules
- o Determining the provision for doubtful accounts:
  - Methods
  - Underlying assumptions of each method
  - Recoveries and special situations

- o Collecting past-due accounts:
  - With letters
  - By telephone
  - Handling debtor objectives
  - Special collection problems
  - Legal help

#### **Companion Units**

This unit can be combined with other Asset Management in Industry units.

MG2403.2 INVENTORY PLANNING AND CONTROL  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain how inventory systems are designed.
- o Use effective inventory management controls.
- o Use the different inventory costing methods and recognize the advantages and disadvantages of each method.
- o Plan, count, and cost physical inventories.
- o Differentiate among disclosure alternatives for reporting inventories.
- o Provide adequate physical inventory storage security and risk coverage.

**Description**

This unit provides an understanding of inventory operations, costing, and reporting. Emphasis will be on the planning and control of inventory operations and the cost-flow assumptions used in managing inventories.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for inventory controls or for the reporting of inventories in an organization.

**Major Topics**

- o Inventory system planning and design
- o Forecasting inventory demand
- o Integrating the system with production
- o Control measures:
  - A-,B-,C- type systems
  - Material requirements planning systems
  - Physical controls
  - Economic order quantity
  - Obsolescence and spoilage
- o Perpetual and periodic systems
- o Cost-flow assumptions
- o Reporting of inventories
- o Inventory taxes
- o Insurance
- o Physical inventory planning and procedure
- o Utilizing standard costs

- o Safeguarding inventories:
  - Storage
  - Security measures
  - Risk management
  - Contingency planning

#### Companion Units

This unit can be combined with other Asset Management in Industry units and with the Inventories (AA1202.2) and Inventory Management (AS1202.2) units.



**MG2404.2 MANUFACTURING AND MATERIALS MANAGEMENT**

**II**

**Objectives**

This unit is designed to enable participants to -

- o Describe the variables that affect the manufacturing process.
- o Identify opportunities for improved inventory management.
- o Establish and implement procedures to control inventory levels that integrate with other operational activities.

**Description**

This unit explains how to effectively manage the inventory production cycle in order to minimize the cost of resources applied to the manufacturing process.

**Requisite Knowledge and Experience**

This unit is for individuals who have experience in accounting for inventories, understand the manufacturing process, and have completed the Inventory Planning and Control (MG2403.2) unit.

**Major Topics**

- o The variables affecting manufacturing operations:
  - Sales projections
  - Availability and price of raw materials
  - Availability of labor
  - Production capacity
  - Storage capacity
  - Shipping schedule
  - Changes in orders
- o The coordination of variables - sales, production, and shipment:
  - Cash management considerations
  - Financing considerations
- o Shop floor control
- o Manufacturing schedules
- o Shipping and delivery networking
- o Performance measurement
- o Quality control

**Companion Units**

This unit may be combined with selected Planning, Budgeting, and Management Information Systems in Industry units.

MG2405.2    **FIXED-ASSET MANAGEMENT**  
II

**Objectives**

This unit is designed to enable participants to -

- o Describe the fixed-asset planning process.
- o Account for fixed-asset purchases and retirements.
- o Select appropriate depreciation methods for accounting and tax purposes.
- o Explain fixed-asset security controls and maintenance issues.
- o Account for fixed assets under construction.
- o Determine the adequacy of risk coverages.

**Description**

This unit explains how to plan, organize, account for, and control an organization's fixed-asset activity. Specific techniques that address accounting and tax considerations are also emphasized.

**Requisite Knowledge and Experience**

This unit is for individuals with a basic understanding of fixed-asset accounting.

**Major Topics**

- o Fixed-asset planning:
  - Capital budgets
  - Long-range strategic plan
  - Negative-growth strategies
- o Fixed-asset accounting:
  - Asset cost capitalization
  - Investment tax credit
  - Income, and property tax implications
  - Valuation, including depreciation and amortization
  - Fully-depreciated assets
  - Sub-ledger support systems
- o Trade-ins, retirements, and sales
- o Repairs and maintenance
- o Replacement and betterments
- o Construction in progress

- o Computerizing fixed-asset records
- o Fixed-asset security, maintenance, and control
- o Risk management for fixed assets

#### **Companion Units**

This unit can be combined with the Capital Budgeting - Techniques and Analysis (MG2005.2) unit and with other Asset Management in Industry units.

MG2406.3 SHORT-TERM AND LONG-TERM INVESTMENT MANAGEMENT  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic techniques and financial investments for short- and long-term investments.
- o Identify investment alternatives consistent with the long-term strategic plan.
- o Use investment management theories and techniques for short- and long-term portfolio management.
- o Identify opportunities for acquisitions that meet the considerations of taxability, management style, product integration, and other factors.
- o Compare opportunities for divestiture and other dispositions.

**Description**

This unit explains how to design and manage an investment program consistent with company goals and strategic plans.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for their organization's investment decisions and management activity.

**Major Topics**

- o Short-term and long-term investment instruments and alternatives
- o Planning investments on the basis of a long-term strategic plan
- o Investment risk and return theory
- o The organization and mechanics of the securities market
- o Portfolio theory
- o Considerations in short-term investments:
  - Liquidity
  - Taxability
  - Risks
  - Measuring return
- o Considerations in long-term investments:
  - Risk evaluation
  - Return on investment
  - Tax considerations
  - Regulatory concerns
- o When to divest a holding

### **Companion Units**

This unit can be combined with the Mergers, Acquisitions, and Dissolution (MG1304.2) unit and with other Asset Management in Industry units.

**MG2501.2 RESEARCHING ACCOUNTING AND FINANCE PROBLEMS: DATA SELECTION AND ANALYSIS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify potential problem areas for accounting/finance related research.
- o Perform research in accordance with generally accepted methods.
- o Analyze data, using computer analysis, if appropriate.
- o Identify potential solutions to project area problems.
- o Prepare a summary and a recommendation report.

**Description**

This unit explains how to recognize potential accounting and finance problem areas, how to select appropriate research methods, how to perform related research analysis, and how to present the findings. Computer analysis and statistical analysis of data is also included.

**Requisite Knowledge and Experience**

This unit is for individuals who have accounting/finance business experience.

**Major Topics**

- o Identifying the need for accounting and finance research
- o Identifying the research project topic
- o Developing project design and methods with appropriate supervision
- o Identifying data and data sources
- o Collecting and organizing data
- o Analyzing data using computer programs and statistical analysis
- o Identifying solutions
- o Drafting the research report, including summary and recommendations

**Companion Units**

This unit can be combined with all other Research Methods and Analytical Techniques in Industry units.

**MG2502.2    MODELING AND SIMULATIONS FOR BUSINESS DECISION-MAKING**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify modeling techniques available to help them make business decisions.
- o Select and apply appropriate techniques for specific applications.
- o Integrate the results into the business decision-making process.

**Description**

This unit provides an understanding of the various models and simulations that can be used to help make business judgments. Techniques include computerized applications to facilitate the analysis of "what if" alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals with no experience in using models and simulations.

**Major Topics**

- o Types of models and simulations
- o Cash forecasting
- o Cost, volume, and profit analysis
- o Sales forecasting
- o Economic order quantity
- o Linear programming
- o Queuing theory
- o Discounted cash flows
- o Budgeting
- o Tax planning
- o Other accounting applications
- o Appropriate uses and limitations of the techniques
- o Electronic data processing applications
- o Interpreting and presenting results

**Companion Units**

This unit can be combined with other Research Methods and Analytical Techniques in Industry units. It can also be combined with the Budgeting - Understanding the Process, Tools, and Methods (MG2001.1) unit.

## MG2503.2 DATA GATHERING TECHNIQUES

### II

#### Objectives

This unit is designed to enable participants to -

- o Identify the various data gathering techniques.
- o Use appropriate techniques to satisfy different objectives.
- o Assess the advantages and limitations of each technique.
- o Appraise the behavioral implications of using the various techniques.

#### Description

This unit explains different data gathering techniques that can be used effectively to help evaluate information affecting business judgments.

#### Requisite Knowledge and Experience

This unit is for individuals who are responsible for data gathering and for those who want to use the results of the data collected.

#### Major Topics

- o The various data gathering techniques:
  - Surveys
  - Questionnaires
  - Statistical samples
- o Selecting appropriate techniques
- o Measuring the effectiveness of the various techniques
- o Social attitudes and behavioral patterns
- o Using sample techniques and evaluating the results

#### Companion Units

This unit can be combined with other Research Methods and Analytical Techniques in Industry units.



### Objectives

This unit is designed to enable participants to -

- o Define terms and concepts used in different decision aids.
- o Identify and use decision aids in different situations.
- o Conclude when other expertise is appropriate.

### Description

This unit provides selected tools to assist in decision-making. The emphasis is on selecting the appropriate aid and recognizing its applicability and limitations. Computer applications are used to demonstrate several techniques.

### Requisite Knowledge and Experience

This unit is for individuals with or about to assume decision-making responsibilities.

### Major Topics

- o Terms and concepts in using decision aids (artificial intelligence)
- o Applying decision theory
- o Techniques:
  - Flowcharting
  - Cost-volume-profit analysis
  - Cost/benefit analysis
  - The program evaluation and review techniques (PERT) and critical path method (CPM)
  - Statistical-based techniques:
    - Uncertainty and probability
    - Statistical sampling
    - Quantitative analysis
    - Regression analysis
- o Availability of electronic data processing applications
- o Recognizing the need for other assistance - sources

### Companion Units

This unit can be combined with other Research Methods and Analytical Techniques in Industry units.

### Objectives

This unit is designed to enable participants to -

- o Identify the various events, goods, services, terms, or conditions for which formal contracting is appropriate.
- o Explain the differences between and implications of informal and formal agreements.
- o Describe the general process of contracting.
- o Assess the legal, regulatory, insurance, bonding, and guarantee considerations of contracts, and identify the appropriate sources for each service.

### Description

This unit reviews the contracting process and the general issues of contract law.

### Requisite Knowledge and Experience

This unit is for individuals who do not have any background in contracting.

### Major Topics

- o The elements for which contracts are appropriate (events, goods, services, terms, or conditions requiring contracts)
- o The differences between and implications of informal and formal agreements
- o The contracting process:
  - Locating sources/resources
  - Requests for proposals
  - Evaluating alternatives
  - Establishing the agreement (parties to be involved, writing, defining scope and measurement standards, and monitoring responsibility)
  - Negotiating
  - Establishing delivery and payment criteria
- o Special considerations:
  - Legal
  - Regulatory and industry-specific
  - The impact on existing contracts and other aspects of the business

- Insurance, bonding, guarantees
- The contractor's perspective
- The contractee's perspective

o Sources for various services

#### Companion Units

This unit is designed to stand alone.

MG2602.2    **CONTRACTING - WRITING AND RESPONDING TO REQUESTS FOR PROPOSALS**  
II

**Objectives**

This unit is designed to enable participants to -

- o Identify specific contracting needs and write a definitive request for proposal (RFP).
- o Respond concisely to an RFP.

**Description**

This unit provides a foundation for entering into the negotiating process of contracting using RFPs and replies to them. Participants learn how to write effective RFPs and contractual agreements.

**Requisite Knowledge and Experience**

This unit is for individuals with a basic understanding of contracting who may have recently become responsible for issuing RFPs or responding to them.

**Major Topics**

- o RFPs:
  - Defining needs and documenting the issues to be addressed
  - Handling sensitive or classified data
  - Identifying minimum requirements
  - Setting timetables
  - Drafting techniques
  - Dissemination of the RFP (identifying resources)
- o Responding to an RFP:
  - Addressing all salient issues
  - Responding to sensitive/classified/unknown issues
  - Setting timetables
  - Drafting techniques
  - Establishing reasonable compensation

**Companion Units**

This unit can be combined with the Contract Management (MG2603.2) unit.

## MG2603.2 CONTRACT MANAGEMENT

### II

#### Objectives

This unit is designed to enable participants to -

- o Manage the delivery or performance of the contract.
- o Identify resources and use appropriate expertise in managing contracts.
- o Negotiate the initial contracts, modifications, and terminations.
- o Handle departures from contract terms and understand the options available to achieve compliance, modification, or exit from the contract.
- o Participate in the termination of a contract.

#### Description

This unit prepares participants to manage the contracting process and teaches them strategies for modifying or terminating the original contract.

#### Requisite Knowledge and Experience

This unit is for individuals familiar with the general concepts of contracting.

#### Major Topics

- o General administration of the terms of the contract:
  - Understanding the conditions and key elements
  - Designing performance reporting systems and guidelines
  - Recognizing departures from the contract
- o Negotiating contract terms:
  - Commonly debated issues
  - Establishing delivery schedules and measurement criteria
  - Identifying third-party expertise to be used for compliance testing and resolving discrepancies
  - Compensation issues
- o Dealing with departures from the contract:
  - Identifying problems and causes
  - When and how to resolve the issue
- o Initiating modifications and change orders to the original contract:
  - When modifications are appropriate and necessary
  - Renegotiating terms and compensation
  - Proper documentation

- o Terminating an existing unfulfilled contract:
  - For cause
  - For convenience
  - Establishing a breakaway point
  - Establishing final consideration
  
- o Closing out a fully executed contract:
  - Determining completion or full execution
  - Final payment
  - Exchange of documentation

**Companion Units**

This unit can be combined with the Contracting - Writing and Responding to Requests for Proposals (MG2602.2) unit.

**MG2604.1 INTRODUCTION TO GOVERNMENT CONTRACTS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify governmental areas that contract for services, construction, or products.
- o Determine effective approaches to contracting governments to provide services or products, or to build capital facilities.
- o Respond to requests for proposals.
- o Develop a reliable and fair contract.
- o Develop a cost-modeling and accounting system that is acceptable to government auditors.

**Description**

This unit provides members in industry with information about contracting to provide services or products, or to build capital facilities for governmental entities.

**Requisite Knowledge and Experience**

This unit is for members in industry who want to service government agencies through a contractual arrangement.

**Major Topics**

- o Methods to identify governmental units that contract for services:
  - Identifying central government advertising and processing units
  - Identifying unit budgets and their contents
- o Responding to government-stated needs
- o Responding to requests for proposals
- o Common legal aspects of contracting with governments
- o Audit guidelines set forth by government that apply to external contractors

**Companion Units**

This unit is designed to stand alone.

MG2605.2 MONITORING COST, SCHEDULE, AND PERFORMANCE OF GOVERNMENT CONTRACTS  
II

**Objectives**

This unit is designed to enable participants to -

- o Manage contracts entered into by the firm and government.
- o Design and implement an acceptable cost-control and accounting system.
- o Design and implement a scheduling system to monitor progress on contract completion.
- o Design and implement a quality-assurance program to ensure provisions of the contract are met.

**Description**

This unit provides members in industry with information about the expectations of government concerning contractor accounting, scheduling, and quality systems.

**Requisite Knowledge and Experience**

This unit is for members in industry who want to provide contracted services to government successfully and efficiently.

**Major Topics**

- o Accounting practices expected by government
- o Acceptable charges that will be reimbursed by government
- o Relevant Office of Management and Budget bulletins and AICPA audit guidelines
- o Various scheduling and monitoring approaches
- o Appropriate quality-assurance measures

**Companion Units**

This unit is designed to stand alone.



**MG2701.2 MERGERS, ACQUISITIONS, AND DIVESTITURES**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify issues and trends in mergers, acquisitions, and divestiture areas.
- o Explain the financing alternatives, tax ramifications, and legal and regulatory requirements in structuring the deal.
- o Appraise issues from the buyer's and the seller's perspectives.
- o Present a financial framework to evaluate proposed merger, acquisition, and divestiture candidates.
- o Identify the most common post-acquisition pitfalls and techniques available to lessen risk.

**Description**

This unit provides a framework of the issues and problems related to mergers, acquisitions, and divestitures. It also examines the processes from the perspectives of the buyer and the seller and details the steps in cash process.

**Requisite Knowledge and Experience**

This unit is for individuals in financial analysis positions under the direction of their organization's decision-making body. No experience in this field is required.

**Major Topics**

- o Types of organizational changes
- o Current trends:
  - Frequency and size of merger/acquisition/divestiture
  - Medium of payment
  - Foreign ownership, buyouts, and tender offers
- o Evaluating the candidate:
  - The businessman's review
  - Other rating services
  - Techniques for obtaining information
- o Tax ramifications:
  - Internal Revenue Service code provisions
  - Ordinary income vs. capital gain treatment
  - Goodwill and other intangible assets
  - Recapture rules

- o Legal/regulatory requirements:
  - Implications of common legal issues relating to the merger/acquisition/divestiture process
  - Key factors that regulators look for in acquisition situations
  
- o Accounting and Securities and Exchange Commission (SEC) requirements:
  - Accounting requirements/options for business combinations
  - Understanding SEC registration requirements relating to business combinations
  
- o Financing analysis:
  - Gathering necessary data from proposed candidate
  - Calculating the value/worth of a candidate
  - Preparing forecast to reflect tax implications
  - Preparing cash-flow analysis
  
- o Post-acquisition concerns:
  - Personnel
  - Capital allocations
  - Overlapping activities
  - Integrating vs. separate operations

#### Companion Units

This unit can be combined with the following units:

- o Tax Aspects in Business Planning (TX1411.3)
- o Reorganizations (TX1409.3)
- o Business Combinations (AA1212.2)

**MG2702.3 ANALYZING AND DECIDING ON CANDIDATES FOR MERGERS AND ACQUISITIONS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify potential candidates consistent with the company growth strategy.
- o Describe how a candidate is evaluated and the estimated market value determined.
- o Review financing alternatives.
- o Develop a method to differentiate among various proposals within prescribed constraints.
- o Develop and implement a successful acquisition program.
- o Negotiate and compromise with other parties in an acquisition.

**Description**

This unit explains how to identify favorable candidates for mergers or acquisitions, determine their values, and negotiate the deal effectively. Participants also develop methods to evaluate alternative candidates that pertain to the company's growth strategies.

**Requisite Knowledge and Experience**

This unit is for individuals who are in a management position, are involved with the company's strategic planning and decision-making process, and have completed the Mergers, Acquisitions, and Divestitures (MG2701.2) unit, or have equivalent experience.

**Major Topics**

- o Developing and implementing an acquisition program:
  - Identifying applicable industry and company criteria
  - Establishing an action plan based on resources and capabilities
- o Pricing the deal:
  - Generally accepted approaches to valuing companies
  - Tax implications
  - Legal implications
- o Evaluating and obtaining capital and financial alternatives:
  - An overview of the environment for obtaining capital
  - Alternate methods for funding a deal
  - The effects of funding on existing capital structure

- o Integrating the acquired company:
  - Management factors/concerns
  - Determining best "fit" into existing operations
  - Addressing the acquiree's needs (tax, capital, and so on)
  
- o Use of specialists:
  - Brokers
  - Lawyers
  - Accountants
  - Other
  
- o Evaluating contingencies/guarantees/labor contracts/benefit plans
- o Evaluating the proposed candidate's effects on financial performance indicators
- o The negotiation process

#### Companion Units

This unit can be combined with the following units:

- o Strategic Planning Process (MG2202.3)
- o The Structuring and Analysis of Financing Alternatives (MG2903.3)

MG2801.2 IMPORT/EXPORT PROCEDURES AND OPERATIONS

II

**Objectives**

This unit is designed to enable participants to -

- o Identify activities associated with import/export transactions.
- o Design systems and procedures for U.S. companies to manage an import/export business.
- o Explore other operational and financial concerns unique to the import/export business.

**Description**

This unit covers the mechanics of importing and exporting, the systems and administrative policies necessary to monitor import/export transactions, and other issues pertaining to these activities.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of business transactions and need good documentation and a basic knowledge of business law and international business.

**Major Topics**

- o Elements of import/export transactions:
  - Tariffs, duties, and taxes
  - Insurance, including product liability
  - Packaging and mailing
  - Fuel and costs
- o Systems and procedures for managing activities:
  - Tracking and traffic management
  - Freight forwarding
  - Administration and control
  - Credit and collections
- o Other operational and financial concerns:
  - Financing alternatives
  - Accounting and record keeping
  - Threat of expropriation
  - Cultural and labor force considerations

**Companion Units**

This unit can be combined with the Establishing Foreign Operations (MG2802.2) unit.

**MG2802.2 ESTABLISHING FOREIGN OPERATIONS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Gather and analyze information relating to the establishment of foreign operations.
- o Participate in or guide the decision process for establishing foreign operations.

**Description**

This unit details the factors to be considered when deciding whether to establish foreign operations, including the alternative business arrangements to direct investment.

**Requisite Knowledge and Experience**

This unit is for individuals who have prior experience in assessing business opportunities and are or will be involved in foreign operations. They should also have a basic knowledge of international business.

**Major Topics**

- o Sources of information:
  - Government publications
  - Industry and trade publications
  - Consultants and brokers
- o Factors to be considered:
  - Corporate goals and objectives
  - Methods of operation:
    - Direct investment
    - Licensing
    - Joint ventures
  - U.S. and foreign government restrictions and assistance
  - Market research
  - Financing arrangements
  - Tax considerations
  - Availability of resources - material, labor, facilities, and the like
  - Political stability
- o Evaluating various alternatives
- o Recommending a course of action

### Companion Units

This unit can be combined with the following units:

- o Import/Export Procedures and Operations (MG2801.2)
- o Managing and Controlling Foreign Operations (MG2803.2)

## MG2803.2 MANAGING AND CONTROLLING FOREIGN OPERATIONS

### II

#### Objectives

This unit is designed to enable participants to -

- o Identify opportunities for foreign expansion
- o Assess the financial and operational issues unique to foreign operations
- o Design and implement financial and operating systems to manage and control foreign activities

#### Description

This unit explores opportunities, concerns, and organizational issues associated with managing and controlling foreign operations. The development of financial and operating systems unique to foreign operations are also covered.

#### Requisite Knowledge and Experience

This unit is for individuals who have management experience and are or will be involved in foreign operations. Participants should have completed the Import/Export Procedures and Operations (MG2801.2) unit.

#### Major Topics

- o Possible areas for expanding business:
  - Corporate goals
  - Market compatibility
- o Unique concerns of foreign operations:
  - Cultural differences
  - Government restrictions
  - Labor force capability
  - Political stability
  - Availability of resources
- o Developing financial and operating systems:
  - Financial systems
  - Communications network
  - Tax considerations



- Tariffs, customs, and duties
- Managing foreign currency movements
- Financing alternatives
- Management reporting

**Companion Units**

This unit can be combined with the Establishing Foreign Operations (MG2802.2) unit.

**MG2804.4 INTERNATIONAL BUSINESS - UPDATE**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Identify recent changes and developments in the international political and business environments.
- o Assess their potential effects and consider alternate strategies based on these changes.

**Description**

This unit covers recent changes in the international business and political environments that may affect foreign operations.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in foreign operations.

**Major Topics**

- o Current information about recent developments in the following:
  - Political ideology
  - International financing vehicles
  - Currency valuation
  - Tax structures
  - Demographics
  - Government
  - Control restrictions and regulations
- o Determining the impact of changes and strategy considerations:
  - Modify operations
  - Alter financial structure

**Companion Units**

This unit can be combined with other nontechnical update units to form a current development program.

**MG2901.2 PREPARING AND PRESENTING MANAGEMENT REPORTS**  
**II**

**Objectives**

This unit is designed to enable participants to -

- o Design the general format for a management report.
- o Determine the level of detail to be included in a management report.
- o Select a style consistent with the expectation of recipients.
- o Develop skills useful in oral and written presentations.

**Description**

This unit improves oral and written communication skills and preparation and presentation of management reports.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in preparing or presenting management reports.

**Major Topics**

- o Identifying your audience
- o Establishing the report's objectives
- o Types of reports
- o Determining the appropriate level of detail and support information
- o Developing relevant facts and supporting data:
  - Use of graphics and examples
- o Making recommendations and conclusions:
  - Citations and references
- o Distribution requirements
- o Oral presentation techniques

**Companion Units**

This unit can be combined with the Effective Writing (PD1001.2) unit.

**MG2902.2 FINANCIAL ANALYSIS FOR DECISION-MAKING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Summarize the need for financial analysis.
- o Apply the basic techniques for assessing financial strengths and weaknesses.
- o Prepare and present financial analysis results.

**Description**

This unit explains financial analysis techniques useful in the decision-making process and ways to present the results in the most effective manner.

**Requisite Knowledge and Experience**

This unit is for individuals who want to learn how to use financial analysis techniques to help them make business decisions.

**Major Topics**

- o Potential areas for financial analysis
- o Identifying sources of financial information:
  - Historical internal information
  - External industry comparative data
  - Capital budgeting data
  - Other
- o Financial analysis techniques:
  - Cash forecasting
  - Capital budgeting
  - Time value of money
  - Internal performance measurement
  - Margin analysis
  - Return on investment
  - Ratio and trend analysis
  - Common-size statements
- o Preparing financial analysis reports:
  - Use of various media
  - Use of graphics
- o Use of computer simulations and models

### **Companion Units**

This unit can be combined with the following units:

- o Using Microcomputers in Accounting (AA1701.2)
- o Capital Budgeting - Techniques and Analysis (MG2005.2)

**MG2903.3 THE STRUCTURING AND ANALYSIS OF FINANCING ALTERNATIVES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Explain the alternate sources of financing.
- o Select the most effective financing vehicle.
- o Develop a strategy for securing the most advantageous financing.

**Description**

This unit provides an understanding of the various financial vehicles available, the techniques to evaluate the best alternatives, and the strategies to secure the best financing arrangement.

**Requisite Knowledge and Experience**

This unit is for individuals who have an interest in or are responsible for identifying and analyzing financing alternative sources.

**Major Topics**

- o Financial sources available:
  - Private
  - Public
  - Governmental
- o Evaluating financing alternatives:
  - Rate - normal and effective
  - Payback period
  - Collateral
  - Covenants and restrictions
  - Internal/external performance measures
  - Tax considerations
- o Dealing with lenders:
  - Creditors' expectations and requirements
  - Use of specialists

**Companion Units**

This unit can combined with the following units:

- o Capital Budgeting - Techniques and Analysis (MG2005.2)
- o Analyzing and Deciding on Candidates for Mergers and Acquisitions (MG2702.3)

MG2904.2    **INSURANCE AND RISK MANAGEMENT**  
II

**Objectives**

This unit is designed to enable participants to -

- o Identify the potential areas of risks and exposures.
- o Describe the types of insurance coverages available.
- o Explain the kinds of internal programs covering the identified risks.
- o Develop statistical data that quantify the risks and exposures.
- o Design and manage a program to monitor risks and exposure.

**Description**

This unit explains how to evaluate and select the types of insurance coverage that address the organization's risk and exposures.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for identifying, assessing, and evaluating the risks and exposures of the organization and have little or no experience in these areas.

**Major Topics**

- o Areas of potential risks and exposure:
  - Activities
  - Assets
  - Products
- o Types of insurance:
  - Personal (workers' compensation, health, life)
  - Property (fire, casualty, liability)
  - Liability (product, personal injuries, Occupational Safety and Health Administration, Equal Employment Opportunity)
- o Risk and exposure strategy:
  - Self-insurance
  - Amounts, limits, deductibles, coinsurance
- o Techniques for collecting and analyzing data to quantify risks and exposures:
  - Claim reserves
  - Loss reserves
  - "Incurred but not reported"

- o Developing an effective risk-management program:
  - Periodic monitoring
  - Placement of insurance
  - Identifying self-insurance areas

**Companion Units**

This unit is designed to stand alone.



MG2905.2 PERSONAL FINANCIAL PLANNING  
II

**Objectives**

This unit is designed to enable participants to -

- o Describe the basic elements and benefits of a well-organized personal financial plan.
- o Comply with individual income tax provisions.
- o Identify and evaluate various tax savings and deferral techniques.
- o Plan for retirement, estate, and college needs.

**Description**

This unit is designed to teach executives how to develop a personal financial plan based upon current tax regulations and investment alternatives.

**Requisite Knowledge and Experience**

Financial planning experience is not required.

**Major Topics**

- o Financial planning considerations
- o Retirement provisions:
  - Individual retirement accounts
  - Keogh plans
  - Employer benefit plans
  - Social Security
  - Deferred compensation plans
- o Estate planning:
  - Trust
  - Life insurance
  - Gift tax
  - Inheritance tax
- o Disability plans:
  - Risk
  - Security
  - Liquidity
  - Volatility

- Tax implications:
  - Real estate
  - Joint ventures
  - Silent partnership

o Funding for educational needs

#### Companion Units

This unit can be combined with other related tax units in the personal tax category of the Taxation curriculum.

### Objectives

This unit is designed to enable participants to -

- o Select a computer to fit their needs.
- o Identify practical applications and uses for a personal computer and present them to software/hardware vendors.
- o Be literate in common computer terminology important to the selection process.
- o Locate resources of software/hardware and determine their reliability.
- o Determine the effectiveness of various hardware to meet the needs of specific applications and operate specific software.
- o Evaluate the alternatives.

### Description

This unit explores the variables involved in selecting a personal computer and covers some of the common mistakes made by first-time customers. It also: (1) provides a working understanding of critical terminology and software/hardware considerations; (2) assists the prospective customer with locating and evaluating software and hardware to perform the various functions desired; and (3) identifies limitations and additional applications that may influence the selection decision.

### Requisite Knowledge and Experience

This unit is for individuals who think the computer might prove helpful in their personal or business activities.

### Major Topics

- o Selecting a personal computer:
  - Identifying and defining needs or applications
  - Finding appropriate software to perform these functions
  - Locating hardware to run the software
- o Understanding personal computers:
  - Terminology and the importance of understanding certain terms
  - Importance of using the correct sequence of events to select a computer
  - Limitations and limitless uses
  - Common blunders and disappointments of personal computer buyers

- Inseparable nature of software and hardware
- Impact of various software applications on memory capacity and vice versa
- o Locating reliable vendors of software/hardware:
  - Over the counter vs. mail order
  - Local support and service contracts
- o Measuring the ability and effectiveness of various hardware to perform the desired functions:
  - Ease of use considerations
  - Adaptability and compatibility considerations
  - Growth or expansion considerations
  - Use with other peripheral equipment
- o Evaluating the alternative and making the final decision

#### Companion Units

This unit can be combined with various Management Information Systems and Research Methods and Analytical Techniques in Industry units.

### Objectives

This unit is designed to enable participants to -

- o Explain the economic indicators.
- o Assess the impact of federal reserve operations on the economy.
- o Appraise the impact of international activities upon national economic trends.
- o Relate these indicators and trends to specific business strategies.

### Description

This unit assesses underlying economic events and presents the approaches most commonly used to develop economic forecasts. It considers industry-specific, national, and international economic events and their potential impact on the total economy.

### Requisite Knowledge and Experience

This unit is for individuals who are responsible for business planning and need to understand the impact of microeconomic trends on their organizations.

### Major Topics

- o The impact of economic activities and trends upon a firm's business activities:
  - National policies toward international business activity
  - Economic events abroad (current and pending)
  - Federal reserve monetary and fiscal policy effects on national economic trends
  - Proposed legislation's potential impact on economic trends
  - Leading and lagging indicators
  - Other economic indicators
- o Approaches to analyzing economic trends:
  - Approaches used by international and national business analysts
  - Industry-specific approaches
  - Governmental approaches to economic issues

**Companion Units**

This unit can be combined with the following units:

- o The Impact of Politics and Legislation on Business Strategies  
(MG2908.2)
- o Ethics and Values in Business Decisions (PD1501.2)

MG2908.2 THE IMPACT OF POLITICS AND LEGISLATION ON BUSINESS STRATEGIES  
II

**Objectives**

This unit is designed to enable participants to -

- o Differentiate among the different philosophies of the major political platforms.
- o Evaluate the differences among local, state, and federal needs and interests.
- o Describe the legislative process and the ways an organization may affect legislative outcomes.
- o Relate these political issues and trends to specific business strategies.

**Description**

This unit provides insight into the major current and prospective political platforms and legislative trends and explains how these activities and influences might affect the future planning of business strategies. Participants also learn how to influence political or legislative actions.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for business planning and need to understand how politics and legislative actions affect their organization.

**Major Topics**

- o The positions of the major political platforms
- o Why federal, state, and local governments act differently:
  - Funding needs
  - Social and welfare needs
  - Economic development priorities
  - Regulatory restrictions
  - Other
- o The organization's role in formulating or changing legislation:
  - Identifying pro and con influences
  - Using special-interest groups
- o Assessing the impact of political and legislative activities on business decision-making:
  - Social responsibility
  - Economic outcomes
  - Proactive vs. reactive postures

### **Companion Units**

This unit can be combined with the following units:

- o The Impact of Economic Trends and Indicators on Business Strategies (MG2907.2)
- o Ethics and Values in Business Decisions (PD1501.2)



### Objectives

This unit is designed to enable participants to -

- o Describe the basic bankruptcy processes.
- o Identify the roles to be played by the debtor, creditor, court, trustee, and examiner.
- o Explain the specific concerns of a bankrupt entity.
- o Explain special concerns of being a party to a bankrupt entity.
- o Prepare various reports in response to court requests.
- o Evaluate alternatives available to the bankrupt party.

### Description

This unit gives participants an understanding of the Bankruptcy Acts and proceedings, the roles of various parties, the unique concerns of the bankrupt and other parties, and the technical requirements to respond to court requests. In addition they learn how to prepare all the requisite documents associated with a bankruptcy.

### Requisite Knowledge and Experience

This unit is for individuals who have a general interest in or an immediate need to be involved in the bankruptcy processes.

### Major Topics

- o The Bankruptcy Acts:
  - Voluntary
  - Involuntary
  - Others
- o Parties and their roles:
  - Debtor
  - Creditor
  - Trustee in court
  - Others
- o Concerns of a bankrupt entity:
  - When and how to declare self-bankruptcy
  - Dealing with an involuntary petition
  - Preparing reports requested by the trustee, the court, and others

- o Concerns of being a party to a bankruptcy:
  - Debtor - evaluation and collectibility
  - Creditor - timing and amount of settlement
  - Vendor - alternative sources of supply
  
- o Preparing the plan:
  - Reorganization
  - Liquidation
  - Petition to end bankruptcy

#### **Companion Units**

This unit can be combined with the Tax Aspects of Bankruptcy and Insolvency (TX2501.1) unit.

PD  
PERSONAL  
DEVELOPMENT

**PD****PERSONAL DEVELOPMENT**

<b>PD1000</b>	<b>COMMUNICATION SKILLS</b>	
PD1001.2	Effective Writing	AL
PD1002.2	Effective Professional Public Presentations	AL
PD1003.2	Effective Listening	AL
PD1004.2	Effective Professional Reading	AL
PD1005.2	Nonverbal Communication	AL
<b>PD1100</b>	<b>MANAGEMENT AND THE GROUP PROCESS</b>	
PD1101.2	Resolving Conflicts	AL
PD1102.2	Managing Styles	AL
PD1103.2	Building a Team or Group	AL
PD1104.2	Facilitating Meetings - Effective Meeting Management	AL
<b>PD1200</b>	<b>INTERPERSONAL MANAGEMENT SKILLS</b>	
PD1201.2	Effective Interviewing	AL
PD1202.2	Coaching and Motivating	AL
PD1203.2	Evaluating Performance	AL
PD1204.2	Effective Counseling	AL
PD1205.2	Delegating	AL
PD1206.2	Negotiating	AL
PD1207.2	Problem Solving and Decision Making	AL
PD1208.2	Selling Professional Services	AL
PD1209.2	Being Assertive	AL
<b>PD1300</b>	<b>OTHER PERSONAL DEVELOPMENT SKILLS</b>	
PD1301.2	Memory Skills	AL
PD1302.2	Time Management	AL
PD1303.2	Stress Management	AL
PD1304.2	Goal Setting	AL
PD1305.2	Positive Self-Image	AL
PD1306.2	Understanding Yourself and Your Impact on Others	AL
PD1307.2	Balance of Life	AL
PD1308.2	Increasing Creativity	AL
<b>PD1400</b>	<b>PUBLIC RELATIONS</b>	
PD1401.2	Public and Media Relations	PI
PD1402.2	Press Relations for Federal, State, and Local Governments	GG
PD1403.2	Federal, State, and Local Governments' Relations With the Public/Client Organizations	GG
PD1404.2	Interaction Among Government Levels	GG

PD1500

PROFESSIONAL ETHICS

PD1501.2

Ethics and Values in Business Decisions

II

PD1502.2

Professional Ethics for the Public Practitioner

PP

PD1503.2

Professional Ethics for Members in Government

GG

**PD1001.2 EFFECTIVE WRITING**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Organize and present written materials in a clear and effective manner.
- o Improve the readability and persuasiveness of business reports, correspondence, client proposals, and other client-related communications.

**Description**

This unit helps develop effective writing skills. Participants learn how to organize and present written material in a clear and persuasive manner. Pre- and post-unit exercises enable participants to evaluate their improvement in writing skills.

**Requisite Knowledge and Experience**

This unit is for individuals with no special writing experience.

**Major Topics**

- o Background:
  - Why people write the way they do
  - General problem areas for writers
  - Common problems in business writing
- o Getting organized:
  - Knowing the reader
  - Being clear about the message
  - Gathering facts
  - Using an overall written communications model
- o Effective business communications:
  - Motivating the reader
  - The importance of the introduction
  - Getting the message across
  - Format options
  - Grammar and syntax
  - Choices of endings
  - Drafting and editing

- o Improving your writing style:
  - Techniques for measuring clarity
  - Persuasive writing

#### **Companion Units**

This unit is designed to stand alone; however, it can be combined with the Effective Professional Public Presentations (PD1002.2) or the Effective Interviewing (PD1201.2) units, or used as part of the total Personal Development curriculum.

**PD1002.2 EFFECTIVE PROFESSIONAL PUBLIC PRESENTATIONS**  
**AL**

**Objectives**

This unit is designed to enable participants to prepare and deliver effective oral presentations.

**Description**

This unit provides an overview of the communication process, but its major focus is on oral communication. In addition to providing a brief review of the theory of communication, this unit includes skill-building class exercises. Each participant prepares a written outline with appropriate audio-visual aids. In addition, participants have the opportunity to make presentations before the group and critique themselves on videotape.

**Requisite Knowledge and Experience**

This unit is for individuals who have or will have speaking responsibilities for the firm. Prior public speaking experience is not required.

**Major Topics**

- o Sending messages
- o Receiving messages
- o Perceiving messages
- o Understanding messages
- o Barriers to communications
- o Analyzing the audience
- o Organizing material
- o Designing and using audio-visual aids effectively
- o Identifying and using nonverbal communication techniques effectively
- o Overcoming fear and building confidence
- o Evaluating personal strengths and weaknesses as a presenter
- o Conducting the question-and-answer period effectively
- o Preparing and using notes and outlines
- o Using humor
- o Rehearsing the presentation

**Companion Units**

This unit can stand alone, but would probably be more effective if taken after the Effective Writing (PD1001.2), Nonverbal Communication (PD1005.2) and Effective Interviewing (PD1201.2) units. It can also be combined with the Public and Media Relations (PD1401.2) unit.



PD1003.2    **EFFECTIVE LISTENING**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Understand the value and importance of effective listening.
- o Identify, practice, and develop the necessary skills for effective listening.

**Description**

This unit develops effective listening skills as a fundamental tool for enhancing personal and business communication. The importance of listening and the barriers that interfere with it are demonstrated. The unit provides participants with an opportunity to assess the listening process and understand and improve upon current abilities through skill-building exercises.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in listening techniques.

**Major Topics**

- o Listening as our major communicative function
- o What effective listening is
- o The importance of effective listening for greater professional and personal rewards
- o Habits and barriers that interfere with effective listening:
  - Changing attitudes for objectivity
  - Judging content and ideas - not delivery and style
  - Avoiding reaching conclusions with insufficient information
- o Developing habits that ensure effective listening:
  - Sensing - giving one's full attention to what is being said or communicated through body language, voice inflections, and so on
  - Interpreting - understanding the message and verifying your understanding with the speaker
  - Evaluating - weighing the message, examining the pros and cons
  - Responding - communicating what you think about the message or idea(s)

- Using a communication model as a framework to hear and respond
- Being aware of how background information affects the meaning of what is heard

o Practice exercises to increase listening skills

#### **Companion Units**

This unit can stand alone, but it can also be combined with the Effective Interviewing (PD1201.2) unit or integrated with the total Personal Development curriculum.

**PD1004.2 EFFECTIVE PROFESSIONAL READING**  
**AL**

**Objectives**

This unit is designed to enable participants to read technical and nontechnical material with greater speed and comprehension.

**Description**

This unit improves the reading speed and comprehension skills of participants. Pre- and post-unit exercises enable participants to evaluate their improvement in reading skills.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o Setting reading goals
- o Organizing priorities and materials
- o Identifying possible bad habits relating to the following:
  - Mental pronunciation
  - Vocalization
  - Word fixation
  - Rereading
  - Physical factors, such as lighting and posture
- o Building good habits:
  - Concentration
  - Pacing
  - Purpose
- o Developing effective reading tactics:
  - Titles and leaders
  - Anticipation
  - Rhythm
  - Punctuation clues
  - Increasing the perception span
- o Scanning
- o Developing special techniques for reading technical materials
- o Building your vocabulary

**Companion Units**

This unit is designed to stand alone, or it may be used as part of the total Personal Development curriculum.

### Objectives

This unit is designed to enable participants to read and use nonverbal communication techniques to their advantage in various professional settings, such as client meetings, interviews, staff counseling sessions, and practice development activities, and in partner relations.

### Description

This unit develops participants' awareness of other types of communications, besides those achieved through the use of the spoken and written word. Participants learn how to create the most favorable impression of themselves and to understand what other people are telling them nonverbally. Practice exercises and actual professional situations are integrated throughout the program.

### Requisite Knowledge and Experience

This unit is for individuals with no special experience in nonverbal communication.

### Major Topics

- o Nonverbal communication:
  - What you tell others nonverbally
  - What others are consciously or unconsciously telling you
- o The effect of your eyes on communication:
  - Their color and personality
  - How to make eye contact
  - Using eyes for expression
- o Importance of your body movements when communicating:
  - Gestures
  - Walking
  - Leaning and touching
- o The effect your clothing has on your message and those who receive it:
  - Dressing for success
  - Regional differences

- o What your office and your automobile say about you and your organization
- o How to translate nonverbal communication in your day-to-day business experience for use in the following:
  - Client meetings and interviews
  - Staff counseling sessions
  - Practice development activities
  - Partner relations

### **Companion Units**

This unit can stand alone, but would be most effective when used in conjunction with other communications units, such as the Effective Professional Public Presentations (PD1002.2) unit.

PD1101.2 RESOLVING CONFLICTS  
AL

**Objectives**

This unit is designed to enable participants to identify and establish necessary procedures and skills to resolve conflict between/among individuals and/or departments.

**Description**

This unit provides a framework for managing, controlling, and resolving conflict. Fundamental tools involved in listening, information processing, decision making, negotiating, human relations training, and creative/choice alternatives are covered, and participants practice strategies and techniques used in settling conflicts.

**Requisite Knowledge and Experience**

This unit is for individuals who have supervisory responsibilities.

**Major Topics**

- o Identifying the factors of conflict and the dynamics of conflict in the workplace
- o Illustrating the importance of conflicts and their effect on productivity
- o Demonstrating techniques and strategies for resolving conflicts:
  - Creative alternatives
  - Negotiation skills
  - Management by objectives
  - Participatory, management, and quality circles
  - Policy and procedures
  - Power, motivation, and competition
  - Work ethics, generational differences
  - Personality and managing styles
  - Listening and information processing
  - Reaching concensus
  - Follow-up measures

**Companion Units**

This unit may stand alone, or it may be used as part of the total Personal Development curriculum. It may also be combined with other units in the Management curriculum.

**PD1102.2    MANAGING STYLES**  
**AL**

**Objectives**

This unit is designed to enable participants to develop and apply significant techniques and strategies of various managing styles to enhance the firm's profits, personal growth, and self-image.

**Description**

This unit provides an overview of various managing styles and their contribution to the success of an accounting practice. The unit provides participants with an opportunity to assess the effects of management styles on staff, firm administration, and profitability, and provides techniques and strategies to improve upon existing practices.

**Requisite Knowledge and Experience**

This unit is designed for individuals who have supervisory responsibilities. The participant should have a basic understanding of management principles and processes.

**Major Topics**

- o Selected theories of motivation, behavior, and personality as they apply to management styles
- o Significant factors that should be considered in recognizing effective management styles:
  - Effective communications
  - Ability to delegate
  - Participatory management
  - Acceptance by peers and subordinates
  - Ability to handle risks, challenges, and opportunities
  - Resource allocation
  - Quality of work
  - Information processing
  - Admiration by the group
  - Client relations
  - Decision making
  - Priorities and goals
  - Conflict resolution and flexibility
  - Self-perception and introspection
  - Control and monitoring systems
  - Credibility

- o How to assess an individual managing style
- o How to harmonize successful managing styles with one's personality
- o The impact of various managing styles on people

#### **Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.



PD1103.2 BUILDING A TEAM OR GROUP  
AL

**Objectives**

This unit is designed to enable participants to -

- o Understand the role of team building in the management of an organization.
- o Relate the culture of the firm to individual attitudes and performances.
- o Gain insight into the effect of attitudes on productivity in the workplace.
- o Build an effective work team.

**Description**

This unit provides insight into the development of team building in organizations. The unit describes the processes involved in building a team and the impact of effective and ineffective team activities on the organization. Through the control of the unit, participants experience the process of becoming effective team members.

**Requisite Knowledge and Experience**

This unit is designed for individuals with no special experience in this area.

**Major Topics**

- o How to build effective teams
- o How to initiate change to accommodate team building
- o The impact of teams on organizations
- o The impact of organizational cultural values and management styles on team building
- o Tasks and process behavior
- o How to develop creativity, participation, excitement, and ownership/commitment among group members

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1104.2 FACILITATING MEETINGS - EFFECTIVE MEETING MANAGEMENT  
AL

**Objectives**

This unit is designed to enable participants to -

- o Plan, organize, conduct, and evaluate effective meetings.
- o Follow-up on meeting decisions.
- o Document the proceedings of meetings.

**Description**

This unit helps participants plan, organize, conduct, and evaluate effective meetings. It covers various types of meetings, such as informational, policy-making, and operational meetings. Environmental considerations and physical arrangements are also discussed.

**Requisite Knowledge and Experience**

This unit is for individuals who are responsible for planning, conducting, or following up on the results of meetings.

**Major Topics**

- o Determining and communicating the agenda
- o Choosing the best time to hold a meeting
- o Keeping the meeting on time and on track
- o Obtaining the participation of all attendees
- o Gaining a consensus
- o Developing a follow-up plan
- o Communicating results of meetings
- o Selecting the meeting location - physical and environmental considerations
- o Preparing facilities and supplies checklists
- o Selecting appropriate audio-visual aids

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1201.2 EFFECTIVE INTERVIEWING**  
**AL**

**Objectives**

This unit is designed to enable participants to plan interviews more effectively and conduct interviews that foster trust and cooperation.

**Description**

This unit provides practical assistance in interviewing. The major focus is on hands-on skill-building sessions, which provide participants with opportunities to practice interviewing skills in simulated professional situations, such as interviews for internal control questionnaires, employment, performance appraisal, practice development, and campus recruiting.

**Requisite Knowledge and Experience**

This unit is for individuals with interviewing responsibilities. Although prior interviewing experience would be helpful, it is not required.

**Major Topics**

- o Major types of interviews used in professional accounting
- o The interviewing process and the psychology of individual styles
- o Planning the interview:
  - Objective of the interview
  - Planning the questions
  - Profile of the person being interviewed
  - Matching the questions with the type of information required
  - Gathering information for responding to questions asked by the person being interviewed
- o Types of questions used in interviewing
- o Importance of controlling the physical environment of the interview
- o Legal issues relating to interviewing
- o Enhancing individual interviewing skills through practice exercises
- o Note-taking techniques to ensure proper documentation of the interview
- o Evaluating the interview
- o Follow-up procedures

### **Companion Units**

This unit can stand alone, but would probably be more effective if taken after the Effective Writing (PD1001.2), Effective Professional Public Presentations (PD1002.2), and Effective Listening (PD1003.2) units. It can also be combined with the Public and Media Relations (PD1401.2) unit.

**PD1202.2 COACHING AND MOTIVATING**

**AL**

**Objectives**

This unit is designed to enable participants to -

- o Understand the need for and the value of coaching and motivating personnel.
- o Determine the various reasons for increasing productivity.
- o Identify the procedures that motivate personnel and match training, evaluation, responsibility, career pathing, and compensation.

**Description**

This unit identifies the benefits of coaching and motivation to both the firm and the individual. It presents methods for motivating personnel and the various forces affecting productivity, and provides participants with various methods of identifying communication that affects positive and negative work attitudes. Participants learn successful formal and informal coaching techniques.

**Requisite Knowledge and Experience**

This unit is for individuals with responsibility for aiding the development of staff members.

**Major Topics**

- o Work attitudes
- o Theories of motivation
- o Factors that should be used as a basis for coaching and motivating personnel:
  - Evaluation
  - Performance
  - Utilization
  - Training
  - Career pathing
  - Compensation
  - Self-actualization
  - Firm needs
  - Responsibility
  - Experience
  - Work styles
  - Age differentials
  - Personality characteristics

- o Methods and techniques of coaching:
  - On-the-job coaching and feedback
  - On-the-job demonstration
  - On-the-job role models
  - Asking others for feedback
  - Role playing
  - Performance reviews
  - Monitoring

#### **Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1203.2    EVALUATING PERFORMANCE**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Evaluate a person's overall performance according to previously agreed-upon standards, keeping in mind all relevant circumstances that influence individual performance.
- o Establish guidelines for both the evaluator and the person being evaluated in order to formulate personal objectives.
- o Provide clear and specific feedback so that performance can be improved in accordance with established guidelines.
- o Provide a basis for salary and promotion decisions.

**Description**

This unit helps develop participants' skills in planning and conducting formal employee performance appraisals. Participants learn to understand the behavioral environment in which performance appraisals occur, and then engage in exercises in planning and conducting employee performance appraisal interview sessions.

**Requisite Knowledge and Experience**

This unit is for individuals who have supervisory duties and are responsible for evaluating the performance of subordinates.

**Major Topics**

- o The behavioral aspects of performance appraisal:
  - Importance of the evaluator's attitude
  - Need for listening to the evaluator's perception of the evaluation
  - Individuals' need to feel that their interests are being considered
  - Evaluator's need to feel that the appraisal is comprehensive, fair, objective, and open
- o Reasons why performance appraisal interviews may not be successful
- o Factors to consider when planning appraisal interviews:
  - Objectives
  - Data
  - Specific examples to illustrate performance or nonperformance
  - Attitude

- o Conducting the performance appraisal interview:
  - Using communications (verbal and nonverbal; speaking and listening)
  - Showing sincere concern
  - Being performance centered
  - Ensuring privacy and preventing interruptions
  - Offering constructive criticism and setting goals for improvement
  
- o Documenting the interview and the feedback session:
  - Its importance
  - Factors to be recorded
  - Maintaining files
  - Advantages and disadvantages of evaluator and evaluatee preparation
  - Format of forms
  
- o Following up performance appraisal interviews

#### **Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.



PD1204.2    **EFFECTIVE COUNSELING**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Explain the process of counseling (helping others solve their problems) and the role to be assumed by the counselor.
- o Identify the techniques of effective counseling and to practice their application.
- o Assess their counseling skills and establish plans to improve, if appropriate.

**Description**

This unit provides participants with a practical understanding of the counseling process and the ways it can be employed effectively in a professional accountant's work setting. A model demonstrating the proper techniques for applying counseling skills is presented, and participants are given ample time to practice their individual style of counseling and obtain personal feedback on their effectiveness. The unit also enables participants to set goals for improving their on-the-job counseling skills.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in counseling others for the organization, but who have little or no experience in counseling. No prior training in counseling is necessary; however, some previous counseling experience would be helpful.

**Major Topics**

- o The counseling process:
  - Objectives
  - Role of the counselor and the approach to be taken
  - Role and the responsibilities of the person being counseled
  - Emphasis on helping the other person
- o A model of interaction between two individuals:
  - Steps to follow
  - Behavioral skills involved
  - Problem-solving thrust
  - Setting goals and action plans

- o Counseling styles:
  - What they are
  - Purpose of each
  - Appropriate approach for professional accounting setting
  
- o Practical applications:
  - Practice sessions on applying counseling skills
  - Personal feedback on the effect of applying techniques
  - Additional practice sessions
  - Goals for improvement on the job

#### Companion Units

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1205.2 DELEGATING  
AL**

**Objectives**

This unit is designed to enable participants to -

- o Develop the proper climate for delegation.
- o Structure tasks.
- o Communicate assignments to capable performers and monitor their progress.
- o Evaluate the results of performers' actions.

**Description**

This unit provides participants with the skills needed to understand and practice effective delegation. The background information provided, which addresses the barriers to and benefits of delegation, helps participants determine what and when to delegate.

**Requisite Knowledge and Experience**

This unit is for individuals who have supervisory responsibilities.

**Major Topics**

- o Delegation: What is it?
  - Managing vs. doing
- o Barriers to effective delegation:
  - Time
  - Personal reward
  - Lack of training
- o Benefits of effective training:
  - Leaves one free to tackle higher priorities
  - Broadens potential accomplishments
  - Provides insurance against the unexpected
  - Is a powerful motivator/developer
- o Choosing what to delegate
- o Establishing a climate for delegation:
  - Open communications
  - Involvement/participation

- o Delegating effectively:
  - Defining performance expectations
  - Assessing the strengths and weaknesses of the delegator and the performer
  - Structuring the delegation - mutual definition of results, measurement, time, and authority
- o Monitoring the results of delegation
- o Recognizing the completed delegated task

#### Companion Units

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1206.2    **NEGOTIATING**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Understand the importance of negotiation in daily business.
- o Develop or improve their basic negotiating techniques.

**Description**

This unit helps participants develop negotiating techniques that are helpful in settling salary disputes, negotiating fees for services, and settling IRS tax audits and in other business dealings. The basic strategies, tactics, and variables of negotiations are covered, case studies are presented, and discussions on how to apply the information are conducted.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in negotiating and are interested in acquiring negotiating skills.

**Major Topics**

- o The meaning of negotiation
- o Basic stages of negotiation:
  - Establishing criteria:
    - Know what you want
    - Know your limitations
  - Establishing your goals
  - Explaining the rationales behind your goals
- o Crucial negotiating variables:
  - Power:
    - Awareness of your options
    - Testing your assumptions
    - Taking calculated risks based on solid information
    - Believing you have power
  - Timing:
    - Being patient - recognizing that most concessions and settlements occur at or beyond the deadline
    - Being late or early - confidence or hostility vs. anxiety or lack of consideration
  - Information:
    - Knowing the other party

o Strategy and tactics:

- Common ground and linkage
- Establishing an opening and a downside position
- Style and power
- With whom to negotiate
- Where and when to negotiate

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1207.2    PROBLEM SOLVING AND DECISION MAKING**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Identify the origin of problems.
- o Understand the structure and dynamics of the problem-solving process.
- o Develop and improve decision-making skills.
- o Understand the importance of communication in decision making.
- o Assess the potential impact of their decisions.

**Description**

This unit provides insight into the nature of problems in typical work situations and suggests alternative approaches to their resolution. It examines decision-making approaches, techniques, and implementations, and the effect of decision making on the organization.

**Requisite Knowledge and Experience**

This unit is for individuals who have supervisory responsibilities.

**Major Topics**

- o How to identify problems
- o How to state problems
- o How past decisions affect current decisions
- o Perceptual errors
- o Importance of culture and communication in the decision-making process
- o How to set and coordinate priorities - trade-offs
- o How to state alternatives - testing, selecting, making decisions
- o How to assess the impact of alternatives on the organization
- o Decision implementation and communication
- o Evaluations, control, and follow-up

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1208.2    **SELLING PROFESSIONAL SERVICES**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Use existing firm resources in an effective sales process.
- o Develop the selling team and supervise proposal preparation, oral presentation, and follow-up.

**Description**

This unit provides participants with the necessary tools to understand the selling process, identify the needs of potential clients, and respond to the opportunities identified. The steps in the basic sales process are covered, and emphasis is on building a relationship with a key individual in a potential client organization. The unit also covers proposals, oral presentations, and effective follow-up in the selling process.

**Requisite Knowledge and Experience**

This unit is for individuals who are interested in selling professional services and in expanding the practice. Participants should have completed the Effective Writing (PD1001.2) and the Effective Professional Public Presentations (PD1002.2) units, or have equivalent experience.

**Major Topics**

- o Steps in the sales process:
  - Developing leads
  - Identifying prospects
  - Developing trusting relationships
  - Identifying client needs
  - Selecting the proper strategy for closing the sale
- o Documenting sales effort
- o Organizing and developing the sales team
- o Making proposals and group presentations:
  - The response process
  - Selecting the team
  - Developing the proposal
  - Rehearsing the presentation
  - Oral presentations
  - Follow-up and debriefings



- o Sales aids:
  - Firm brochures
  - Service and product brochures
  - Packaged presentations
  
- o Industry specialization:
  - Trade association memberships
  - Meeting attendance
  - Presentations
  - Involvement in associations
  
- o Developing and managing the referral system to identify sources

### **Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1209.2 BEING ASSERTIVE  
AL

**Objectives**

This unit is designed to enable participants to -

- o Interact more effectively with clients and others.
- o Develop an assertive approach to replace nonassertive or aggressive behavior.
- o Handle responsibility more confidently and strengthen the leadership image.

**Description**

This unit identifies and demonstrates the differences among assertive, nonassertive, and aggressive behaviors, and provides guidance in appropriately modifying present behavior and response styles. In order to become more confident and assertive, participants are encouraged to evaluate themselves and the ways they respond to others.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o Defining assertive, nonassertive, and aggressive behavior and their basic elements
- o Benefits of assertive behavior
- o Basic assertion skills and techniques
- o Response styles:
  - Recognizing your response style
  - Establishing realistic goals for modifying a response style
- o Developing your assertive potential:
  - Interacting confidently with authority figures
  - Saying "no" and saying what you want
  - Getting and giving information verbally and nonverbally
  - Building relationships with clients and coworkers
  - Reducing actual and imagined fears and anxieties

o Applying assertive skills:

- Identifying nonassertive or abrasive aggressiveness and rehearsing assertive behavior
- Overcoming obstacles to positive behavior
- Realizing the importance of self-image and self-awareness
- Designing a self-improvement plan for more assertive behavior

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1301.2 MEMORY SKILLS**  
**AL**

**Objectives**

This unit is designed to enable participants to use basic memory-building skills and various memory techniques in the professional environment.

**Description**

This unit teaches participants basic memory principles and techniques. Participants learn to increase memory skills via various association techniques and understand the effects of stress on memory and the way to offset it. Pre- and post-unit testing is used to measure memory improvement.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in memory-building skills.

**Major Topics**

- o Basic memory-building skills:
  - Association
  - Repetition
  - Visualization
- o Stack-and-link techniques
- o Techniques for remembering facts, names, and numbers, including the alphabet system of number recall
- o Acronyms as a memory aid
- o Stress and its effects on memory

**Companion Units**

This unit is designed to stand alone, or it may be used as part of the total Personal Development curriculum.

**PD1302.2 TIME MANAGEMENT**  
**AL**

**Objectives**

This unit is designed to enable participants to -

- o Use time more efficiently to achieve greater productivity.
- o Assess the impact of time management on profits.
- o Reduce job-related anxiety through more efficient time utilization.
- o Use time management techniques to increase free time.

**Description**

This unit provides an overview of time management in a professional environment and teaches participants effective time management techniques.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in time management.

**Major Topics**

- o The positive effects of time management
- o Strategies for effective time utilization
- o The value of time
- o How to get organized
- o How to set priorities
- o How to avoid waiting time
- o The importance of delegation
- o How to schedule and keep meetings and appointments
- o Telephone time management
- o How to analyze time habits and patterns

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1303.2    **STRESS MANAGEMENT**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Identify sources and signs of stress.
- o Develop techniques for reducing or rechanneling causes of stress.
- o Learn various techniques for handling stress.

**Description**

This unit helps participants identify and understand the causes, the symptoms, and the effects of stress. Methods for managing stress are demonstrated and experienced by participants so that they can evaluate their effectiveness and applicability.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in stress management.

**Major Topics**

- o The nature of stress:
  - What it is - physiologically and psychologically
  - What causes it
  - Differences between personal and organizational stress
  - Stress overload - what it can do to you
- o The symptoms of stress:
  - People and personality types
  - Personality changes
  - Illness
- o Techniques for managing stress:
  - Evaluating the causes of unnecessary stress and making a conscious effort to eliminate them
  - Physical exercise and diet
  - Outside interests, including hobbies and reading
  - Communication as a coping device
  - Mental attitude
  - Relaxation techniques
  - Work habits
  - Lifestyle
- o Pitfalls to avoid - drugs, alcohol, and the like

- o Stress as a spur to productivity:
  - How necessary is it?
  - Can stress be reduced without decreasing productivity?
- o Sources of outside professional assistance:
  - Professional agencies
  - Private counselors
  - Books, articles, and other pertinent literature

#### **Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1304.2 GOAL SETTING  
AL

**Objectives**

This unit is designed to enable participants to -

- o Develop lists of possible personal goals, based on their own personal strengths and weaknesses.
- o Implement and measure progress toward reaching personal goals, all the while realizing the importance and value of personal discipline.

**Description**

This unit helps participants use self-assessment techniques, develop personal goals and implement action plans to achieve the goals selected. The unit includes standardized personality and interest inventories to assist participants in assessing their strengths and deficiencies. The unit is also designed to develop realistic and effective personal action plans. The use of specific instruments to measure individual goal-setting skills is recommended.

**Requisite Knowledge and Experience**

This unit is for individuals with some experience in the accounting profession.

**Major Topics**

- o Assess personal strengths and weaknesses
- o Analyze alternative personal goals
- o Select personal goals for implementation
- o Develop strategies to reach personal goals
- o Obtain resources and data to reach personal goals
- o Develop criteria for evaluating progress toward goals
- o Obtain the acceptance of goals from others
- o Anticipate and neutralize barriers to implementation
- o Write good "goal statements"

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.



PD1305.2 POSITIVE SELF-IMAGE  
AL

**Objectives**

This unit is designed to enable participants to -

- o Explain how attitudes and other factors affect performance.
- o Develop the need for and value of establishing and maintaining a positive self-image.
- o Identify the procedures necessary to develop a positive outlook and image.
- o Realize how a positive self-image is perceived by others.

**Description**

This unit teaches participants how to develop and maintain a belief in their own abilities. Participants learn that negative opinions about themselves and life limit their true potential. The unit provides participants with an opportunity to assess their current self-image and helps them modify their perception of themselves to ensure personal growth.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o How the processes of thought, habit, and experience condition future behavior
- o How these perceptions about oneself and others prevent the realization of one's full potential
- o Techniques to modify thought processes that help build a framework for growth and effectiveness
- o Establishing and maintaining an enhanced internal and external self-image
- o The nature of positive attitudes and their effect on professional and personal life
- o Criteria that affect the establishment of positive self-image:
  - Incentive
  - Motivation
  - Competition
  - Marketing, client relations
  - Team building
  - Work styles, personality

- Performance
- Career pathing
- Family relations
- Goal setting
- Risks, challenges, opportunities
- Potential

#### Companion Units

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1306.2 UNDERSTANDING YOURSELF AND YOUR IMPACT ON OTHERS  
AL

**Objectives**

This unit is designed to enable participants to -

- o Analyze their individual strengths and weaknesses.
- o Assess their impact on others.
- o Obtain feedback about a person's individual style of relating to others.
- o Experiment with modifying behavioral patterns to ensure more effective interactions.

**Description**

This unit helps participants become aware of the effect they have on others at work. Participants analyze their strengths and weaknesses, obtain feedback on their individual style(s) of interaction, and experiment with alternate ways of dealing with individuals and groups.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o Styles of dealing with others, such as being assertive or passive
- o Effect of style on interpersonal relations
- o How self-perception affects behavior
- o How to analyze individual strengths and weaknesses
- o How to obtain feedback on oneself:
  - Written assessment of an individual's style
  - Oral feedback from others
  - Nonverbal feedback
- o How to change one's style of interaction:
  - Establishing goals to achieve desired needs
  - Experimenting with changing behavior styles and nonverbal signals

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1307.2 BALANCE OF LIFE  
AL

**Objectives**

This unit is designed to enable participants to -

- o Describe the four major elements of life and the long-range dangers in an unbalanced lifestyle.
- o Develop action plans to balance their personal life decisions.

**Description**

This unit helps participants assess their current priorities in life. They compare their lifestyles with personality and interest inventories, and they have an opportunity to develop a personal action plan to achieve a well-balanced life.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o Four elements of life:
  - Work
  - Spirituality
  - Leisure
  - Family
- o How self-assessment instruments can be used to determine preferences among these elements
- o How to assess the effects of an unbalanced lifestyle
- o How to determine when one element of life is consuming too much time and energy
- o How to develop action plans to reallocate time and energy from one element to another

**Companion Units**

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

PD1308.2    **INCREASING CREATIVITY**  
AL

**Objectives**

This unit is designed to enable participants to -

- o Assess ways to free themselves of binding constraints and to understand that creativity can be acquired.
- o Enhance their creativity and use their newly acquired appreciation of creativity and their abilities to become more entrepreneurial and productive as professional accountants.

**Description**

This unit provides participants with background on the nature of creativity. The latest research on the subject, together with contemporary findings in the area of brain dominances that influence creativity, are covered along with methods of reversing the constraints that hamper creativity. Various instruments and exercises enable participants to examine their creative abilities and discover ways to expand them, which can lead to greater productivity in the work setting.

**Requisite Knowledge and Experience**

This unit is for individuals with no special experience in this area.

**Major Topics**

- o Creativity:
  - Definition
  - Examples
- o The characteristics of creative persons:
  - Differences from individuals who are not creative
  - Profiles of creative individuals
- o How to discover the causes of creativity blocks:
  - Failing to challenge assumptions
  - Failing to recognize patterns
  - Being unable to see things in various ways
  - Failing to make correlations between things

- o Overcoming creativity blocks
- o The impact of brain dominances on creativity:
  - Understanding the construction of the brain
  - Differences - the left side of the brain vs. the right side
  - Characteristics of whole-brained persons
  - Determining brain dominances
- o Enhancing creative potentials
- o Applying this newly acquired knowledge to the work setting

#### Companion Units

This unit can stand alone, or it may be used as part of the total Personal Development curriculum.

### Objectives

This unit is designed to enable participants to present a positive image of their organization through effective media relations.

### Description

This unit prepares participants for news media interviews and presentations, and covers investigative and informative journalism.

### Requisite Knowledge and Experience

This unit is for individuals who have spokesperson responsibilities for their firm or who may be approached by the news media for information on their firm.

### Major Topics

- o Company media relations policies
- o Types of media:
  - Print
  - Electronic
- o Understanding the news journalist's job:
  - Getting the story
  - Serving the public
  - Editing to get desired results
- o Media impact on public issues:
  - Waste in government contracts
  - Nuclear power
  - Environmental dangers
- o Influencing news media investigation:
  - Developing background information
  - The potential impact of your input
- o TV coverage:
  - How to prepare for the planned interview
  - Responding to a spontaneous interview

- o Simulated video events:
  - Personal coaching in "presence"
  - Responding to questions
- o The use of the media to present company information

#### **Companion Units**

This unit can be combined with the Effective Professional Public Presentations (PD1002.2) and the Effective Interviewing (PD1201.2) units.



PD1402.2 PRESS RELATIONS FOR FEDERAL, STATE, AND LOCAL GOVERNMENTS  
GG

**Objectives**

This unit is designed to enable participants to -

- o Deal with the press (printed and electronic media) in presenting information and answering inquiries about organizational events, activities, and functions.
- o Respond appropriately when confronted with situations requiring extemporaneous comments to the press.

**Description**

This unit teaches participants how to deal with the press by illustrating situations and the types of interactions that promote effective press relations.

**Requisite Knowledge and Experience**

This unit is for individuals who expect to come in contact with the press as part of their job.

**Major Topics**

- o The organization of a typical media group
- o Relevant laws:
  - Freedom of Information Act
  - Local open-records laws
- o The press relations goals, objectives, and techniques viewed as successful by the media

**Companion Units**

This unit is designed to stand alone.

PD1403.2 FEDERAL, STATE, AND LOCAL GOVERNMENTS' RELATIONS WITH THE  
GG PUBLIC/CLIENT ORGANIZATIONS

**Objectives**

This unit is designed to enable participants to -

- o Identify circumstances that require communications with the public or with special-interest client groups.
- o Identify special-interest groups and the members of the public with whom communications must be established.
- o Develop a strategy to communicate effectively with those groups.

**Description**

This unit teaches participants the value of initiating and maintaining good relationships with the public and special-interest groups. By presenting various models of dealing with organizations and individuals, it also teaches them how to develop strategies to sustain a positive relationship with individuals and groups.

**Requisite Knowledge and Experience**

This unit is for individuals who will be providing services to individuals and organizations and who will need to maintain positive, continuous, and effective relations with them.

**Major Topics**

- o Organizations requiring frequent contacts
- o Successful ways to establish positive relations with organizational clients
- o Developing effective methods of dealing with organizations

**Companion Units**

This unit is designed to stand alone.

PD1404.2    **INTERACTION AMONG GOVERNMENT LEVELS**  
GG

**Objectives**

This unit is designed to enable participants to -

- o Identify the various levels of government and the ways they communicate and interact with each other.
- o Explain the legislative processes of federal, state, and local governments.
- o Identify situations, circumstances, and organizational participants that require either inter- or intra-organizational negotiation, cooperation, or communication.
- o Develop (with others, if necessary) a strategy to attain organizational objectives while maintaining positive working relationships.
- o Be persuasive in presenting the organization's position on controversial issues.

**Description**

This unit teaches participants how the levels of government communicate with and influence each other. It also identifies the various approaches used to interact effectively with the various government levels.

**Requisite Knowledge and Experience**

This unit is for individuals with a general understanding of the operating environments of federal, state, and local governments.

**Major Topics**

- o The various types of local government organizations:
  - Typical organizations
  - Usual activities
  - Responsibilities
- o Special districts and authorities
- o The relationship of state government with local government
- o How the federal government interacts with state and local governments
- o The "New Federalism" and its effects on relations among federal, state, and local governments
- o How the legislative process works at the state and federal levels

- o How the various national public interest organizations (and their state-level affiliates) interact in the federal and state government legislative processes
- o Joint activities
- o Cooperative agreements

**Companion Units**

This unit is designed to stand alone.

PD1501.2    **ETHICS AND VALUES IN BUSINESS DECISIONS**  
II

**Objectives**

This unit is designed to enable participants to -

- o Explain ethics/values contexts in business and government.
- o Identify present ethical standards.
- o Compare international cultural values and ethical differences.

**Description**

This unit examines commonly held values and ethical behavior in business and government and makes participants aware of their impact on their personal business decisions. A participative program, this unit employs a case-study format.

**Requisite Knowledge and Experience**

This unit is for individuals who recognize the importance of values and ethics in business and want to integrate these factors into their decision making.

**Major Topics**

- o Existing ethical standards:
  - Professional
  - Business
  - Governmental
  - Religious
  - Cultural
- o Values and ethics in specific situations
- o Process or approaches leading to value/ethic ambiguities
- o International cultural differences and situations
- o Case study presentations

**Companion Units**

This unit can be combined with The Impact of Politics and Legislation on Business Strategies (MG2908.2) and The Impact of Economic Trends and Indicators on Business Strategies (MG2907.2) units.

**PROFESSIONAL ETHICS FOR THE PUBLIC PRACTITIONER**

**Objectives**

This unit is designed to enable participants to -

- o Apply the AICPA Code of Professional Ethics and Rules of Conduct and the independence rules of the Securities and Exchange Commission (SEC) to practical situations.
- o Build effective relationships with clients within appropriate ethical guidelines.
- o Establish a system for documenting compliance with professional ethics.

**Description**

This unit explains the AICPA's ethical concepts and the rules and interpretation of its code of ethics. Participants learn how to interpret the code and apply it to their practice. The SEC's rules on independence and methods of dealing effectively with clients are also covered.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no experience in the public accounting profession.

**Major Topics**

- o Need for and the importance of professional ethics
- o AICPA Code of Ethics:
  - Major parts: concepts, rules, interpretations, rulings
  - Return to state code of ethics
  - Disciplinary procedures and enforcement
- o Specific applications of the code:
  - Competence and relevant standards
  - Responsibilities to clients
  - Responsibilities to colleagues
  - Other responsibilities and practices
- o Independence:
  - Definition: AICPA and SEC
  - Rules, interpretations, and rulings
  - Examples of situations

- o Client relations:
  - Appropriate behavior guidelines
  - Areas that present constraints
  
- o Documenting ethical compliance:
  - Independence issues
  - Other ethical elements

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Explain the AICPA Code of Professional Ethics and its major parts.
- o Identify and apply code provisions and particular rules to practical government situations.
- o Describe the independence rules of the profession.
- o Explain the American Society of Public Administration (ASPA) Code of Ethics.
- o Relate the AICPA Code of Ethics to the ASPA Code of Ethics.
- o Build effective relationships within the government using appropriate ethical guidelines.

### Description

This unit teaches participants how to interpret the AICPA and ASPA ethical concepts, codes of ethics, and rules and interpretations and apply them in practice.

### Requisite Knowledge and Experience

This unit is for individuals with little or no experience in governmental accounting and auditing.

### Major Topics

- o The need for and importance of professional ethics
- o AICPA Code of Ethics:
  - Major parts: concepts, rules, interpretations, rulings
  - Relevant state codes of ethics
  - Disciplinary procedures and enforcement
- o Specific applications of the AICPA Code of Ethics
- o Independence
- o ASPA Code of Ethics:
  - Major components
  - Implementation guidelines
- o Building relations within the government
- o Documenting ethical compliance

### Companion Units

This unit is designed to stand alone.



SS

SPECIALIZED  
KNOWLEDGE &  
APPLICATIONS

**SS****SPECIALIZED KNOWLEDGE AND APPLICATIONS****SN****NOT-FOR-PROFIT ORGANIZATIONS****SN1000 ACCOUNTING AND AUDITING**

SN1001.1	Basic Concepts of Fund Accounting for Not-for-Profit Organizations	PI
SN1002.2	Fund Balances and Transfers - Not-for-Profit Organizations	PI
SN1003.2	Accounting for Revenues in Not-for-Profit Organizations	PI
SN1004.2	Cost Allocations for Not-for-Profit Organizations	PI
SN1005.2	Functional Accounting and Financial Reporting in Not-for-Profit Organizations	PI
SN1006.2	Grant and Contract Accounting and Reporting in Not-for-Profit Organizations	PI
SN1007.2	Indirect Costs for Grants and Contracts in Not-for-Profit Organizations	PI
SN1008.2	Investment Issues in Accounting for Not-for-Profit Organizations	PI
SN1009.2	Accounting for Gambling and Lotteries in Not-for-Profit Organizations	PI
SN1010.2	Accounting and Financial Reporting for Student Loan Programs in Colleges and Universities	PI
SN1011.2	Preparing and Presenting Management Reports in Not-for-Profit Organizations	PI
SN1012.2	Accounting and Financial Reporting for Colleges and Universities: Special Considerations	PI
SN1013.2	Accounting and Financial Reporting for Voluntary Health and Welfare Organizations: Special Considerations	PI
SN1014.2	Accounting and Financial Reporting for Not-for-Profit Organizations Other Than Colleges and Universities, Health-Care, and Voluntary Health and Welfare Organizations: Special Considerations	PI
SN1015.2	Studying, Designing, and Evaluating Internal Control in Not-for-Profit Organizations: Special Considerations	PI
SN1016.2	Substantive Testing Procedures in Not-for-Profit Organizations: Special Considerations	PI
SN1017.2	Auditing Not-for-Profit Organizations: Special Considerations	PI
SN1018.4	Accounting and Auditing Update for Not-for-Profit Organizations	PI

**SN1100 ADVISORY SERVICES**

SN1101.2	Management Advisory Services for Not-for-Profit Organizations: Special Considerations	PI
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SN1200	MANAGEMENT OR SPECIALIZED KNOWLEDGE AND APPLICATIONS	
SN1201.1	Introduction to Not-for-Profit Organizations	PI
SN1202.1	Responsibilities of the Board of Directors of a Not-for-Profit Organization	PI
SN1203.1	Fund Raising in Not-for-Profit Organizations	PI
SN1204.3	Staff Policies and Procedures for Not-for-Profit Organizations	II
SN1205.2	Volunteer Effectiveness in Not-for-Profit Organizations	II
SN1206.2	Volunteer Management Information Systems in Not-for-Profit Organizations	PI
SN1207.2	Budgeting for Not-for-Profit Organizations	PI
SN1208.2	Marketing for Not-for-Profit Organizations: Special Considerations	PI
SN1209.2	Insurance and Risk Management for Not-for-Profit Organizations	PI
SN1210.2	Selecting and Evaluating an Independent Auditor or a Special Consultant for a Not-for-Profit Organization	II
SN1211.3	Alternative Revenue Sources in Not-for-Profit Organizations	PI
SN1212.3	Mergers, Acquisitions, and Divestitures in Not-for- Profit Organizations: Special Considerations	PI
SN1213.2	Developing a Practice for Not-for-Profit Organizations	PP

SN1300 TAX

SN1301.2	Special Tax Consideration of Tax-Exempt Organizations	PI
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See also the following units:

- o Single Audit Concepts and Procedures - State and  
Local Governments (AA2405.3)
- o Strategic Planning Process (MG2202.3)

SN1001.1 BASIC CONCEPTS OF FUND ACCOUNTING FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain the basic principles and objectives of fund accounting.
- o Demonstrate the application of those principles and objectives to financial reporting by not-for-profit organizations.

**Description**

This unit covers the basic concepts and objectives of fund accounting and accounting literature.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Introduction to Not-for-Profit Organizations (SN1201.1) unit, or have equivalent knowledge, but who have limited or no knowledge of fund accounting in the not-for-profit sector.

**Major Topics**

- o Differences between not-for-profit and for-profit sectors:
  - Stewardship function - utilization of resources versus profit objective
  - Fund accounting versus standard accounting:
    - Objectives
    - Comparison
  - Applications of cash and accrual bases of accounting
- o Review of accounting literature, including concepts statement
- o Illustrations of reporting in not-for-profit sector

**Companion Units**

This unit is designed to stand alone.

SN1002.2 FUND BALANCES AND TRANSFERS - NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain the significance of the concepts of separate accountability and stewardship.
- o Identify the accounting for and reporting of various fund groupings in financial statements.
- o Account for transfer of assets among funds.

**Description**

This unit covers the concept of separate accountability for funds of not-for-profit organizations, the major fund groupings, and the accounting for asset transfers among funds.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent experience, but who have limited knowledge of fund accounting as used in the not-for-profit sector.

**Major Topics**

- o Concepts of accountability and stewardship as applied in fund accounting
- o Major fund groupings:
  - Current unrestricted fund
  - Current restricted fund
  - Endowment funds
  - Plant funds
  - Custodian funds
- o Other fund classifications:
  - Unrestricted and restricted
  - Expendable and nonexpendable
  - Designated and undesignated
- o Interfund transactions:
  - Temporary loans
  - Permanent transfers
  - Building and equipment transfers
- o Fund financial statements
- o Illustrations of reporting in the not-for-profit sector

### Companion Units

This unit can be combined with the following units:

- o Accounting for Revenues in Not-for-Profit Organizations (SN1003.2)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2)
- o Investment Issues in Accounting for Not-for-Profit Organizations (SN1008.2)

SN1003.2 ACCOUNTING FOR REVENUES IN NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the primary sources of revenues of not-for-profit organizations.
- o Determine whether, when, and how to record revenues of not-for-profit organizations.
- o Account for and report revenues of not-for-profit organizations.

**Description**

This unit covers the principal sources of revenues of not-for-profit organizations and the accounting for and reporting of those revenues. Revenue recognition principles are emphasized.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent experience, but who have limited knowledge of fund accounting as used in the not-for-profit sector.

**Major Topics**

- o Revenue sources:
  - Cash donations
  - Noncash donations
  - Grants
  - Endowments
  - Pledges
  - Restricted gifts
  - Cost reimbursement programs
  - Membership dues and fees
  - Revenues from goods and services, such as:
    - Subscriptions
    - Cost plus purchase of services
    - Manufactured products
    - Others
  - Gambling and lotteries
  - Unrelated business income
  - Investment income
  - Special events
- o Revenue-recognition principles
- o Accounting and reporting practices
- o Illustrations of reporting in the not-for-profit sector

### Companion Units

This unit can be combined with the following units:

- o Fund Balances and Transfers - Not-for-Profit Organizations (SN1002.2)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2)
- o Investment Issues in Accounting for Not-for-Profit Organizations (SN1008.2)



SN1004.2 COST ALLOCATIONS FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain the rationale behind the various bases of reporting costs of not-for-profit organizations.
- o Describe the methods used to allocate costs under varying assumptions.
- o Compare the approaches to allocating costs for reporting purposes among the various programs and services.

**Description**

This unit covers the underlying reasoning for various cost allocations used in not-for-profit organizations, including the methods followed to apportion various costs and the ways they influence the cost determinations of the entities' programs and services.

**Requisite Knowledge and Experience**

This unit is for individuals who are managers in not-for-profit organizations or public practitioners who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations. (SN1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Reasons for cost allocations:
  - Financial reporting [following generally accepted accounting principles (GAAP)]
  - Internal reporting
  - Funding-source reporting
  - Government and regulatory reporting
- o Criteria in selecting a basis for allocation, such as number of employees, units per square foot
- o Methods of cost allocation (for purposes other than GAAP):
  - Allowable costs
  - Fixed percent
  - Maximum percent
  - Cost reimbursement
  - Cost plus
  - Restrictions
- o Allocation of service costs to programs and services.

### Companion Units

This unit can be combined with the following units:

- o Fund Balances and Transfers - Not-for-Profit Organizations  
(SN1002.2)
- o Accounting for Revenues in Not-for-Profit Organizations  
(SN1003.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit  
Organizations (SN1005.2)
- o Indirect Costs for Grants and Contracts in Not-for-Profit  
Organizations (SN1007.2)
- o Investment Issues in Accounting for Not-for-Profit Organizations  
(SN1008.2)

SN1005.2    **FUNCTIONAL ACCOUNTING AND FINANCIAL REPORTING IN NOT-FOR-PROFIT  
PI            ORGANIZATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Describe the process of functional accounting used in not-for-profit organizations (following generally accepted accounting principles).
- o Establish a set of functional accounts to accommodate the needs of the organization.
- o Accomplish the necessary accounting procedures and provide useful functional accounting results that can be reported under generally accepted accounting principles.

**Description**

This unit provides the basis for establishing the set of records, accounting procedures, and reporting formats to fulfill the functional accounting purposes of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent knowledge, and are managers in not-for-profit organizations or practitioners serving clients in this industry.

**Major Topics**

- o Functional reporting of expenses:
  - Supporting services
  - Management and general fund-raising
  - Program services
- o Designing a chart of accounts to accommodate functional and fund accounting (including cost centers and geographic regions)
- o Cost distributions:
  - Direct costs
  - Measurements and distribution of joint costs
  - Selecting an allocation basis for indirect costs
  - Reasonableness of allocation bases
- o Generally accepted accounting principles:
  - Presentations and illustrations

### Companion Units

This unit can be combined with the following units:

- o Fund Balances and Transfers - Not-for-Profit Organizations  
(SN1002.2)
- o Accounting for Revenues in Not-for-Profit Organizations  
(SN1003.2)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Investment Issues in Accounting for Not-for-Profit Organizations  
(SN1008.2)

SN1006.2 GRANT AND CONTRACT ACCOUNTING AND REPORTING IN NOT-FOR-PROFIT  
PI ORGANIZATIONS

**Objectives**

This unit is designed to enable participants to -

- o Explain the major characteristics of the various types of grants and contracts.
- o Identify the regulations, requirements, and procedures applicable to grant and contract activity.
- o Perform grant and contract accounting and reporting in compliance with grant and contract provisions.
- o Calculate the indirect costs that should be applied to grants and contracts.
- o Negotiate with the responsible parties on the inclusion of indirect costs and the ways they are to be applied.

**Description**

This unit covers the fundamental provisions of grants and contracts and the procedures for accounting for and reporting on activities arising from these agreements.

**Requisite Knowledge and Experience**

This unit is for individuals who are about to become involved in grant and contract accounting, reporting, or auditing and who have completed the following units, or have equivalent knowledge:

- o Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2)

**Major Topics**

- o Definition and types of grants and contracts
- o Regulations, requirements, and procedures pertaining to grants and contracts:
  - Audit by CPA or grantor
  - Record-retention requirements
  - Compliance with terms of grants and contracts (financial and nonfinancial)
- o Reports submitted to grant and contract agencies:
  - Nonfinancial reporting
  - Revenue and expense recognition
  - Matching-cost requirements, including in-kind contributions
  - Illustrations

- o Indirect-cost calculations
- o Definition of indirect costs associated with grants and contracts
- o Regulations, requirements, and procedures pertaining to indirect costs
- o Worksheets showing the indirect-cost calculations
- o Indirect-cost negotiations:
  - Strategies employed
  - Process followed

#### Companion Units

This unit can be combined with the Indirect Costs for Grants and Contracts in Not-for-Profit Organizations (SN1007.2) unit.

SN1007.2    **INDIRECT COSTS FOR GRANTS AND CONTRACTS IN NOT-FOR-PROFIT  
PI            ORGANIZATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Calculate the indirect costs that should be applied to grants and contracts.
- o Negotiate with the responsible parties on the inclusion of indirect costs and the ways they are to be applied.

**Description**

This unit enables participants to prepare the indirect-cost calculations as they apply to grants and contracts and to determine how to negotiate the application of these costs with responsible parties.

**Requisite Knowledge and Experience**

This unit is for individuals who are about to become involved in not-for-profit sector grant and contract activity and who have completed the following units, or have equivalent knowledge:

- o Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2)

**Major Topics**

- o Definition of indirect costs associated with grants and contracts
- o Regulations, requirements, and procedures pertaining to indirect costs
- o Worksheets showing the indirect-cost calculations
- o Indirect-cost negotiations:
  - Strategies employed
  - Process followed

**Companion Units**

This unit can be combined with the Grant and Contract Accounting and Reporting in Not-for-Profit Organizations (SN1006.2) unit.

SN1008.2 INVESTMENT ISSUES IN ACCOUNTING FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Apply the accounting procedures for investments of not-for-profit organizations.
- o Report the investments and investment income in the financial statements.

**Description**

This unit covers the unique accounting and reporting procedures for investments of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent experience, but who have limited knowledge of fund accounting as it is used in the not-for-profit sector.

**Major Topics**

- o Types of investments:
  - Equity securities
  - Debt securities
  - Real estate
  - Other
- o Portfolio policies:
  - Developing investment policy guidelines, objectives, and goals
  - Consideration and application of socially responsible investment guidelines
- o Determining the carrying amounts of investments:
  - Cost
  - Market
- o Use of outside consultants to value assets:
  - Real estate appraisers
  - Engineering consulting firms for valuing mineral rights, oil and gas leases, and the like
  - Financial consultants for valuing venture capital investments, unlisted securities, closely held companies:
    - Use of outside market quotations
    - Use of equity method of accounting



- o Gains and losses on investments
- o Pooled investment funds
- o Transfers and allocations of investment income among funds
- o Overview of safeguarding investments, including internal accounting controls

#### Companion Units

This unit can be combined with the following units:

- o Short-Term and Long-Term Investment Management (MG2406.3)
- o Fund Balances and Transfers - Not-for-Profit Organizations (SN1002.2)
- o Accounting for Revenues in Not-for-Profit Organizations (SN1003.2)
- o Cost Allocations for Not-for-Profit Organizations (SN1004.2)
- o Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2)

SN1009.2 ACCOUNTING FOR GAMBLING AND LOTTERIES IN NOT-FOR-PROFIT  
PI ORGANIZATIONS

**Objectives**

This unit is designed to enable participants to -

- o Identify gambling type programs available in the not-for-profit sector as alternative revenue sources.
- o Account for and report on the operation of these programs.
- o Implement and manage revenue programs.
- o Formulate or advise on the structure and procedures necessary for the initiation or expansion of a gambling operation.

**Description**

This unit covers gambling operations in the not-for-profit sector, including the types of gambling, the accounting and reporting requirements, the regulatory framework, revenue determination and distribution, and use of various marketing techniques.

**Requisite Knowledge and Experience**

This unit is for individuals in the not-for-profit area who are involved in implementing or improving such revenue programs.

**Major Topics**

- o How gambling is conducted in the not-for-profit sector:
  - Restraints - statutes, regulations, policies, and rules
  - Regulatory approval processes
  - Industry standards
  - Pools, odds, and breakage
  - Revenue distribution and retention
  - Computers and lotteries in gambling operations
- o How gambling is accounted for and reported:
  - Amortization of start-up costs - initial and expansion
  - Various revenue calculations and cost allocation formulas
  - Determining revenue of unique operational structures
  - Reporting process - interim and annual
- o Managing gambling operations utilizing various marketing techniques:
  - Competitive bidding and conflicts of interest
  - Advertising and promotion
  - Market surveys
  - Frequency and location of events

**Companion Units**

This unit can be combined with the Alternative Revenue Sources in Not-for-Profit Organizations (SN1211.3) unit.

SN1010.2    ACCOUNTING AND FINANCIAL REPORTING FOR STUDENT LOAN PROGRAMS IN  
PI            COLLEGES AND UNIVERSITIES

**Objectives**

This unit is designed to enable participants to -

- o Explain the major characteristics of the various student loan programs.
- o Identify the federal and nonfederal regulations applicable to student loan programs.
- o Perform accounting and financial reporting in compliance with program provisions.

**Description**

This unit covers the laws and regulations pertaining to student loan programs and the accounting, auditing, and reporting requirements necessary to comply with the regulatory provisions.

**Requisite Knowledge and Experience**

This unit is for individuals who are about to become involved in student loan programs at a college or university and who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Federal student loan programs:
  - Definitions
  - Federal regulations
  - Accounting for loans and collections
  - Reporting requirements
  - Audit requirements
- o Nonfederal student loan programs:
  - Descriptions
  - Accounting and reporting requirements
  - Audit requirements
- o Reports to granting agencies
- o Dealing with defaults

**Companion Units**

This unit can be combined with the Accounting and Financial Reporting for Colleges and Universities: Special Considerations (SN1012.2) unit.

SN1011.2    PREPARING AND PRESENTING MANAGEMENT REPORTS IN NOT-FOR-PROFIT  
PI            ORGANIZATIONS

**Objectives**

This unit is designed to enable participants to design and present management reports in not-for-profit organizations.

**Description**

This unit explains how to determine the information needs of management and how to design and present relevant reports.

**Requisite Knowledge and Experience**

This unit is for individuals who advise and provide accounting services to not-for-profit organizations, but have limited experience in preparing management reports for these organizations.

**Major Topics**

- o Determining informational needs of nonfinancial managers
- o Reporting considerations:
  - Uses of balance sheet and statement of activity
  - Explanation of cash vs. accrual basis
  - Explanation of restricted resources
- o Accuracy of accruals vs. need for immediate information:
  - Extent of detail to be presented
  - Considerations of interim expense allocations among functions
  - Possible need for statistical (nonfinancial) reports
- o Budgeting factors:
  - Importance of budget comparisons
  - Budget revisions for change in level of activity
  - Monthly budgeted expense projections

**Companion Units**

This unit is designed to stand alone.

SN1012.2 ACCOUNTING AND FINANCIAL REPORTING FOR COLLEGES AND UNIVERSITIES:  
PI SPECIAL CONSIDERATIONS

**Objectives**

This unit is designed to enable participants to -

- o Apply the unique requirements of accounting and financial reporting for colleges and universities.
- o Comply with generally accepted accounting principles and the legal, regulatory, and donor constraints that affect the accounting and reporting functions for colleges and universities.

**Description**

This unit prepares participants to perform the financial management, accounting, and financial reporting functions of colleges and universities.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent knowledge, and who have auditing, accounting, reporting, or financial responsibility for an educational institution.

**Major Topics**

- o Sources of accounting literature [Financial Accounting Standards Board (FASB), American Institute of Certified Public Accountants (AICPA), National Association of Colleges and Universities Business Officers (NACUBO)]
- o Fund Accounting:
  - Current funds
  - Endowment funds
  - Annuity and life income funds
  - Loan funds
  - Plant funds
  - Restricted and unrestricted
    - Recognition of income and expenses
- o Legal, regulatory, and donor constraints
- o Overview of grant and contract accounting
- o Financial Reporting, including illustrations

**Companion Units**

This unit can be combined with all the units in the SN1000 category and with the Accounting and Financial Reporting for Student Loan Programs in Colleges and Universities (SN1010.2) unit.

SN1013.2 ACCOUNTING AND FINANCIAL REPORTING FOR VOLUNTARY HEALTH AND WELFARE  
PI ORGANIZATIONS: SPECIAL CONSIDERATIONS

**Objectives**

This unit is designed to enable participants to -

- o Apply the unique requirements of accounting and financial reporting for voluntary health and welfare organizations.
- o Comply with generally accepted accounting principles and the legal, regulatory, and donor constraints that affect the accounting and financial reporting functions for voluntary health and welfare organizations.

**Description**

This unit prepares participants to perform the accounting and financial reporting functions of voluntary health and welfare organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent knowledge, and have auditing, accounting, or financial reporting responsibility for a voluntary health and welfare organization.

**Major Topics**

- o Sources of accounting guidance
- o Fund accounting:
  - Current unrestricted funds
  - Current restricted funds
  - Plant funds
  - Endowment funds
  - Custodian funds
  - Loan and annuity funds
- o Legal, regulatory, and donor constraints
- o Overview of grant and contract accounting
- o Financial reporting
- o Overview of functional accounting in voluntary health and welfare organizations

**Companion Units**

This unit is designed to stand alone.

SN1014.2 ACCOUNTING AND FINANCIAL REPORTING FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI OTHER THAN COLLEGES AND UNIVERSITIES, HEALTH-CARE AND VOLUNTARY  
HEALTH AND WELFARE ORGANIZATIONS: SPECIAL CONSIDERATIONS

**Objectives**

This unit is designed to enable participants to -

- o Apply the unique requirements of accounting and financial reporting for not-for-profit organizations other than colleges and universities, health-care, and voluntary health and welfare organizations.
- o Comply with generally accepted accounting principles and the legal, regulatory, and donor constraints that affect those organizations.

**Description**

This unit prepares participants to perform the accounting and financial reporting functions of not-for-profit organizations other than colleges and universities, health-care, and voluntary health and welfare organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Basic Concepts of Fund Accounting for Not-for-Profit Organizations (SN1001.1) unit, or have equivalent knowledge, and who have auditing, accounting, and financial reporting responsibility for not-for-profit organizations other than colleges and universities, health-care and voluntary health and welfare organizations.

**Major Topics**

- o Sources of accounting guidance
- o Fund accounting:
  - Unrestricted funds
  - Current restricted funds
  - Accounting for plant assets
  - Annuity and life income funds
- o Legal, regulatory, and donor constraints
- o Overview of grant and contract accounting
- o Financial reporting

**Companion Units**

This unit is designed to stand alone.

SN1015.2    **STUDYING, DESIGNING, AND EVALUATING INTERNAL CONTROL IN NOT-FOR-PROFIT ORGANIZATIONS: SPECIAL CONSIDERATIONS**  
PI

**Objectives**

This unit is designed to enable participants to -

- o Recognize the unique control issues in not-for-profit organizations.
- o Design an internal control system for the organization.
- o Evaluate compliance with the systems.

**Description**

This unit provides a basis for understanding the unique aspects of internal control that occur within not-for-profit organizations and for designing an effective system of internal control. Evaluating compliance with the internal control system is also covered.

**Requisite Knowledge and Experience**

This unit is for financial managers of not-for-profit organizations and practitioners with a limited knowledge of internal control in not-for-profit organizations.

**Major Topics**

- o Overview of unique internal control issues
- o Designing an internal control system
- o Evaluating compliance with the system
- o Controls over revenue:
  - Mail receipts
  - Canvassing and street collections
  - Fund-raising events
  - Need for contributions subsidiary ledger
  - Recording in-kind contributions
  - Gambling and lotteries
- o Control over expenditures:
  - Charts of accounts to provide trail of functional expenses and application of restricted funds
  - Possible dual signatory checking accounts
  - Budgets as expenditure authorization



- o Volunteers and internal control:
  - Volunteer actions, such as:
    - Overriding the system
    - Circumventing the system
    - Forcing issues
  - Training volunteers regarding internal controls
  - Setting operational guidelines for volunteers

#### Companion Units

This unit can be combined with any unit in the AA1900 category, Study and Evaluation of Internal Control, of the Accounting and Auditing curriculum and with the following units:

- o Responsibilities of the Board of Directors of a Not-for-Profit Organization (SN1202.1)
- o Fund Raising in Not-for-Profit Organizations (SN1203.1)

SN1016.2    **SUBSTANTIVE TESTING PROCEDURES IN NOT-FOR-PROFIT ORGANIZATIONS:**  
PI            **SPECIAL CONSIDERATIONS**

**Objectives**

This unit is designed to enable participants to explain and apply substantive testing auditing procedures in examinations of not-for-profit organizations' financial statements.

**Description**

This unit covers the unique substantive testing auditing considerations for not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals involved in the audits of not-for-profit organizations and for financial managers of these organizations.

**Major Topics**

- o Relevant content from the AA2100 category, Substantive Audit Procedures, in the Accounting and Auditing curriculum
- o Unique substantive testing procedures required for special items arising in not-for-profit organizations, such as the following:
  - Pledges receivable (and allowance for uncollectible pledges)
  - Unreported contributions
  - In-kind contributions
  - Grant revenue and deferred grant revenue
  - Compliance with grant restrictions
  - Unrelated business income
  - Special fund-raising event revenue
  - Netting of special event expenses
  - Investment income (and propriety of fund in which reported)
  - Allocation of income from pooled investments
  - Allocations of expenses among functions
  - Fund transfers
  - Continued qualifications (under the Internal Revenue Code) as a nonprivate foundation

**Companion Units**

This unit can be combined with all units in the AA2100 category, Substantive Audit Procedures, of the Accounting and Auditing curriculum.

SN1017.2    AUDITING NOT-FOR-PROFIT ORGANIZATIONS: SPECIAL CONSIDERATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Distinguish the unique issues arising in auditing not-for-profit organizations.
- o Plan and conduct audit procedures accordingly.

**Description**

This unit covers issues that confront auditors when performing audits of financial statements of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for practitioners who have some knowledge of and experience in auditing, and who participate in or manage audits of not-for-profit organizations.

**Major Topics**

- o Definition of entity to be audited (auxiliaries, interrelated boards, parent organizations)
- o Satisfaction with recorded revenue:
  - Nonreciprocal nature of contributions
  - Valuation of in-kind contributions
  - Meeting of donor restrictions for recognition of restricted revenue
  - Confirmation of pledges receivable
- o Satisfaction with internal control:
  - Canvassing and fund-raising events
  - Mail receipts
  - Budgets as expenditure authorizations
  - Adequacy of chart of accounts to provide trail of functional expenses and applications of restricted funds
  - Adequacy of internal control training of and compliance by volunteers
- o Identification and disclosure of related-party (non-arm's-length) transactions
- o Testing expense allocations among functions and funds
- o Examining fund balance transfers and balances "designations" of fund balances
- o Reporting on supplemental information
- o Considering modification of opinion if there is a "going concern" doubt

- o Contingent liabilities for possible repayment of revenue (upon compliance audit by funding source)
- o Possible unrelated business income tax
- o Satisfaction with compliance with regulatory and donor-imposed requirements
- o Possible modification of the client representation letter
- o Materiality estimates
- o Analytical techniques (nonapplicability of many profit-oriented techniques)
- o Adequacy of disclosures:
  - Tax-exempt status
  - Income sources and restrictions/fund accounting
  - Functional accounting/expense allocations
  - Contingent liabilities for unemployment compensation
  - Allocating of joint costs of multipurpose informational activities

### **Companion Units**

This unit can be combined with selected units from the Auditing portion of the Accounting and Auditing curriculum as well as the Studying, Designing, and Evaluating Internal Control in Not-for-Profit Organizations: Special Considerations (SN1015.2) and Substantive Testing Procedures in Not-for-Profit Organizations: Special Considerations (SN1016.2) units.

SN1018.4 ACCOUNTING AND AUDITING UPDATE FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe applicable professional accounting and auditing authoritative pronouncements.
- o Illustrate new methodologies and technologies related to accounting and auditing in not-for-profit organizations.

**Description**

This unit is designed to update participants on all recently issued accounting and auditing pronouncements with special emphasis on those that apply specifically to not-for-profit organizations. Also, new technologies and methodologies related to the audit of not-for-profit organizations are covered.

**Requisite Knowledge and Experience**

This unit is for financial managers in not-for-profit organizations and public practitioners who serve these organizations.

**Major Topics**

- o Brief review of authoritative pronouncements (FASB Statements, Statements of Auditing Standards, and the like) that affect not-for-profit organizations
- o Update on all recently issued authoritative pronouncements (FASB Statements, Statements of Auditing Standards, and the like) with special emphasis on those that will affect not-for-profit organizations
- o Review of applicable legal and regulatory requirements
- o Review of new auditing techniques

**Companion Units**

This unit is designed to stand alone.

SN1101.2 MANAGEMENT ADVISORY SERVICES FOR NOT-FOR-PROFIT ORGANIZATIONS:  
PI SPECIAL CONSIDERATIONS

**Objectives**

This unit is designed to enable participants to -

- o Distinguish the unique issues arising in providing advisory services to not-for-profit organizations.
- o Plan and conduct the engagement accordingly.

**Description**

This unit covers all unique and special issues with which MAS consultants are confronted when performing engagements with not-for-profit organizations. The assumption is made that the participant is familiar with the "general case" on these matters and the unit deals with the uniqueness emanating from these specialized industry applications.

**Requisite Knowledge and Experience**

This unit is for practitioners who have knowledge of and experience in providing advisory services and who expect to participate in or manage engagements with not-for-profit organizations.

**Major Topics**

- o Engagement management:
  - Familiarity with not-for-profit environment
  - Dealing effectively with volunteer boards of directors
- o Advisory services concerning organizational matters:
  - Board functions and organization
  - Strategic planning in absence of profit motive
  - Effective decision making
    - Analytical process
    - Balancing objective factors, organization's purposes, and regulatory environment
- o Advisory services concerning financial systems:
  - Accounting system design (including chart of accounts considerations and internal reporting)
  - Internal control system design and compliance monitoring
  - Importance of budgeting as an internal control
  - Grantsmanship and related reporting (including cost allocations and nonallowable costs)

- o Advisory services in human resource development (volunteers)

#### **Companion Units**

This unit may be combined with any unit in the SN1200 category, Management or Specialized Knowledge and Applications, of the Not-for-Profit Organizations curriculum.

SN1201.1 INTRODUCTION TO NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe the societal and business environment in which not-for-profit organizations operate.
- o Explain the role of not-for-profit organizations in society.
- o Distinguish the types of not-for-profit organizations.
- o Identify the human and economic resources needed to provide the particular services.

**Description**

This unit provides an overview of not-for-profit organizations, their role in society, and the various services they provide to citizens, groups, and other constituencies. The participant is also introduced to several ways of classifying not-for-profit entities, the types of resources utilized, the approaches followed to control and evaluate operations, and the accounting for transactions and events and reporting thereon.

**Requisite Knowledge and Experience**

This unit is for individuals who have little or no knowledge of not-for-profit organizations but who have associations with or interest in these organizations. Public practitioners may also choose to participate.

**Major Topics**

- o Historical evolution of not-for-profit organizations
- o Role of not-for-profit organizations in society:
  - Comparison with for-profit entities
  - Purpose-fulfilling identified service needs
- o Evolutionary organizational stages, such as having no staff, having part-time staff only, having mixture of part-time and full-time staff
- o Types of not-for-profit organizations:
  - Charitable, educational, literary, cultural, political, humanitarian, religious, and so on
  - National, local, umbrella
  - Tax-exempt organizations



- o Resources needed to meet objectives:
  - Human resources:
    - Volunteers
    - Professional staff
  - Economic resources:
    - Funding arrangements
    - Resource management
  - Programs and budgets as controls
  
- o Internal controls:
  - Revenue
  - Expenses
  - Assets
  - Liabilities
  
- o Accounting considerations for not-for-profit organizations:
  - Generally accepted accounting principles
  - Use of fund accounting
  - Overview of financial reporting
  
- o Evaluating programs and operations:
  - Efficiency and economy
  - Effectiveness

#### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Describe the responsibilities of a member of the Board of Directors of not-for-profit organizations.
- o Identify types of potential members with the diverse abilities and skills needed by the organization.
- o Recruit, prepare, and motivate Board members.
- o Identify an effective organization (and division of responsibilities) of Board committees.
- o Describe effective interaction between the Board and agency administration.
- o Identify the important factors in strategic planning for the organization.

### Description

This unit covers the duties and responsibilities of the Board of Directors of a not-for-profit organization. Techniques necessary to establish an effective Board and to enhance its effectiveness are also included.

### Requisite Knowledge and Experience

This unit is for individuals who are to become Board members or management staff, or who have an interest in not-for-profit organizations and who have completed the Introduction to Not-for-Profit Organizations (SN1201.1) unit, or have equivalent experience. Public practitioners may also choose to participate.

### Major Topics

- o Defining Board responsibilities:
  - Establishing mission statement
  - Establishing goals and objectives of Board
  - Establishing policy
  - Defining or modifying Board committee and volunteer organizational structure
  - Financial viability, including risk management
  - Evaluating programs
  - Communicating with staff and public (includes political action)

- o Preparing for Board participation:
  - Clarifying organizations's goals and objectives, underlying philosophy, legal requirements, and stewardship aspects
  - Understanding structure and procedures for handling Board responsibilities including Board committees, Board task forces, staff assignments, financial reports, and community resources
  - Participating in a development plan that addresses preparedness, commitment, ability, and broad representation of Board members
  - Orienting oneself to the organization's programs, funding sources, and previously established policies in areas such as personnel, and service recipient eligibility
  
- o Fulfilling Board responsibilities:
  - Performing functional responsibilities within constraints
  - Evaluating effectiveness of Board leadership in relation to established goals
  
- o Differentiating the roles of Board members and staff
- o Understanding the need for strategic planning:
  - Identifying the interplay of philosophical purposes and realities of limited resources
  - Planning for program evaluation, community needs assessments, and possible program expansion, contraction or redirection
  - Planning for the mix of skills needed at both the staff and Board levels to accomplish the future plan

#### Companion Units

This unit may be combined with the Studying, Designing, and Evaluating Internal Control in Not-For-Profit Organizations: Special Considerations (SN1015.2) unit.

See also the Insurance and Risk Management for Not-for-Profit Organizations (SN1209.2) unit.

SN1203.1 FUND RAISING IN NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Prepare a plan of action for fund raising in a not-for-profit organization.
- o Implement the plan, including the targeting of donors and the monitoring of campaign progress.
- o Evaluate results of fund-raising programs.

**Description**

This unit familiarizes participants with techniques and procedures used in fund raising by not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for administrators, Board members, and others who would play an active role in fund-raising functions of a not-for-profit organization. Public practitioners may also choose to participate. Completion of the Responsibilities of the Board of Directors of a Not-for-Profit Organization (SN1202.1) unit, or equivalent experience is recommended.

**Major Topics**

- o Preparing the plan:
  - Consider feasibility study
  - Evaluate alternatives, including telemarketing and mass media events
  - Determine approach to fund raising
  - Prepare case statement:
    - Purpose
    - Need
    - Rationale
    - Benefits
  - Set objectives:
    - Financial
    - Operational
    - Public relations

- o Implementation:
  - Identifying and tracking past and potential donors, including foundations
  - Selecting and enlisting volunteers:
    - Acquainting volunteers with proven methods, techniques, and procedures
    - Assigning work to volunteers
  - Developing effective volunteers:
    - Recruitment
    - Instructional meetings
    - Personal financial contribution
    - Secure community leadership
  - Scheduling solicitation:
    - Researching contributors
    - Personal solicitation
    - Multiperiod pledges
    - Commemorative opportunities
  - Taxes and charity
  - Necessary records
  - Marketing the campaign:
    - Printed materials
    - Audiovisual communications
    - Coordinating fund-raising and public relations activities
  - Use of professional fundraisers
  
- o Evaluating the program:
  - Comparison with benchmarks or scheduled activities
  - Reviewing strategies
  - Evaluating objectives - financial, operational, public relations

#### Companion Units

This unit can be combined with the following units:

- o Volunteer Effectiveness in Not-for-Profit Organizations (SN1205.2)
- o Volunteer Management Information Systems in Not-for-Profit Organizations (SN1206.2)
- o Studying, Designing, and Evaluating Internal Control in Not-for-Profit Organizations: Special Considerations (SN1015.2)

SN1204.3 STAFF POLICIES AND PROCEDURES FOR NOT-FOR-PROFIT ORGANIZATIONS  
II

**Objectives**

This unit is designed to enable participants to -

- o Differentiate the basic concepts of human resource management.
- o Outline a staff organizational structure suitable for a not-for-profit organization.
- o Formulate and document personnel policies and procedures for a not-for-profit organization.

**Description**

This unit assists in the development of staff organizational structures and related policies and procedures necessary for the efficient functioning of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for senior management in not-for-profit organizations who have completed the Human Resources Management Overview in Government (MG1201.1) unit and have had exposure to topics or experience related to organizational development and to the development of internal policies and procedures dealing with managing staff members.

**Major Topics**

- o Review of fundamentals of human resource management
- o Relating policies to organization's mission statement, goals, and objectives
- o Developing specific staff organizational goals and objectives
- o Formulating organizational structures and related division of responsibilities, delegating duties, and completing final documentation of job descriptions and organizational charts
- o Integrating organizational goals with personnel issues, including compensation, promotion, motivation, and burn-out
- o Developing and documenting operating procedures necessary to ensure internal control, cost justification to funding sources, safety of participants, and efficiency of program operation

- o Developing and implementing unique evaluation techniques for program effectiveness
- o Importance of politeness and pleasant personality in dealing with prospective donors

#### Companion Units

This unit is designed to stand alone.

**Objectives**

This unit is designed to enable participants to -

- o Distinguish between the role of volunteers and staff in a not-for-profit organization.
- o Maximize involvement and productivity of volunteers.
- o Design a structure to manage volunteers.

**Description**

This unit orients participants to the use of volunteers in not-for-profit organizations and to employing effective methods of monitoring and managing these individuals.

**Requisite Knowledge and Experience**

This unit is for individuals who are associated with or employed by a volunteer organization and who have completed the Introduction to Not-for-Profit Organizations (SN1201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Orientation of volunteers in a not-for-profit organization:
  - Management of a not-for-profit organization as a volunteer/professional partnership
  - Differentiating between the roles of volunteers and staff
  - Policy formulation/determination/execution in a voluntary organization
- o Motivating volunteers:
  - Relating volunteering to Maslow's hierarchy of needs
  - Interviewing volunteers to discover interests
  - Volunteer identification with organizational objectives
  - Defining the volunteer commitment
  - Volunteer reinforcement and recognition
- o Volunteer structure and management:
  - Management theory and Volunteer management
  - Why and how to give volunteers structure, guidance, and support
  - Terminating volunteers

**Companion Units**

This unit can be combined with the Volunteer Management Information Systems in Not-for-Profit Organizations (SN1206.2) unit.



**VOLUNTEER MANAGEMENT INFORMATION SYSTEMS IN NOT-FOR-PROFIT ORGANIZATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Identify volunteers, their interests, affiliations, and background.
- o Match volunteers with the organization's needs.
- o Produce information necessary to assist in managing the efforts of volunteers.
- o Construct or modify a volunteer data base.

**Description**

This unit provides the basis for developing and utilizing a management information system pertaining to a data base of volunteers. It will stress the organization and manipulation of this information to assist in managing the efforts of volunteers.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in managing a not-for-profit organization and who have completed the Introduction to Not-for-Profit Organizations (SN1201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Identifying volunteers:
  - Gathering names to build a data base
- o Organizing data files:
  - Interests
  - Background
  - Applications
  - Geographic location
- o Uses of a data base:
  - Matching organizational needs to individual skills
  - Rotating volunteers
  - Balancing volunteer components
  - Committee lists
  - Disseminating information

**Companion Units**

This unit can be combined with the Volunteer Effectiveness in Not-for-Profit Organizations (SN1205.2) unit.

SN1207.2 BUDGETING FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to identify and use budgeting techniques and to prepare various types of budgetary documents.

**Description**

This unit provides participants with the skills necessary to participate in the budgetary process of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who have completed the Functional Accounting and Financial Reporting in Not-for-Profit Organizations (SN1005.2) unit, or have equivalent knowledge.

**Major Topics**

- o Types of budgets:
  - Operating
  - Capital
  - Cash-flow
  - Fixed
  - Flexible
  - Zero-based
  
- o Budgeting process:
  - Planning
  - Input
  - Monitoring
  - Evaluation
  
- o Budget documents
- o Budget implementation
- o Special considerations of not-for-profit organizations
  - Volunteer structures
  - Funding limitations
  - Consequences of nonperformance

**Companion Units**

This unit is designed to stand alone.

SN1208.2    **MARKETING FOR NOT-FOR-PROFIT ORGANIZATIONS: SPECIAL**  
PI            **CONSIDERATIONS**

**Objectives**

This unit is designed to enable participants to develop an effective marketing strategy, a marketing plan, a program of implementation, and an evaluation process for a not-for-profit organization, and to -

- o Publicize the services offered by or available through these organizations.
- o Increase community awareness of the impact of the organization's programs.
- o Promote a positive image.
- o Attract volunteers, donors, and staff to the organization.

**Description**

This unit covers the special marketing and public relations issues that are unique to not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals responsible for public relations in not-for-profit organizations.

**Major Topics**

- o Developing a marketing strategy:
  - Defining the audience
  - Targeting the market
  - Deciding on delivery of services
- o Developing a marketing plan:
  - Reviewing mission, history, and accomplishments
  - Preparing succinct description of services
  - Defining target audiences, such as clients, donors, volunteers, and staff
  - Relating services to audience(s)
- o Determining plan of implementation
- o Preparing publicity program
- o Assigning responsibility for implementation
- o Determining necessary resources
- o Evaluating the marketing program after implementation period

**Companion Units**

This unit is designed to stand alone.

SN1209.2 INSURANCE AND RISK MANAGEMENT FOR NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify and measure risks inherent in the environment of a not-for-profit organization.
- o Appraise and select methods to cover the potential exposures.

**Description**

This unit covers the unique risks of not-for-profit organizations and the available methods to protect against possible losses.

**Requisite Knowledge and Experience**

This unit is for individuals who manage or recommend alternatives to managing risk within not-for-profit organizations.

**Major Topics**

- o Usual types of risk, including an analysis of the potential for losses from theft, property damage, professional liability, and worker compensation claims
- o Additional risks of not-for-profit organizations:
  - Unique programs, directors, and officers' liabilities
  - Liability of volunteers, including personal autos
  - Professional liability
- o Risk measurement
- o Monitoring recent litigation in the not-for-profit environment
- o Methods of handling risk:
  - Avoidance
  - Control
  - Retention, including self-insurance
  - Transferring risk to insurer or others

**Companion Units**

See also the Responsibilities of the Board of Directors of a Not-for-Profit Organization (SN1202.1) unit.

SN1210.2    **SELECTING AND EVALUATING AN INDEPENDENT AUDITOR OR A SPECIAL  
II            CONSULTANT FOR A NOT-FOR-PROFIT ORGANIZATION**

**Objectives**

This unit is designed to enable participants to -

- o Select a qualified, experienced, and independent auditor for a not-for-profit organization.
- o Select a qualified and experienced special consultant for a not-for-profit organization.
- o Evaluate the services rendered by an independent auditor or a special consultant.

**Description**

This unit provides a process to select an independent auditor and/or a special consultant for a not-for-profit organization. It also includes a method to evaluate the services provided by each, using a series of criteria to gauge performance.

**Requisite Knowledge and Experience**

This unit is for individuals who are involved in selecting and evaluating an independent auditor or a special consultant for a not-for-profit organization.

**Major Topics**

- o Selecting an independent auditor:
  - Developing a list of potential auditors with appropriate industry experience
  - Preparing a request for proposal (RFP)
  - Interviewing top candidates
  - Conducting a bidders' conference
  - Evaluating proposals and final selection
- o Monitoring and evaluating the independent auditor:
  - Reviewing auditors' "engagement letter"
  - Observing and evaluating auditors' engagement planning
  - Observing and evaluating auditors' field work
  - Evaluating auditors' report and financial statements

- o Evaluating an auditor's value to your organization using criteria such as:
  - Understanding the organization's services, board relations, goals
  - Understanding the regulatory and tax environment
  - Respect for the organization as a valued client
  - Willingness to attend board (or committee) meetings
  - Eagerness to offer insights and advice
  - Interest in the welfare and effectiveness of the organization
  
- o Audit committee role and responsibilities
- o Selecting a special consultant:
  - Developing a list of potential specialists with appropriate experience
  - Preparing an RFP
  - Conducting a bidders' conference
  - Evaluating proposals
    - Check references
  - Interviewing top candidates and final selection
  
- o Monitoring and evaluating the special consultant:
  - Reviewing the "engagement letter"
  - Evaluating performance:
    - Meeting deadlines
    - Respecting budget constraints
    - Quality of recommendations

#### Companion Units

This unit is designed to stand alone.

SN1211.3 ALTERNATIVE REVENUE SOURCES IN NOT-FOR-PROFIT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Define the infrastructure necessary to support the development of alternative revenue sources.
- o Research alternative revenue sources, including surveying the experiences of other not-for-profit organizations.
- o Evaluate revenue potential and related risk.

**Description**

This unit encourages participants to more knowledgeably pursue alternative revenue sources for not-for-profit organizations. It covers the development of an infrastructure to support the pursuit of various revenue sources and ways of investigating and selecting sources from among available alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals who have had significant experience with not-for-profit organizations and who will play an active role in any recommendation related to alternative revenue sources. Participants should have completed the Strategic Planning Process (MG2202.3) and Special Tax Considerations of Tax-Exempt Organizations (SN1301.2) units.

**Major Topics**

- o Overview of the economic environment of not-for-profit organizations
- o Survey of revenue sources used by other not-for-profit organizations
- o Traditional vs. nontraditional revenue for not-for-profit organizations
- o Compatibility of alternative revenue opportunities with organization mission statement and goals
- o Infrastructure needed to support alternative revenue sources:
  - Legal aspects
  - Management expertise including marketing
  - Tax and accounting ramifications

- o Investigating alternative revenue opportunities:
  - Revenue potential
  - Risks

#### Companion Units

This unit is designed to stand alone.



SN1212.3    **MERGERS, ACQUISITIONS, AND DIVESTITURES IN NOT-FOR-PROFIT  
PI            ORGANIZATIONS: SPECIAL CONSIDERATIONS**

**Objectives**

This unit is designed to enable participants to -

- o Identify the issues and trends in not-for-profit mergers, acquisitions, and divestiture activities.
- o Review special financing alternatives, tax ramifications, and legal and regulatory requirements pertaining to these activities.
- o Present a framework to evaluate proposed merger, acquisition, and divestiture candidates in not-for-profit organizations.
- o Identify the most common pre- and post-acquisition pitfalls and techniques available to lessen risks.

**Description**

This unit provides participants with an overview of issues and problems connected with mergers, acquisitions, or divestitures of not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals who are senior managers or Board members of not-for-profit organizations. Also, public practitioners and staff financial analysts will find this unit beneficial. The Mergers, Acquisitions, and Divestitures (MG2701.2) and the Special Tax Consideration of Tax-Exempt Organizations (SN1301.2) units should be completed prior to taking this unit.

**Major Topics**

- o Merger, acquisition, and divestiture trends in not-for-profit organizations:
  - Types of mergers, acquisitions, and divestitures
  - Frequency and size of mergers, acquisitions, and divestitures
  - Medium of payment
- o Evaluating candidates:
  - Data for review of history and achievements
  - Techniques for obtaining information
  - Compatibility with mission and goals of organization

- o Tax ramifications:
  - Internal Revenue Code provisions
  - Unrelated business income
  - Payroll tax liabilities
  - Applicable state restrictions
  
- o Nonprofit legal issues relating to mergers, acquisitions, and divestitures:
  - Stock vs. nonstock corporations
  - Profit vs. nonprofit corporations
  - Accounting requirements
  
- o Financing analysis - special issues:
  - Review of general analytical approach
  - Special aspects of financial analysis for not-for-profit organizations
  - Restricted funds
  - Common pitfalls and approaches to lessen risks, such as public relations

#### **Companion Units**

This unit can be combined with the Financial Analysis for Decision-Making (MG2902.2) unit.

SN1213.2 DEVELOPING A PRACTICE FOR NOT-FOR-PROFIT ORGANIZATIONS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Consider not-for-profit services in the firm's strategic plan.
- o Provide professional accounting, auditing and management advisory services to not-for-profit organizations.

**Description**

This unit provides a framework and guide to developing a diversified public accounting practice serving not-for-profit organizations.

**Requisite Knowledge and Experience**

This unit is for individuals employed in the public practice area who have an understanding of practice development. Completion of the Strategic, Business, and Operational Planning for Public Accounting Firms (MG1301.2) unit is desirable.

**Major Topics**

- o Becoming familiar with the not-for-profit environment:
  - Funding sources, restrictions, and special reports
  - Tax and regulatory environments
  - Nature of policy-making authority
  - Use of not-for-profit financial information to motivate potential donors
  - Goal-driven, not profit-driven, orientation
- o Becoming familiar with accounting and auditing issues related to not-for-profit organizations:
  - Generally accepted accounting principles (SOP 78-10, fund accounting for other than health and welfare agencies)
  - Generally accepted accounting principles (audit guides)
  - Cost accounting techniques (allocations, unit costs)
- o Developing experience in not-for-profit services:
  - Volunteering as not-for-profit Board member (to assist, not for marketing)
  - Providing pro bono services to not-for-profit organizations (through state society, etc.)

- o Building your not-for-profit practice
- o Developing experience in not-for-profit services:
  - Giving not-for-profits the same respect and quality service as other clients
  - Maintaining your visibility in the not-for-profit "network"
  - Charging enough to warrant your normal attention, then donating back part of fee if desired
  - Maintaining frequent communication with not-for-profit Board and staff (to compensate for frequent personnel turnover)

#### **Companion Units**

This unit can be combined with the Strategies for Market Entry and Expansion (MG1605.2) and the Marketing Management Advisory Services (MG1504.2) units.

SN1301.2 SPECIAL TAX CONSIDERATIONS OF TAX-EXEMPT ORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to apply provisions of federal tax code and regulations that affect tax-exempt, not-for-profit organizations.

**Description**

This unit covers the unique and special considerations of tax-exempt organizations. The assumption is made that participants are familiar with the "general case" of tax regulations. This unit also covers the unique tax items related to specialized industry applications.

**Requisite Knowledge and Experience**

This unit is for individuals involved in tax matters of not-for-profit organizations, either as managers therein or as public practitioners serving clients in this industry.

**Major Topics**

- o Structuring transactions and activities to avoid the unrelated business income tax
- o Spinoffs of profit-making activities
- o Handling exemptions of excise taxes
- o Options available to tax-exempt organizations:
  - Federal Insurance Contributions Act (FICA)
  - Federal Unemployment Tax Act (FUTA)

**Companion Units**

This unit can be combined with other units in the Tax curriculum that pertain to tax-exempt organizations, such as the following:

- o Introduction to Tax-Exempt Organizations (TX1601.1)
- o Concepts of Tax-Exempt Organizations (TX1602.2)
- o Unrelated Business and Debt-Financed Income (TX1603.2)
- o Private Foundations (TX1604.2)
- o Problems of Tax-Exempt Organizations (TX1605.3)

TX  
TAXATION

**TX****TAXATION**

<b>TX1000</b>	<b>TAX RESEARCH</b>	
TX1001.1	Basic Tax Research	PI
TX1002.2	Intermediate Tax Research	PI
TX1003.3	Creative Tax Research	PI
<b>TX1100</b>	<b>TAX ACCOUNTING</b>	
TX1101.1	Accounting Methods and Periods	PI
TX1102.2	Income Tax Aspects of Inventories	PI
<b>TX1200</b>	<b>INDIVIDUAL INCOME TAXATION</b>	
TX1201.1	Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts	PP
TX1202.2	Concepts of Individual Income Taxation	PP
TX1203.2	Tax Aspects of Divorce and Separation	PP
TX1204.2	Sales and Exchanges of Property	PP
TX1205.2	Carrybacks and Carryovers - Individuals	PP
TX1206.3	Limitations on Losses and Credits From Passive Activities	PP
TX1207.3	Problems in Individual Income Taxation	PP
TX1208.3	Tax-Advantaged Investments for Individuals	PP
TX1209.4	Individual Income Tax Developments - Update See also: Innovative Strategies for Income, Estate, and Gift Tax Planning (AS2008.3)	PP
<b>TX1300</b>	<b>PARTNERSHIP TAXATION</b>	
TX1301.1	Preparation of Partnership Tax Returns and Introduction to Partnership Tax Concepts	PP
TX1302.2	Concepts of Partnership Taxation	PP
TX1303.3	Problems in Partnership Taxation	PP
TX1304.4	Partnership Tax - Update	PP
<b>TX1400</b>	<b>CORPORATE INCOME TAXATION</b>	
TX1401.1	Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts	PI
TX1402.2	Corporate Formations	PI
TX1403.2	Corporate Nonliquidating Distributions	PI
TX1404.2	Stock Redemptions	PI
TX1405.2	Corporate Liquidations	PI
TX1406.2	Accumulated Earnings Tax and Personal Holding Companies	PI

TX1407.2	Concepts of S Corporations	PI
TX1408.3	Problems of S Corporations	PI
TX1409.3	Reorganizations	PI
TX1410.3	Consolidated Tax Returns	PI
TX1411.3	Tax Aspects of Business Planning	PI
TX1412.3	Closely Held Corporations	PI
TX1413.4	Corporate Tax Developments - Update	PI

**TX1500 CORPORATE TAX CONSIDERATIONS IN INDUSTRY**

TX1501.1	Corporate Tax Compliance - Federal, State, and Local	II
TX1502.2	Corporate Tax Planning	II

**TX1600 TAX-EXEMPT ORGANIZATIONS**

TX1601.1	Introduction to Tax-Exempt Organizations	PP
TX1602.2	Concepts of Tax-Exempt Organizations	PP
TX1603.2	Unrelated Business and Debt-Financed Income	PP
TX1604.2	Private Foundations	PP
TX1605.3	Problems of Tax-Exempt Organizations	PP

**TX1700 ESTATE AND TRUST TAXATION**

TX1701.1	Fiduciary Accounting	PI
TX1702.1	CPA's Role In Estate Administration	PI
TX1703.1	Introduction to Income Taxation of Estates and Trusts	PI
TX1704.1	Introduction to Estate Taxation	PI
TX1705.1	Introduction to Gift Taxation	PI
TX1706.2	Problems in Income Taxation of Estates and Trusts	PI
TX1707.2	Problems of Estate and Gift Taxation	PI
TX1708.2	Generation-Skipping Transfers	PI
TX1709.2	Valuations for Estate and Gift Tax Purposes	PI
TX1710.3	Introduction to Estate Planning	PI
TX1711.3	Post-Mortem Estate Tax Planning	PI
TX1712.3	Estate Planning for Closely Held Business Interests	PI
TX1713.3	Using Trusts in Income and Estate Planning	PI
TX1714.3	Case Studies in Estate Planning	PI
TX1715.4	Estate Planning - Update	PI

**TX1800 COMPENSATION CONSIDERATIONS FOR TAXATION**

TX1801.1	Introduction to Qualified Pension and Profit-Sharing Plans	PI
TX1802.2	Problems in Pension and Profit-Sharing Plans	PI
TX1803.2	Cash or Deferred Arrangements (CODAs)	PI
TX1804.2	Loans and Distributions for Qualified Plans	PI
TX1805.3	Employee Stock Ownership Plans (ESOPs)	PI
TX1806.3	Executive Compensation	PI
TX1807.4	Compensation Planning - Update	PI

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<b>TX1900</b>	<b>REAL ESTATE TAXATION</b>	
TX1901.1	Introduction to Real Estate Taxation	PP
TX1902.2	Concepts in Real Estate Taxation	PP
TX1903.3	Problems in Real Estate Taxation	PP
TX1904.3	Real Estate Syndications	PP
TX1905.4	Real Estate Taxation - Update	PP
<b>TX2000</b>	<b>INTERNATIONAL TAXATION</b>	
TX2001.1	Survey of Foreign Tax Aspects of International Operations	PI
TX2002.1	Tax Treatment of Americans Abroad and Nonresident Aliens	PI
TX2003.3	Advanced Taxation of International Operations	PI
TX2004.4	Taxation of International Operations - Update	PI
<b>TX2100</b>	<b>STATE AND LOCAL TAXES</b>	
TX2101.2	Corporate Interstate Taxation	PI
TX2102.2	State and Local Taxation	PI
TX2103.4	State and Local Taxes - Update	PI
<b>TX2200</b>	<b>TAX PRACTICE MANAGEMENT AND PROCEDURES</b>	
TX2201.1	Procedures and Practice Before the Internal Revenue Service	PP
TX2202.2	Tax Fraud: What the CPA Should Know	PP
TX2203.2	Protecting the Tax Practitioner	PP
TX2204.2	Taxpayer Representation Strategies	PP
TX2205.3	Administering the Estate Planning Practice	PP
<b>TX2300</b>	<b>COMPUTERS IN THE TAX PRACTICE</b>	
TX2301.1	The Microcomputer in Tax Practice	PP
TX2302.1	Computer Hardware and Software for a Tax Practice	PP
<b>TX2400</b>	<b>GENERAL TAXATION</b>	
TX2401.4	General Tax Update	PI
<b>TX2500</b>	<b>SPECIAL TAX MATTERS</b>	
TX2501.1	Tax Aspects of Bankruptcy and Insolvency	PI
TX2502.1	Payroll Taxes (Federal)	PI
TX2503.1	Excise Taxes	PI
TX2504.1	Tax Implications of Community Property	PI
TX2505.2	Tax Aspects of Research and Development Expenditures	PI
TX2506.2	Equipment Leasing	PI

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TX1001.1 BASIC TAX RESEARCH  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify issues for tax research.
- o Complete elementary research projects.
- o Evaluate the weight of tax authority.
- o Use common looseleaf tax services in basic and moderately difficult tax research problems with some supervision.
- o Communicate research findings.
- o Document findings.

**Description**

This unit gives participants an overview of the tax research process and teaches them how to research a problem using the tax looseleaf services. The unit deals with tax compliance issues and relatively simple tax planning problems with limited factual alternatives.

**Requisite Knowledge and Experience**

This unit is for public and industry accountants who have little or no experience in tax research but who are familiar with basic income tax concepts. Participants should have completed the Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1) unit, or have equivalent knowledge.

**Major Topics**

- o The fundamentals of tax research
- o How a bill becomes law
- o The relative weight of tax authorities:
  - Code and legislative history
  - Regulations - legislative and administrative
  - Rulings
  - Courts
  - Commentaries
  - Congressional committee reports
- o The court system:
  - Authority of the courts
  - To which court can a tax disagreement be taken?
  - Decisions a court can give
  - The appeals system

- o Penalties
- o How to use the looseleaf tax services, including citators and current matter
- o Other research tools
- o Methods of documentation

**Companion Units**

This unit is designed to stand alone.

TX1002.2 INTERMEDIATE TAX RESEARCH  
PI

**Objectives**

This unit is designed to enable participants to -

- o Select and use a systematic approach to tax research in tax compliance and tax planning.
- o Communicate the findings of the results.
- o Document the findings of tax research.

**Description**

This unit presents a step-by-step approach to tax research. It deals with researching complex closed-fact and open-fact (planning) situations.

**Requisite Knowledge and Experience**

This unit is for public and industry accountants who have some experience in tax research. Participants should have taken the Basic Tax Research (TX1001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Identifying the facts
- o Asking the right questions
- o Evaluating whether sufficient facts have been accumulated and whether the right question has been asked
  
- o Locating the proper authority:
  - The code and legislative history
  - The regulations
  - Judicial
  - Commentaries
  - Congressional committee reports
  - Explanatory reports prepared by the staff of the Joint Committee on Taxation
  
- o Evaluating the authority:
  - Determining risk
  - Determining cost

- o Documenting results
- o Communicating results:
  - To superiors
  - To the taxpayer

#### Companion Units

This unit is designed to stand alone.

**TX1003.3 CREATIVE TAX RESEARCH**  
**PI**

**Objectives**

This unit is designed to enable participants to formulate and apply creative approaches to solving tax problems in tax research, planning, and preparation.

**Description**

This unit teaches participants various research techniques to identify problems, generate ideas and/or solutions, and gather and analyze data. The techniques presented can be used in problem solving and planning and in studying, organizing, and retaining facts and law.

**Requisite Knowledge and Experience**

This unit is for individuals who have extensive experience in tax practice and research and have a solid base of tax knowledge. Participants should be eager to experiment with nontraditional methods of note-making and thinking and should have completed the Intermediate Tax Research (TX1002.2) unit, or have equivalent knowledge.

**Major Topics**

- o Research techniques
- o Identifying problems:
  - Mapping and webbing (a means of taking notes, writing down ideas)
  - Analogies
- o Generating ideas/solutions:
  - Effective brainstorming
  - Perception exercises; breaking out of rigid thought patterns
- o Analyzing and evaluating ideas/solutions:
  - Force-field analysis

o Organizing information:

- How to organize
- How to remember; grouping
- Techniques to increase understanding and retention

Companion Units

This unit is designed to stand alone.

TX1101.1 ACCOUNTING METHODS AND PERIODS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Explain and define the general concepts involved in selecting tax accounting methods and periods.
- o Use such concepts in planning and compliance engagements, with adequate supervision.

**Description**

This unit covers the general concepts dealing with understanding the importance and meaning of accounting methods and periods as they relate to income taxes. Emphasis is on applying these concepts to tax compliance and tax planning situations.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in individual income taxation and familiar with generally accepted accounting principles. Participants should have completed the Preparation of Individual Income Tax Returns and Introduction to Individual Tax Concepts (TX1201.1) and the Concepts of Individual Income Taxation (TX1202.2) units, or have equivalent knowledge.

**Major Topics**

- o The evolution of income recognition theories - judicial background of income recognition theory: *Eisner v. Macomber*; *Kirby Lumber, North American Consolidated v. Burnet*.
- o Cash equivalence and constructive receipt doctrines
- o Tax accounting methods:
  - Cash method
  - Accrual method
  - Hybrid methods
  - Prepaid income and deductions
  - Premature accruals
  - Long-term contract methods
  - Deferred rental payment
  - Claim-of-right income
  - Changes in accounting methods
  - Correction of error
  - Uniform capitalization rules
  - Simplified dollar value LIFO for small business
  - Discharge of indebtedness



- Miscellaneous accounting methods
- Installment methods
- Timing of deductions
  
- o Accounting periods:
  - Period for computing taxable income
  - Changes in accounting period
  - Treatment of short tax years
  
- o Depreciation - depreciation in general, including methods, class life (ADR) system, accelerated cost recovery system, amortization of intangibles, record-keeping requirements
  
- o Tax accounting for bad debts, including use of reserves (I.R.C. § 166)
  
- o Miscellaneous accounting method subjects:
  - Income from discharge of indebtedness
  - Recovery exclusion
  - Bond premium and discount
  - Tax benefit rule
  - Original issue discount and market discount

#### Companion Units

This unit is designed to stand alone.

TX1102.2 INCOME TAX ASPECTS OF INVENTORIES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Define the differences between financial and tax accounting with respect to inventories.
- o Compute inventory amounts (with regard to pooling methods).
- o Identify the various inventory valuation methods.
- o Identify circumstances indicating that a LIFO (last-in, first-out) election should be considered.
- o Apply the basic requirements for establishing and substantiating LIFO or another inventory method in compliance engagements.
- o Use the inventory concept in tax planning, with supervision.

**Description**

This unit provides an in-depth analysis of inventories, including computational and basic tax accounting aspects, the methods of inventories, the effects of mergers and acquisitions, and financial statement problems.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in individual income taxation and familiar with generally accepted accounting principles. Participants should have completed the following units, or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Preparation of Corporate Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Computational and basic tax accounting aspects of inventories:
  - When inventories must be used
  - Inventoriable goods
  - Inventory methods
  - Full absorption rules
  - Computation of inventories
  - Practical capacity method
  - Uniform capitalization rules

- o LIFO:
  - General consideration in adopting LIFO
  - Specific requirements
  - Alternate methods to compute LIFO inventory
  - Pooling alternatives and changes under the dollar-value method
  - Financial statement disclosure and conformity requirements
  - Intercompany profit elimination
  - Statistical sampling
  - Reconstructed base-year costs
  - Defining items
  - Changing the LIFO method of establishing a new base year
  - Using LIFO with long-term contracts
  - Terminating LIFO
  
- o Special LIFO methods:
  - Simplified LIFO
  - Retail LIFO
  
- o Consolidated return inventory adjustments:
  - Deferred intercompany transaction rules
  - Initial inventory amount adjustments
  
- o Effect of mergers and acquisitions:
  - Carryover of inventory methods after tax-free reorganizations or liquidations

#### Companion Units

This unit is designed to stand alone.

**TX1201.1 PREPARATION OF INDIVIDUAL INCOME TAX RETURNS AND INTRODUCTION TO  
PP INDIVIDUAL INCOME TAX CONCEPTS**

**Objectives**

This unit is designed to enable participants to -

- o Prepare a moderately difficult 1040 Form with little supervision.
- o Identify the fundamental principles of preparing federal individual income tax returns.
- o Apply the basic concepts underlying the items on a return.
- o Communicate year-end tax planning ideas.

**Description**

This unit provides an overview of the individual income tax return process and gives participants hands-on experience with forms used in preparing individual income tax returns.

**Requisite Knowledge and Experience**

This unit is for individuals with little or no experience in preparing individual income tax returns.

**Major Topics**

- o Gross income
- o Filing status
- o Exemptions
- o Exclusions
- o Sales and exchange
- o Business income
- o Itemized deductions
- o Accelerated cost recovery system and I.R.C. § 179
- o Listed property
- o Adjustments to income
- o Tax computations
- o Alternative minimum tax
- o Credits
- o Preparing schedules
- o Preparer penalties
- o Declaration of estimated income tax
- o Self-employment tax
- o Taxpayer penalties

**Companion Units**

This unit is designed to stand alone.

**TX1202.2 CONCEPTS OF INDIVIDUAL INCOME TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Prepare difficult individual income tax returns with little supervision.
- o Determine the treatment of various items on individual income tax returns.
- o Minimize individual income tax liability.

**Description**

This unit teaches participants how to prepare moderate and difficult individual income tax returns.

**Requisite Knowledge and Experience**

This unit is for individuals with a basic understanding of how to prepare individual income tax returns. Participants should have experience in preparing moderately difficult returns and have completed the Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Gross income and adjustments
- o Itemized deductions
- o Credits
- o Alimony vs. child support
- o Installment sales
- o Net operating losses
- o Security transactions
- o Casualty gains and losses
- o Supplemental gains and losses
- o Capital gains and losses
- o Sale of residence
- o Alternative minimum tax
- o Taxation of lump-sum distributions
- o Declaration of estimated tax
- o Self-employment tax
- o Taxpayer penalties
- o Preparer penalties

**Companion Units**

This unit is designed to stand alone.

## TX1203.2 TAX ASPECTS OF DIVORCE AND SEPARATION

PP

### Objectives

This unit is designed to enable participants to -

- o Identify financial and tax problems that are commonly encountered in divorce matters and to help resolve them.
- o Prepare pre- and post-divorce tax plans.

### Description

This unit covers the financial and tax areas involved in divorce and marital separations. Its content, which may be adaptable to the particular state property and divorce laws, also provides participants with a working knowledge of the divorce process.

### Requisite Knowledge and Experience

This unit is for individuals with intermediate-level knowledge of federal individual income tax law.

### Major Topics

- o Separate and community property
- o The divorce process
- o Property settlements
- o Child support
- o Separation agreements
- o Asset inventory preparation
- o Substantive federal income-tax aspects of divorce
- o Property division
- o Contractual alimony
- o Estate and gift tax considerations
- o Procedural income tax effects of divorce
- o Post-divorce planning
- o Legal fees
- o Child-care credit
- o Dependency exemption
- o Filing status

### Companion Units

This unit is designed to stand alone.

**TX1204.2 SALES AND EXCHANGES OF PROPERTY**  
**PP**

**Objectives**

This unit is designed to enable participants to identify the rules and principles that underlie the sale and exchange of property.

**Description**

This unit covers the tax laws, rulings, and cases that apply to the sale and exchange of property.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of individual income tax laws and have completed the Concepts of Individual Income Taxation (TX1202.2) unit, or have equivalent knowledge.

**Major Topics**

- o Capital assets
- o Noncapital assets
- o Involuntary conversions
- o Like-kind exchanges
- o Personal residences
- o Holding periods
- o Interaction of alternative minimum tax
- o Corn products doctrine
- o Bargain sales
- o Dealers vs. investors
- o Foreign exchange transactions
- o Depreciation recapture (including I.R.C. § 179)
- o Investment credit recapture
- o Section 1231 recapture of net ordinary losses
- o Basis adjustments
- o Wash sale rules
- o Securities
- o Commodity futures
- o Tax straddles
- o Puts and calls
- o Options
- o Short sales

**Companion Units**

This unit is designed to stand alone.

**TX1205.2 CARRYBACKS AND CARRYOVERS - INDIVIDUALS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the rules governing carrybacks and carryovers that apply to individuals, use the tax planning opportunities, and understand the implications of each.
- o Prepare refund claims.
- o Perform tax planning to achieve maximum results from carrybacks and carryovers.

**Description**

This unit analyzes the rules governing carrybacks and carryovers for various items allowable to individuals under the tax laws.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of individual income tax laws and have completed the Concepts of Individual Income Taxation (TX1202.2) unit, or have equivalent knowledge.

**Major Topics**

- o Net operating loss carrybacks and carryovers
- o Elections pertaining to net operating loss carrybacks and carryovers
- o Charitable contributions carryovers
- o Carrybacks and carryovers of tax credits
- o Capital loss carryovers
- o Interaction between various types of carryovers
- o Tax planning for maximum utilization of carryover and carryback benefits
- o Statute of limitations rules on carrybacks
- o Relationship of alternative minimum tax to carrybacks and carryovers
- o Internal Revenue Service processing of carryback claims

**Companion Units**

This unit is designed to stand alone.



**TX1206.3    LIMITATIONS ON LOSSES AND CREDITS FROM PASSIVE ACTIVITIES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Evaluate tax aspects of investments in passive activities.
- o Identify and assess risks involved with passive activities.
- o Calculate tax benefits from passive activities.
- o Present the taxpayer with concise and complete information to be used in the decision-making process.

**Description**

This unit helps practitioners analyze the losses and credits available from passive activities and enables them to advise clients with appropriate tax planning ideas.

**Requisite Knowledge and Experience**

This unit is for individuals who have high-level experience in tax practice and an in-depth understanding of the law. Participants should have completed the Concepts of Individual Income Taxation (TX1202.2) unit, or have equivalent experience.

**Major Topics**

- o Taxpayers covered by passive rules
- o Definition of passive activity
- o Pass-through from limited partnerships
- o Applicability to personal service corporations
- o Losses from rental real estate
- o Active participation
- o Rehabilitation and low-income housing credits
- o Other credits
- o Oil and gas working interests
- o Portfolio income
- o Separate activity
- o Disposition of entire interest
- o Death, gift, and other transfer
- o Change from passive to active
- o Transition and phase-in

**Companion Units**

This unit is designed to stand alone.

TX1207.3 PROBLEMS IN INDIVIDUAL INCOME TAXATION  
PP

**Objectives**

This unit is designed to enable participants to perform high-level tax saving and tax planning services in selected areas for individuals.

**Description**

This unit covers complex individual income tax issues and the ways practitioners can advise individual clients with appropriate tax planning ideas.

**Requisite Knowledge and Experience**

This unit is for individuals who have detailed knowledge of individual income taxation; have had considerable experience in income tax preparation, planning, and review; and have completed the Concepts of Individual Income Taxation (TX1202.2) unit, or have equivalent knowledge.

**Major Topics**

- o Charitable contributions
- o Individual retirement accounts and self-employed plans
- o Installment sales
- o Hobby losses, vacation homes, and home office expenses
- o Travel and entertainment
- o Income splitting within the family trusts
- o Capital gains and losses
- o Section 1231 gains and losses
- o Investments in rental property
- o Timing of investment decisions
- o Income deferral
- o Acceleration of expenses
- o Employee business expenses
- o Tax aspects of alimony
- o Use of credits by individuals in tax planning
- o Alternative minimum tax
- o Limited partnership investments
- o Quarterly federal income tax estimates
- o Carryovers and carrybacks
- o Amended returns
- o Tax benefit rule

- o Rollover strategies for lump sum distributions
- o Limitations on losses and credits from passive activities

#### Companion Units

This unit is designed to stand alone.

**TX1208.3 TAX-ADVANTAGED INVESTMENTS FOR INDIVIDUALS**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Evaluate a prospectus for tax-deferred investments.
- o Identify and assess the risks of tax-deferred investments.
- o Calculate the tax benefits of the deferred investments.
- o Present the taxpayer with concise and complete information to be used in the decision-making process.

**Description**

This unit analyzes tax-deferred investments from a tax perspective and a business point of view. The unit reviews security rules that apply to offerings. One offering of a tax-deferred investment is analyzed in depth.

**Requisite Knowledge and Experience**

This unit is for individuals who have high-level experience in tax practice and an in-depth understanding of tax law. Participants should have completed the Concepts of Individual Income Taxation (TX1202.2) unit, or have equivalent knowledge.

**Major Topics**

- o Private activity bonds
- o Exempt-facility bonds
- o Mortgage revenue bonds
- o Mortgage credit certificates
- o Qualified small issue bonds
- o Student loan bond
- o Section 501(c)(3) bonds
- o Regulated investment companies
- o Rehabilitation expenditures credit
- o Low-income housing credit computation
- o Qualified low-income housing projects
- o Continuing low-housing compliance and recapture
- o Certification requirement
- o Allocation of credit activities by agencies

- o Real estate mortgage investment conduit (REMIC)
- o Working interests in oil and gas property
- o Intangible drilling costs ninety-day spending rule

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to identify new developments in individual income taxation, tax saving, and tax planning ideas.

### Description

This unit brings participants up to date on the changes that took effect in the individual income tax area during the past year and teaches them how to use this information for preparing individual income tax returns and for tax planning.

### Requisite Knowledge and Experience

This unit is for practitioners who are experienced in preparing individual income tax returns and have extensive knowledge and understanding of income tax law for individuals. Participants should have completed the Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1) unit, or have equivalent knowledge.

### Major Topics

- o Tax planning using recently enacted legislation, regulations, rulings, and court cases
- o Significant individual income tax developments
- o Changes in the individual income tax forms, with examples
- o Tax planning techniques and year-end planning
- o Procedures for efficient income tax return preparation within areas of new developments

### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to employ the basic rules and concepts of partnership taxation when preparing moderately difficult tax returns.

### Description

This unit integrates fundamental partnership taxation concepts with their eventual disposition on the Partnership Income Tax Return. Simple tax planning applications are also emphasized throughout the program. Most partnership Internal Revenue Code sections are covered to some degree, and participants are given hands-on experience with Form 1065.

### Requisite Knowledge and Experience

This unit is for practitioners who have basic experience in preparing individual income tax returns and understand individual income tax principles. Participants should also have completed the following units:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX 1201.1)
- o Problems in Individual Income Taxation (TX1207.3)

### Major Topics

- o The tax definitions of a partnership
- o How to prepare Form 1065 and its various schedules, particularly Schedules K and K-1
- o Components of partnership income, their income tax consequences, and reflection on the partnership return (page 1 and schedules K and K-1)
- o The basic tax consequences of the following with emphasis on their disposition on Form 1065:
  - Forming a partnership
  - Determining the basis of a partnership interest for operating loss and other positions
  - Partnership operations
  - Transactions between partners and their partnerships
  - Partnership distributions to partners

- Sales and terminations of a partnership interest
- Special allocations

o Optional adjustments to basis

#### Companion Units

This unit is designed to stand alone.



**TX1302.2 CONCEPTS OF PARTNERSHIP TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Apply Internal Revenue Code sections, regulations, rulings, and court decisions to partnership transactions that cover the formation through termination of partnerships.
- o Complete difficult partnership returns with basic supervision.
- o Recommend the planning opportunities and avoid tax traps in a wide variety of partnership situations.

**Description**

This unit helps participants understand and apply most Subchapter K (Partnership) Internal Revenue Code provisions in tax planning situations.

**Requisite Knowledge and Experience**

This unit is for practitioners who have basic experience in preparing individual and partnership income tax returns and are very knowledgeable in individual income tax principles. Participants should also have completed the Preparation of Partnership Tax Returns and Introduction to Partnership Tax Concepts (TX1301.1) unit, or have equivalent knowledge.

**Major Topics**

- o In-depth tax rules and tax planning techniques for:
  - Forming and organizing partnerships
  - Partnership operations
  - Current and liquidating partnership distributions to partners
  - The at-risk rules and determining the basis of a partnership interest
  - Partnership tax elections
  - Transactions between partners and their partnerships
  - Special allocations
  - Optional adjustments to basis
  - Sales and terminations of a partnership interest
  - Estate planning and the partner
  - Limited partnerships
  - Family partnerships

- o Advantages and disadvantages of partnerships vs. S corporations and regular corporations
- o Partnerships vs. associations
- o Electing out of Subchapter K

#### Companion Units

This unit is designed to stand alone.

**TX1303.3 PROBLEMS IN PARTNERSHIP TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Apply their knowledge of the more complex aspects of partnership taxation to practical problem situations and to go into more depth in selected areas.
- o Implement tax planning strategies in a variety of sophisticated partnership situations.

**Description**

This unit teaches participants how to use their previously learned knowledge of partnership taxation in a wide variety of situations and in complex transactions.

**Requisite Knowledge and Experience**

This unit is for individuals who have a thorough knowledge of partnership taxation, are well-grounded in the application of its rules, and have completed the following units, or have equivalent knowledge:

- o Preparation of Partnership Tax Returns and Introduction to Partnership Tax Concepts (TX1301.1)
- o Concepts of Partnership Taxation (TX1302.2)

**Major Topics**

- o The latest strategies in partnership tax planning
- o Planning for starting a partnership
- o The limited partnership as a family and estate planning tool
- o Tax strategies in structuring partnerships of corporations:  
    partnerships between shareholders and controlled corporations  
    and partnerships between shareholders of the corporation
- o Tax planning with multi-tiered partnerships
- o Withdrawal from a leveraged tax-shelter partnership
- o An in-depth analysis of the at-risk rules; special and retroactive allocations
- o Tax strategies for a retiring partner
- o Partnership mergers, incorporations, and reorganizations
- o Disproportionate distributions and "hot assets"

**Companion Units**

This unit is designed to stand alone.

**TX1304.4 PARTNERSHIP TAX - UPDATE**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Identify current developments affecting tax planning for partners and partnerships.
- o Update their knowledge of partnership taxation.
- o Maintain a high level of proficiency in partnership tax planning and compliance.

**Description**

This unit covers the partnership tax topics that may change from year to year, depending on statutory, judicial, and administrative developments. It also stresses the effects of current developments on existing and emerging tax planning strategies and techniques.

**Requisite Knowledge and Experience**

This unit is for experienced tax practitioners or tax managers in industry with a thorough understanding and high level of proficiency in partnership taxation. Participants should have completed advanced units in partnership taxation or have equivalent knowledge and/or experience.

**Major Topics**

- o Legislative developments
- o Judicial developments
- o Administrative developments
- o Changes in partnership tax forms, with examples
- o Tax planning using recently enacted legislation, regulations, rulings, and court cases
- o Procedures for efficient income tax return preparation

**Companion Units**

This unit can be combined with the Real Estate Taxation - Update (TX1905.4) unit.

**TX1401.1    PREPARATION OF CORPORATE INCOME TAX RETURNS AND INTRODUCTION  
PI            TO BASIC CORPORATE INCOME TAX CONCEPTS**

**Objectives**

This unit is designed to enable participants to -

- o Prepare Form 1120.
- o Identify the fundamental principles of federal corporate income tax return preparation.
- o Use the basic concepts underlying the items on a return.
- o Explain some useful year-end tax planning ideas.

**Description**

This unit familiarizes participants with the mechanics of preparing Form 1120, from the return questions to be answered to the Schedule M reconciliation. Therefore, the reporting of numerous income, deduction, and credit items are covered. A wide variety of post-year-end tax elections with return implications are also reviewed.

**Requisite Knowledge and Experience**

This unit is for individuals from public accounting or industry who have limited experience in individual tax return preparation and are familiar with basic income-tax concepts. Participants should have completed the Preparation of Individual Income Tax Returns and Introduction to Individual Tax Concepts (TX1201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Corporate forms and instructions
- o Corporate tax computation and rate structure
- o Reclassifying items from books to tax return
- o Income items requiring special treatment:
  - Installment sales
  - Deferred income
  - Capital gains and losses
  - Depreciation recapture
  - Nontaxable income
  - Constructive receipt
- o Accrued deductions and the "all events" test
- o Deductions and credits requiring careful treatment
  - Contributions
  - Research and development

- Accelerated cost recovery system (including alternative depreciation system) deductions
- Listed property
- Depletion
- Repairs
- Bad debts
- Unallowable reserves and deductions
- Employee fringe benefits
- Pensions and profit sharing
- General business credit
- Economic performance rule
- Golden parachute payments
- Organizational expense and start-up expenditures

- o Net operating losses
- o Dividends-received deduction
- o Special return preparation problems
- o Working with Schedule M
- o Tax payments
- o Differences with Form 1120S for S corporations
- o Filing timely elections
- o Alternative minimum tax

#### Companion Units

This unit is designed to stand alone.

TX1402.2 CORPORATE FORMATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical rules of the corporate provisions of the Internal Revenue Code dealing with corporate formations.
- o Advise their clients of these rules.
- o Develop choice of entity options.

**Description**

This unit examines the kinds of organizations taxed as corporations, the tax results of the formation of a corporation, and the capitalization of the corporation.

**Requisite Knowledge and Experience**

This unit is for individuals with a working knowledge of individual income taxation. Participants should have taken the following units or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Partnership or trust vs. association:
  - What is a corporation?
  - Regard and disregard of the corporate entity - Section 482 allocations
  - Double tax on dividends
- o Nondividend transactions of a corporation involving its own stock
- o Formation of the corporation
- o Capital structure - debt vs. equity
- o Choice of taxable year

### Companion Units

This unit can be combined with the following units:

- o Corporate Nonliquidating Distributions (TX1403.2)
- o Stock Redemptions (TX1404.2)
- o Corporate Liquidations (TX1405.2)
- o Accumulated Earnings Tax and Personal Holding Companies (TX1406.2)



**TX1403.2 CORPORATE NONLIQUIDATING DISTRIBUTIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical rules of the corporate provisions of the Internal Revenue Code dealing with nonliquidating distributions.
- o Advise their clients of the implications of these distributions.

**Description**

This unit examines the rules that characterize nonliquidating corporate distributions as dividends or nondividends.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of individual income taxation and have taken the following topics or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Contents (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Dividend distributions (in cash or in kind)
- o Earnings and profits
- o Disguised dividends
- o Extraordinary dividends
- o Excessive compensation
- o Distributions of stock and stock rights
- o Distributions of appreciated property

**Companion Units**

This unit can be combined with the following units:

- o Corporate Formations (TX1402.2)
- o Stock Redemptions (TX1404.2)
- o Corporate Liquidations (TX1405.2)
- o Accumulated Earnings Tax and Personal Holding Companies (TX1406.2)

**TX1404.2 STOCK REDEMPTIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical rules in the corporate provisions of the Internal Revenue Code dealing with stock redemptions.
- o Advise their clients of the implications of and alternatives to stock redemptions.
- o Differentiate between stock redemptions (e.g. recovery of basis) and dividend distributions.

**Description**

This unit examines the rules on stock redemptions and teaches participants how to differentiate between redemptions and dividend distributions.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of individual income taxation and have taken the following units or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Stock redemptions and constructive ownership of stock rules
- o Redemptions using affiliated corporations
- o Redemptions to pay death taxes

**Companion Units**

This unit can be combined with the following units:

- o Corporate Formations (TX1402.2)
- o Corporate Nonliquidating Distributions (TX1403.2)
- o Corporate Liquidations (TX1405.2)
- o Accumulated Earnings Tax and Personal Holding Companies (TX1406.2)

**TX1405.2 CORPORATE LIQUIDATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical rules of the corporate provisions of the Internal Revenue Code relating to liquidations.
- o Advise their clients on the implications of these provisions.

**Description**

This unit examines the rules relating to corporate liquidations.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of individual income taxation and have taken the following topics or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Complete liquidations (I.R.C. §§ 331-334, 336, 337)
- o Partial liquidations (I.R.C. § 302e)
- o Section 338 transactions
- o Repeal of General Utilities doctrine

**Companion Units**

This unit can be combined with the following units:

- o Corporate Formations (TX1402.2)
- o Corporate Nonliquidating Distributions (TX1403.2)
- o Stock Redemptions (TX1404.2)
- o Accumulated Earnings Tax and Personal Holding Companies (TX1406.2)

TX1406.2 ACCUMULATED EARNINGS TAX AND PERSONAL HOLDING COMPANIES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical rules in the Internal Revenue Code relating to accumulated earnings tax and personal holding companies.
- o Apply the rules to client situations.

**Description**

This unit covers the provisions of the accumulated earnings tax and their relation to particular tax situations, including personal holding companies.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of individual taxation and have taken the following units or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Accumulated earnings tax:
  - Imposition of accumulated earnings tax
  - Corporations subject to tax
  - Determining the reasonable needs of a business
  - Computation of accumulated taxable income
- o Personal holding company:
  - Definition
  - Computation of undistributed personal holding company income
  - Deficiency dividends
  - Current dividends
  - Imposition of personal holding company tax
- o Relationship of accumulated earnings tax to personal holding company tax

### Companion Units

This unit can be combined with the following units:

- o Corporate Formations (TX1402.2)
- o Corporate Nonliquidating Distributions (TX1403.2)
- o Stock Redemptions (TX1404.2)
- o Corporate Liquidations (TX1405.2)

**TX1407.2 CONCEPTS OF S CORPORATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Advise their clients on electing and maintaining S corporation status.
- o Apply the rules pertaining to the tax consequences to the corporation and its shareholders.

**Description**

This unit covers the principles relating to S corporations whereby tax at the corporate level is generally avoided and there is a pass-through to the shareholders of the various corporate tax items.

**Requisite Knowledge and Experience**

This unit is for individuals in practice and in industry who have a knowledge of basic corporate tax and have completed the Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1) unit, or have equivalent knowledge.

**Major Topics**

- o Qualification, election, and termination of S corporation status
- o Effect of election on corporation including built-in gains tax and passive income tax
- o Taxation of income and distributions from the S corporation
- o Net operating losses of S corporations
- o Fringe benefits
- o Preparation of Form 1120S

**Companion Units**

This unit is designed to stand alone.

**TX1408.3 PROBLEMS OF S CORPORATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply S corporation rules to more difficult fact patterns.
- o Cope with problem areas inherent in S corporation law.
- o Identify tax saving opportunities and avoid tax pitfalls.

**Description**

This unit covers specialized S corporation topics so that participants may become better equipped to handle typical problems in this practice area.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of S corporation rules and have completed the Concepts of S Corporations (TX1407.2) unit, or have equivalent knowledge.

**Major Topics**

- o Use of S corporation versus partnership form of operation
- o Tax reporting to shareholders regarding their items of income, deductions, gains, losses, tax credits and preferences, etc.
- o Shareholder loans, advances, and "drawings" and imputed interest on them
- o Purchase, sale, and liquidation of the S corporation or of a shareholder's interest in it and agreements between the corporation and its shareholders
- o Estate planning for S corporations
- o Shareholders' compensation and related payroll tax and fringe benefits
- o State tax considerations
- o At-risk and passive activity loss limitations on losses

**Companion Units**

This unit is designed to stand alone.

TX1409.3 REORGANIZATIONS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Describe the technical tax requirements relating to mergers, acquisitions, and corporate divisions.
- o Evaluate client plans and review transactions that involve the application of these concepts.

**Description**

This unit explains the requirements for acquisitive or divisive tax-free reorganizations. Basic considerations, carryover of tax attributes, and Internal Revenue Service ruling procedures are also covered.

**Requisite Knowledge and Experience**

This unit is for practitioners who have a working knowledge of individual and corporate income taxation and have taken the following units or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)
- o Corporate Formations (TX1402.2)
- o Corporate Nonliquidating Distributions (TX1403.2)
- o Stock Redemptions (TX1404.2)
- o Corporate Liquidations (TX1405.2)

**Major Topics**

- o Statutory provisions
- o Ruling requests
- o Judicial doctrines:
  - Business purposes
  - Continuity of interest
  - Continuity of business enterprise
  - Step transactions
- o Carryover of corporate tax attributes and limitations
- o Type A - Merger, etc.
- o Type B - Stock for stock



- o Type C - Stock for assets
- o Triangular reorganizations
- o Contingent stock and escrow arrangements
- o Treatment of shareholders - boot stock and securities
- o Allocation rules for asset acquisitions
- o Basis and holding period
- o Treatment of corporation, including assumption of liabilities
- o Type E - Recapitalization and Section 305 problems
- o Type F - Change in form, etc.
- o Type D - combination and division
  - Spin-off
  - Split-off
  - Split-up

#### Companion Units

This unit is designed to stand alone.

TX1410.3 CONSOLIDATED TAX RETURNS  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the technical tax rules relating to consolidated tax returns.
- o Prepare and review consolidated tax returns.
- o Identify tax planning opportunities for the affiliated group.
- o Spot potential tax traps in the consolidated return area.
- o Determine whether it is advantageous to file a consolidated return.

**Description**

This unit details the tax rules pertaining to the preparation of consolidated tax returns. Tax planning opportunities and the advantages and disadvantages of consolidation are also covered.

**Requisite Knowledge and Experience**

This unit is for individuals who have some corporate tax experience, are well-grounded in the basics of corporate taxation, and have completed the following units:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)
- o Corporate Formations (TX1402.2)
- o Corporate Nonliquidating Distributions (TX1403.2)
- o Stock Redemptions (TX1404.2)
- o Corporate Liquidations (TX1405.2), or equivalent
- o Reorganizations (TX1409.3), or equivalent

**Major Topics**

- o The affiliated group:
  - Stock ownership requirements
  - Includible corporations
  - When a group remains in existence
  - Reverse acquisitions

- o Filing requirements:
  - Election to file (how and when executed)
  - Continued filing requirements
  - "Good cause" applications to discontinue filing
- o Common parent's agency and other administrative provisions:
  - Scope of common parent's agency
  - Statute of limitations
  - Ineligible corporations
  - Several liabilities for tax
  - Estimated tax
  - Tentative carryback adjustments
- o Taxable years and accounting methods:
  - Taxable years of members
  - Effect of reverse acquisition
  - Income to be included
  - The thirty-day rules
  - Time for making separate returns
  - Separate return options
  - Definition of taxable year
  - Methods of accounting
- o Consolidated and separate taxable income:
  - How computation is made
  - Special adjustments
  - Special depreciation rule and I.R.C. § 1239
  - Charitable contributions
  - Deductions
  - Dividends received deduction
  - Miscellaneous (mine exploration, depletion, pension rules)
- o Intercompany transactions:
  - Definitions (including deferred intercompany transactions)
  - Treatment
  - Exceptions to restoration rules
  - Holding period
  - Election not to defer
  - Special inventory adjustments
- o Special limitations on certain deductions or credits:
  - Separate return limitation year (SRLY) and effect of reverse acquisitions
  - Built-in deduction
  - Consolidated return change of ownership (CRCO)
  - At-risk rules
  - Anti-circular basis limitation

- o Net operating losses (NOL):
  - Computation of current NOL
  - Apportionment to separate return years
  - Treatment of carrybacks, carryovers, and limitations
  - The SRLY formula
  - Absorption rules
  
- o Capital gains and losses:
  - Computation of consolidated Section 1231 and capital gain items
  - Apportionment to separate return years
  - Limitations on carryovers and carrybacks
  
- o Tax liability of the group:
  - Computation
  - Consolidated personal holding company and accumulated earnings tax, alternative minimum tax, foreign tax credits, general business, and miscellaneous credits
  - Allocation of consolidated tax liability
  
- o Earnings and profits, investment adjustments, and deemed dividend:
  - Special consolidated E&P adjustments
  - Investment adjustments
  - E&P reconciliation adjustments
  - Reversal of excess net positive adjustments
  - Deemed dividend
  
- o Intercompany distributions regarding stock and obligations of group members:
  - Dividends, redemptions, liquidations, consolidated return aspects of I.R.C. § 338
  - Basis of distributed property
  - Sales and exchange of intragroup obligations
  
- o Excess loss accounts:
  - How they're created
  - Recognition of excess loss account income and exceptions
  - Special basis adjustment rules

**Companion Units**

This unit is designed to stand alone.

**TX1411.3 TAX ASPECTS OF BUSINESS PLANNING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Analyze, evaluate, and use tax considerations in business planning.
- o Advise clients about the tax effects of a wide range of business actions and decisions.

**Description**

This unit teaches participants how to develop the tax planning considerations that are important in making sound business decisions. Its content draws on knowledge spanning a broad range of the tax law.

**Requisite Knowledge and Experience**

This unit is for individuals with a working knowledge of and experience in individual partnership and corporate income taxation. Participants should have completed level-II units in individual, partnership, and corporate income taxation areas.

**Major Topics**

- o Shareholder benefits - tradeoffs between compensation, dividends, fringe benefits, and estate considerations
- o Choice of business form:
  - Corporation vs. partnership
  - Section 1244 or S corporation status
  - Stockholders' loans, guarantees, and losses
  - Master limited partnerships
- o Partnerships and partners - allocation of profits and losses
- o Debt vs. equity
- o Incorporation of a partnership - I.R.C. § 351
- o Methods to value stock
- o Rights of minority shareholders:
  - Appraisal rights
  - Fiduciary obligation
- o Disengaging two corporate shareholders
- o Selling an operating business: choice of form
- o To liquidate or not to liquidate

- o Problems with profitability: the accumulated earnings tax
- o Fringe benefits
- o Going public - issuance of securities by a corporation
- o Going private

#### **Companion Units**

This unit is designed to stand alone.

**TX1412.3 CLOSELY HELD CORPORATIONS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify a closely held corporation's federal tax problems and recommend solutions.
- o Identify tax saving opportunities for the closely held corporation and its shareholders.

**Description**

This unit covers the major tax aspects of operating a closely held corporation, from the decision to incorporate to methods of disposing of the business. Many tax subjects are dealt with in a manner that focuses on the specific tax problems of the closely held corporation. This unit is not intended to be a substitute for other courses in the corporate curriculum, even though some material covered in this unit is found in other units.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with corporate income tax concepts. Experience in preparing returns of closely held businesses would prepare participants for some of the problems to be discussed in this unit. In addition, they should have completed the following units:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)
- o Sales and Exchanges of Property (TX1204.2)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)

**Major Topics**

- o Deciding whether to incorporate a business
- o Tax-free incorporation
- o Debt vs. equity
- o Electing the S corporation option
- o Section 1244 stock
- o Compensating the stockholder-employee:
  - Reasonable compensation
  - Utilizing fringe benefits
  - Retirement plans and other deferred compensation methods
  - Income splitting

- o Disguised dividends
- o Shareholder loans
- o Dividend distributions
- o Accumulated earnings tax
- o Personal holding company
- o Collapsible corporations
- o Selling a closely held business
- o Distributions of appreciated property
- o Buy-sell agreements
- o Redemptions
- o Estate planning considerations
- o Section 83 considerations

**Companion Units**

This unit is designed to stand alone.



### Objectives

This unit is designed to enable participants to -

- o Advise clients on new developments in corporate income taxation affecting tax savings and tax planning ideas.
- o Apply updated corporate income tax information to the preparation of corporate income tax returns.

### Description

This unit brings participants up to date on the changes made in the corporate taxation area during the past year and teach them how to use this information in preparing corporate income tax returns and tax planning.

### Requisite Knowledge and Experience

This unit is for individuals with experience in preparing corporate income tax returns and extensive knowledge and understanding of income tax laws for corporations. Participants should also have completed the level-III corporate taxation courses, or have equivalent knowledge.

### Major Topics

- o Significant corporate tax developments
- o Changes in corporate tax forms, with examples
- o Tax planning using recently enacted legislation, regulations, rulings, and court cases
- o Corporate income tax principles
- o Tax planning techniques and year-end planning
- o Questions regarding basic tax rules
- o Procedures for efficient tax return preparation within areas of new developments

### Companion Units

This unit is designed to stand alone.

TX1501.1 CORPORATE TAX COMPLIANCE - FEDERAL, STATE, AND LOCAL  
II

**Objectives**

This unit is designed to enable participants to -

- o Distinguish among the various federal, state, local, and other tax authorities.
- o Explain the filing and reporting requirements of each taxing authority.
- o Describe the legal implications involved in failing to meet those requirements.

**Description**

This unit makes participants aware of the multiple federal, state, local, and other tax regulations that exist within a geographical area.

**Requisite Knowledge and Experience**

This unit is for individuals who are either starting a new business or moving into a new geographical area.

**Major Topics**

- o Reporting and filing requirements for federal taxes:
  - Payroll: FICA, FUTA, withholding
  - Corporate: Sub S, timely deposits
  - Partnership
  - Excise tax
  - Other
  - Record keeping for personal use of listed property
- o Reporting and filing requirements for state taxes:
  - Payroll: withholding and unemployment
  - Income tax; timely deposits
  - Sales/use tax
  - Personal property tax
  - Real estate tax
  - Vehicle registration and tax
  - Franchise tax
  - Other

- o Reporting and filing requirements for local taxes:
  - Payroll: withholding and unemployment
  - Income tax
  - Personal property tax
  - Real estate tax
  - Other
  
- o Penalties for failure to comply with requirements

#### Companion Units

This unit can be combined with applicable units dealing with corporate taxation and with the following units:

- o Corporate Tax Planning (TX1502.2)
- o Corporate Interstate Taxation (TX2101.2)
- o State and Local Taxation (TX2102.2)
- o State and Local Taxes - Update (TX2103.4)

TX1502.2 CORPORATE TAX PLANNING  
II

**Objectives**

This unit is designed to enable participants to -

- o Identify tax opportunities and detriments while making corporate business decisions.
- o Assess the implications of alternative tax considerations.
- o Identify areas where in-depth tax research is required.

**Description**

This unit explains how current tax laws affect the corporate structure. Areas discussed include accounting periods and methods, compensation planning division, capital structure considerations, dividend policy, acquisitions, sales, liquidations, and reorganizations. The effects of taxes on taxable income and cash flow are also covered.

**Requisite Knowledge and Experience**

This unit is for nontax specialists who are involved in corporate planning.

**Major Topics**

- o Corporate structure:
  - Alternative tax benefits arising from changes in structure
- o Tax rates, alternative minimum tax, and superfund tax
- o Alternative periods and methods
- o Capital structure considerations:
  - Debt vs. equity - effects on taxable income and cash flow
  - Risk of default
  - Rating agency considerations
  - Investor considerations
- o Dividend policy
- o Pension plans
- o Compensation planning devices:
  - Incentive and nonqualified stock options
  - Stock appreciation rights
  - Cash or deferred arrangements
  - Employee compensation and benefit plans

- o Acquisitions, sales, liquidations, and reorganizations:
  - Earnings and profits
  - Dividends, attribution, and redemption
  - The effect of corporate liquidations
  - Acquiring stock vs. acquiring assets
  
- o Source of specialists:
  - Internal
  - External

**Companion Units**

This unit can be combined with the following units:

- o Mergers, Acquisitions, and Divestitures (MG2701.2)
- o Corporate Tax Compliance - Federal, State, and Local (TX1501.1)

**TX1601.1 INTRODUCTION TO TAX-EXEMPT ORGANIZATIONS**

PP

**Objectives**

This unit is designed to enable participants to -

- o Prepare Internal Revenue Service Form 990.
- o Differentiate between types of exempt organizations.
- o Help prepare applications for exempt status.

**Description**

This unit introduces participants to the sections of the Internal Revenue Code that apply to charities and other nonprofit organizations. Participants gain experience in filling out Form 990 and are introduced to the requirements for obtaining and maintaining tax-exempt status.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with accounting principles for nonprofit organizations.

**Major Topics**

- o The difference between the definition of a tax-exempt organization and the accounting definition of a nonprofit organization
- o The differences between nonprofit accounting principles and commercial accounting
- o The types of 501C organizations:
  - Organizational and operational tests
- o The relationship between Form 990 and financial accounting principles for nonprofit organizations:
  - Categories of revenue, support, and expenses
- o Preparing Form 990
- o Local reporting requirements

**Companion Units**

This unit is designed to stand alone.

**TX1602.2 CONCEPTS OF TAX-EXEMPT ORGANIZATIONS**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the requirements for maintaining Section 501(c)(3) status.
- o Identify the steps necessary to avoid private foundation status.
- o Prepare Forms 1023 and 1024.
- o Prepare Form 990A and to understand its implications.
- o Describe the unrelated business and debt-financed income rules.
- o Identify the CPA's role in advising clients to use charitable contributions as a tax planning tool.

**Description**

This unit reviews the Internal Revenue Code's requirements for public charities under I.R.C. § 501(c)(3) and explains how to maintain public charity status and avoid private foundation status. Participants gain experience in preparing Form 990A and are introduced to the concepts of unrelated business income.

**Requisite Knowledge and Experience**

This unit is for individuals who know how to prepare Form 990, can identify different types of Section 501(c) organizations and have completed the Introduction to Tax-Exempt Organizations (TX1601.1) unit, or have equivalent knowledge.

**Major Topics**

- o Section 501(c)(3) organizations:
  - Maintaining exempt status
- o The requirements for public charity status
- o The relationship between tests for public charity status and Form 990A
- o Preparing Form 990A
- o Other Section 501(c) organizations
- o Unrelated business income (introduction and overview)
- o Unrelated debt-financed income (introduction and overview)
- o Special employee fringe benefits for tax-exempt organizations
- o Private foundations (overview)
- o Overview of appeal procedures before the Internal Revenue Service and effect of the loss of tax-exempt status
- o The CPA's role in advising clients to make charitable contributions as a tax planning tool:

- Percentage limitations - individuals and corporations
- Charitable trusts, pooled income funds, and other vehicles

- o Group exemptions
- o Lobbying activities and elections
- o State and local exemptions
- o Excise payroll tax exemption

#### Companion Units

This unit can be combined with other intermediate-level Tax-Exempt Organizations units.



**TX1603.2 UNRELATED BUSINESS AND DEBT-FINANCED INCOME**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the criteria for unrelated business and debt-financed income.
- o Identify income exempt from the unrelated business rules.
- o Identify income exempt from unrelated debt-finance rules.
- o Prepare Form 990T.

**Description**

This unit provides participants with a working knowledge of the Internal Revenue Code sections that apply to unrelated business and debt-financed income. The purpose of the tax on unrelated activities and activities exempt from the tax are explored and the preparation of Form 990T is discussed.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in corporate income taxation and can identify the types of Section 501(c) organizations. Participants should have completed level-I and -II units in corporate income taxation and the Introduction to Tax-Exempt Organizations (TX1601.1) unit, or have equivalent knowledge.

**Major Topics**

- o The purpose of the tax on unrelated business activities
- o The definition of an unrelated business
- o Exemptions from unrelated business treatment
- o Controlled organizations
- o The definition of debt-financed income
- o Future-use requirements
- o Acquisition indebtedness
- o Excessive unrelated activities
- o Computing unrelated business income
- o Computing unrelated debt-financed income
- o Preparing Form 990T

**Companion Units**

This unit can be combined with other intermediate-level Tax-Exempt Organizations units.

TX1604.2 PRIVATE FOUNDATIONS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Differentiate among private foundations, private operating foundations, and public charities.
- o Identify how public charities can lose their status to become private foundations.
- o Identify prohibited transactions and the penalties for entering into them.
- o Prepare Form 990 PF.

**Description**

This unit provides participants with a working knowledge of the sections of the Internal Revenue Code that apply to private foundations. The requirements for obtaining and maintaining private foundation status, the strict operating requirements of private foundations, and the preparation of Form 990 PF are detailed.

**Requisite Knowledge and Experience**

This unit is for individuals who know how to prepare Form 990 and understand the general concepts for obtaining and maintaining exempt status. Participants should have completed the Introduction to Tax-Exempt Organizations (TX1601.1) unit, or have equivalent knowledge, and the Concepts of Tax-Exempt Organizations (TX1602.2) unit.

**Major Topics**

- o The definition of a private foundation
- o Private foundations vs. public charities
- o Prohibited transactions
- o Penalties for engaging in prohibited transactions
- o Charitable distribution requirements
- o Excise tax on investment income
- o Limitations on deductions for contributions to private foundations
- o Preparation of Form 990 PF

- o Local reporting requirements
- o Private operating foundations
- o Advantages and disadvantages of private foundations

**Companion Units**

This unit can be combined with other intermediate-level Tax-Exempt Organizations units.

TX1605.3 PROBLEMS OF TAX-EXEMPT ORGANIZATIONS  
PP

**Objectives**

This unit is designed to enable participants to -

- o Use unrelated business income as a tax planning tool.
- o Use private foundations in tax and family financial planning.
- o Help clients maintain their tax-exempt status.
- o Use strategies to prevent or postpone the loss of public charity status.
- o Plan for spinoffs of unrelated activities.

**Description**

This unit introduces participants to tax planning opportunities available for tax-exempt organizations. It also develops strategies involving the use of private foundations.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of the sections of the Internal Revenue Code that pertain to tax-exempt organizations and have completed the following units, or have equivalent knowledge:

- o Concepts of Tax-Exempt Organizations (TX1602.2)
- o Unrelated Business and Debt-Financed Income (TX1603.2)
- o Private Foundations (TX1604.2) (suggested, especially if participant has had little experience with private foundations)

**Major Topics**

- o Unrelated business income rules
- o Preventing excessive unrelated activities:
  - Court decisions and common sense
- o Using unrelated business income to absorb overhead
- o Planning with unrelated business income to increase the organization's activities
- o Restructuring unrelated activities to make them related
- o Using the private foundation as a tax planning and family financial planning tool

- o Planning for Section 501(c)(3) organizations to avoid the loss of public charity status
- o Planning to avoid the loss of tax-exempt status

**Companion Units**

This unit is designed to stand alone.

**TX1701.1 FIDUCIARY ACCOUNTING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Set up and maintain an accounting system for an estate or trust and be able to prepare its financial statements.
- o Locally prepare prescribed forms for a compulsory court accounting.

**Description**

This unit presents the principles of fiduciary accounting. Participants are exposed to the special terms and concepts related to accounting for estates and trusts. They also gain experience in preparing financial statements for fiduciaries and are introduced to the concepts required to prepare a compulsory accounting mandated by the applicable court.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general accounting background but no special knowledge or experience in fiduciary accounting.

**Major Topics**

- o The concepts of principal and income
- o Business income
- o Assets and liabilities
- o Establishing and operating the fiduciary bookkeeping system
- o Accounting for an estate
- o Accounting for a trust
- o Preparing financial statements for estates and trusts
- o Developing cash-flow requirements for the estate
- o Special kinds of fiduciaries
- o Preparing a court-mandated compulsory accounting

**Companion Units**

This unit can be combined with the CPA's Role in Estate Administration (TX1702.1) unit.

**TX1702.1 CPA'S ROLE IN ESTATE ADMINISTRATION**  
**PI**

**Objectives**

This unit is designed to enable participants to counsel and assist their clients in the probate process and estate administration.

**Description**

This unit covers the steps of the probate process and helps participants identify those areas in which they can render their assistance. This is a "what to do" rather than a "how to do" course.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general accounting background but no special technical knowledge or experience in estate administration.

**Major Topics**

- o Reading and probating the will
- o Qualifying the executor
- o Obtaining letters testamentary or letters of administration
- o Marshaling assets
- o Transferring assets to the fiduciary
- o Developing cash-flow requirements
- o Asset appraisal
- o The CPA's role in post-mortem tax planning
- o Estate administration
- o Distributing the estate
- o Accounting for the estate

**Companion Units**

This unit may be combined with the Fiduciary Accounting (TX1701.1) unit.

**TX1703.1 INTRODUCTION TO INCOME TAXATION OF ESTATES AND TRUSTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Use the rules for simple and complex trusts.
- o Compute the taxable income of a trust or estate.
- o Compute distributable net income.
- o Prepare Forms 1041, 1041D, and 1041K.

**Description**

This unit introduces participants to estate and trust taxation by exposing them to the computations of trust taxable income and distributable net income and demonstrating how to prepare Forms 1041, 1041D, and 1041K.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with the concepts of fiduciary accounting and individual income taxation and have completed the following units, or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Fiduciary Accounting (TX1701.1)

**Major Topics**

- o Definition of a trust
- o Simple vs. complex trusts
- o Fiduciary accounting
- o Permissible accounting periods
- o Computing trust or estate taxable income
- o Charitable contributions
- o Computing distributable net income
- o Capital gains and losses
- o Preparing Forms 1041, 1041D, and 1041K
- o Payment of regular tax
- o Special taxes on estates and trusts
- o Throwback rules
- o Grantor trusts
- o Planning with trusts

**Companion Units**

This unit is designed to stand alone.



**TX1704.1 INTRODUCTION TO ESTATE TAXATION**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Determine what is included in the gross estate.
- o Use asset valuation rules.
- o Identify the deductions from the estate.
- o Apply the unified credit rules.
- o Prepare Form 706: United States federal estate tax return.

**Description**

This unit covers the major concepts of estate taxation, including the elements of the gross estate, the deductions allowed toward the taxable estate, and the preparation of Form 706.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with the probate process and income taxation as it relates to both individuals and estates and trusts, and have completed the following units, or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Introduction to Income Taxation of Estates and Trusts (TX1703.1)

**Major Topics**

- o Valuation:
  - Date
  - Methods
- o The gross estate - overview
- o Inclusions in the gross estate:
  - Real estate
  - Stocks and bonds
  - Mortgages, notes, contracts to sell land, cash
- o Transfers during lifetime
- o Powers of appointment
- o Annuities
- o Certain marital deduction property

- o Deductions:
  - Marital deduction
  - Public and charitable transfers
  
- o Unified credit
- o Preparing Form 706
- o Generation-skipping tax (overview)

**Companion Units**

This unit can be combined with the Introduction to Gift Taxation (TX1705.1) and the Generation-Skipping Transfers (TX1708.2) units.

**TX1705.1 INTRODUCTION TO GIFT TAXATION**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply gift tax rules, including the unified rate schedule and gift tax credit.
- o Use valuation procedures.
- o Identify taxable gifts.
- o Apply exclusion rules.
- o Prepare Form 709: United States Gift Tax Return.
- o Generation-skipping tax (overview).

**Description**

This unit covers the major concepts of gift taxation and the underlying rationale and effects on the parties to gift transactions. The nature of the gift tax, unified rate schedule, valuation, exclusions, deductions, and exemptions are all covered, and the unit concludes with an actual preparation of Form 709.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of individual income taxation and trust and estate income taxation and have completed the Introduction to Income Taxation of Estates and Trusts (TX1703.1) unit.

**Major Topics**

- o The nature of gift tax:
  - Unified rate schedule
  - Gift tax credit
- o Forms required:
  - Gifts to charities
- o Valuation:
  - Life insurance
  - Annuities
- o Taxable gifts:
  - Gifts to political organizations
  - Interest-free loans
  - Powers of appointment

- o Gift-splitting
- o Annual exclusion:
  - Future interests
  - Gifts for the benefit of a minor
  
- o Deductions and exemptions:
  - Public, charitable, and religious transfers
  - Marital deduction
  
- o Preparing Form 709

#### **Companion Units**

This unit can be combined with the Introduction to Estate Taxation (TX1704.1) and the Generation-Skipping Transfers (TX1708.2) units.

**TX1706.2 PROBLEMS IN INCOME TAXATION OF ESTATES AND TRUSTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify special problems of complex trusts.
- o Compute an accumulation distribution.
- o Prepare Forms 1041J and 4970.
- o Apply rules for grantor, Crummey, and other special trusts.
- o Determine income and deductions in respect of a decedent.
- o Analyze the effect of distributions of estates and trusts on beneficiaries.
- o Identify the effects of trust or estate termination.

**Description**

This unit covers the special problems associated with complex trusts. Participants learn the throwback rules, computation of the tax on accumulation distributions, and preparation of Forms 1041J and 4970. Special types of trusts and the effects of distributions on beneficiaries are also covered.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with fiduciary accounting and basic income taxation of estates and trusts and have completed the following units, or have equivalent knowledge:

- o Fiduciary Accounting (TX1701.1)
- o Introduction to Income Taxation of Estates and Trusts (TX1703.1)

**Major Topics**

- o Complex trusts
- o Distributions of complex trusts
- o Computing accumulation distributions
- o Preparing Forms 1041J and 4970
- o Separate-share rule
- o Trust termination
- o Grantor trusts
- o Charitable lead, remainder, and other special trusts

- o Income and deductions in respect of a decedent
- o Elective deductions of estates-overview
- o Estate termination

**Companion Units**

This unit is designed to stand alone.

**TX1707.2 PROBLEMS OF ESTATE AND GIFT TAXATION**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply the estate and gift tax rules to complex situations.
- o Advise clients and prospective donors regarding tax saving opportunities.

**Description**

This unit covers advanced topics in estate and gift taxation, that is, the special rules that apply in more complex or less common situations. Course content ranges from alternative valuation procedures to limited use of the marital deduction to transfers by donors subject to special rules. Emphasis is on tax planning with the objective of maximizing the amount of property passed to others at a minimum tax cost.

**Requisite Knowledge and Experience**

This unit is for individuals who have an understanding of the basic concepts of estate and gift taxation and preparation of Forms 706 and 709. Participants should also have completed the Introduction to Estate Taxation (TX1704.1) and the Introduction to Gift Taxation (TX1705.1) units, or have equivalent knowledge.

**Major Topics**

- o Valuation:
  - Special use
  - Alternate methods
- o Gross estate:
  - Stocks and bonds
  - Life/group insurance
  - Jointly owned property
- o Powers of appointment
- o Annuities:
  - Individual retirement accounts
  - Lump-sum distributions
- o Marital deduction
- o Transfers:
  - Transfers during lifetime
  - Public and charitable
  - State laws

- o Credits:
  - Tax on prior transfers
  - State death taxes
  - Gift taxes
  
- o Generation-skipping transfer tax

**Companion Units**

This unit is designed to stand alone.



**TX1708.2    GENERATION-SKIPPING TRANSFERS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Define generation-skipping transfers.
- o Calculate the generation-skipping tax.
- o Identify generation-skipping planning opportunities.

**Description**

This unit covers the concepts and effects of the generation-skipping transfer tax. The interaction between estate, gift, and generation-skipping taxation is discussed. The unit includes preparation of the generation-skipping tax forms for both inter-vivos and testamentary generation skips.

**Requisite Knowledge and Experience**

This unit is for individuals who have a basic knowledge of estate and gift taxation. Participants should have completed the Introduction to Estate Taxation (TX1704.1) unit, or have equivalent experience. Prior completion of the Introduction to Gift Taxation (TX1705.1) unit would also be helpful.

**Major Topics**

- o Definition of generation-skipping transfers:
  - Inter-vivos and testamentary transfers
  - Use of trusts
  - Direct skips
- o Exemptions from tax
- o State tax credits
- o Computing the generation-skipping tax
- o Planning with the generation-skipping tax

**Companion Units**

This unit can be combined with the Introduction to Estate Taxation (TX1704.1) and the Introduction to Gift Taxation (TX1705.1) units.

**TX1709.2 VALUATIONS FOR ESTATE AND GIFT TAX PURPOSES**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the valuation principles as set forth in applicable regulations, rulings, case law, and other authoritative sources.
- o Apply the rules to various kinds of assets.
- o Challenge Internal Revenue Service's contentions.
- o Defend valuations used on tax returns.

**Description**

This unit examines generally accepted techniques for valuing assets for estate and gift tax purposes. It also covers valuation of closely held family businesses, professional corporations, partnerships, and proprietorships and explains how to deal with IRS and state officials, what valuation elements to stress, and when to use and how to locate valuation experts.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with estate and gift taxation and have some experience in preparing estate and gift tax returns. Participants should also have completed the Introduction to Estate Taxation (TX1704.1) and the Introduction to Gift Taxation (TX1705.1) units, or have equivalent knowledge.

**Major Topics**

- o Valuation in general
- o Valuation of listed securities, blockage, and restricted stock
- o Valuation of stock in closely held businesses
- o Valuation of partnership interests and proprietorships
- o Valuing real estate, farm land, and art objects
- o Valuation of intangibles
- o The mathematics of valuation

**Companion Units**

This unit is designed to stand alone.

TX1710.3 INTRODUCTION TO ESTATE PLANNING  
PI

**Objectives**

This unit is designed to enable participants to -

- o Apply estate planning techniques.
- o Use available options for the estate and its beneficiaries.
- o Identify nontax considerations of estate planning.
- o Prepare an estate plan.

**Description**

This unit presents the objectives and techniques of estate planning. Wills, gifts, trusts, and selection of fiduciaries are discussed. The importance of preparing an estate plan that meets the personal needs of the client or prospective donor, tax considerations aside, is emphasized. The course also includes the development of a hypothetical estate plan.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of estate and trust income taxation and estate and gift taxation and have completed the following units, or have equivalent knowledge:

- o CPA's Role in Estate Administration (TX1702.1)
- o Introduction to Estate Taxation (TX1704.1)
- o Introduction to Gift Taxation (TX1705.1)
- o Problems of Income Taxation of Estates and Trusts (TX1706.2)
- o Valuations for Estate and Gift Tax Purposes (TX1709.2)

**Major Topics**

- o The objectives of estate planning
- o Parties to estate planning:
  - CPA's role
  - Relations with attorneys
  - Fiduciaries
- o Broaching the subject with clients and prospective donors:
  - Analyzing their needs
  - Inventorying their assets
  - Estate planning questionnaire
- o Wills
- o Gifts:
  - Planning a program of lifetime giving
  - Selecting gift property

- o Trusts:
  - Overview
  - Types
  
- o Strategies and valuations of property:
  - Life insurance
  - Pension, profit sharing, or stock plans
  - Farms and closely held businesses
  
- o Deductions and exemptions:
  - Contributions
  - Marital deduction
  
- o Generation-skipping transfers
- o Preparation of an estate plan

#### Companion Units

This unit can be combined with any advanced-level estate planning unit.

**TX1711.3 POST-MORTEM ESTATE TAX PLANNING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify tax planning options available to the executor.
- o Explain the effects of available options on the estate and its beneficiaries.
- o Describe the nontax considerations of post-mortem planning.
- o Prepare a post-mortem plan.

**Description**

This unit presents the techniques used by estate planners for effective estate administration. The advantages and disadvantages of numerous planning techniques are explained and numerous tax traps presented. The trade-offs resulting from choosing specific options and rejecting others are explored, and preparation of the post-mortem estate plan is discussed.

**Requisite Knowledge and Experience**

This unit is for individuals with a working knowledge of estate and trust income taxation, and estate and gift taxation. Participants should also be familiar with pre-death estate planning techniques and should have completed the following units, or have equivalent knowledge:

- o CPA's Role in Estate Administration (TX1702.1)
- o Problems in Income Taxation of Estates and Trusts (TX1706.2)
- o Introduction to Estate Taxation (TX1704.1)
- o Introduction to Gift Taxation (TX1705.1)
- o Introduction to Estate Planning (TX1710.3)

**Major Topics**

- o Estate administration procedures
- o Cash flow and estate liquidity planning
- o Decedent's final tax return
- o Federal estate tax return elections
- o Disclaimers
- o "Q-Tip" election
- o Special use and alternate valuation
- o Section 6166 tax deferral election
- o Section 303 redemptions
- o Funding the marital bequest
- o Fiscal year elections
- o Partnership revaluation elections

- o Use and funding of trusts
- o Planning with distributable net income
- o Administration expenses
- o Fiduciary income tax returns
- o Distributions of appreciated property
- o Other distributions
- o Taxation of beneficiaries
- o Waiving executor's commissions
- o Planning for closing the estate
- o Nontax considerations
- o Preparing the post-mortem estate plan

#### **Companion Units**

This unit can be combined with any advanced-level estate planning unit.

**TX1712.3 ESTATE PLANNING FOR CLOSELY HELD BUSINESS INTERESTS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply estate planning alternatives available to owners of closely held business interests.
- o Identify the circumstances indicating a particular estate planning approach.
- o Recommend estate planning strategies that will fulfill their clients' desires and maximize capital preservation.

**Description**

This unit reviews key estate planning considerations, such as management continuity, reorganization and recapitalization, valuation strategy, use of trusts and trustee selection, buy-sell agreements, liquidity, planning for disposal, effect of death of a partner, the partnership agreement, and liquidation alternatives.

**Requisite Knowledge and Experience**

This unit is for individuals with extensive knowledge of and experience in income and estate and gift taxation. Participants should also have broad experience in dealing with income tax law (individual, partnership, trusts and estates, and corporation) and estate and gift taxation, and should have completed the following units:

- o Closely Held Corporations (TX1412.3)
- o Valuations for Estate and Gift Tax Purposes (TX1709.2)
- o Introduction to Estate Planning (TX1710.3)

**Major Topics**

- o Valuation problems
- o Liquidity and stock redemptions
- o Retention of family control
- o Recapitalization
- o Private annuities
- o Buy-sell agreements
- o Trusts and selecting trustees
- o Life insurance
- o Partnership agreements
- o Estate tax-deferred payment

**Companion Units**

This unit can be combined with any advanced-level estate planning unit.

**TX1713.3 USING TRUSTS IN INCOME AND ESTATE PLANNING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify the various types of trusts.
- o Determine the uses for each type of trust.
- o Distinguish the tax treatment of each type of trust.
- o Apply tax planning opportunities afforded by various types of trusts.
- o Use different types of trusts in income and estate planning under various circumstances.

**Description**

This unit provides a comprehensive review of the different types of trusts, their characteristics, and the ways they may be used to carry out the client's or prospective donor's wishes and effect tax saving opportunities.

**Requisite Knowledge and Experience**

This unit is for individuals who are familiar with the taxation of estates, gifts, and trusts, have a basic knowledge of estate planning, and have completed the following units, or have equivalent knowledge:

- o Problems in Income Taxation of Estates and Trusts (TX1706.2)
- o Problems of Estate and Gift Taxation (TX1707.2)
- o Introduction to Estate Planning (TX1710.3)

**Major Topics**

- o Uses of trusts
- o Parties to a trust agreement
- o Classification of trusts:
  - Inter-vivos vs. testamentary
  - Revocable vs. irrevocable
  - Simple vs. complex
- o Marital deduction planning:
  - Marital trust
  - Nonmarital trust
  - Qualified terminable interest property trust



o Types of trusts:

- Trust for minors
- Spendthrift trust
- Insurance trust
- Charitable remainder trust
- Charitable lead trust
- Corporation education trust
- Reciprocal trust
- Generation-skipping trust
- Crummey trust

o Hidden traps relating to trusts

**Companion Units**

This unit is designed to stand alone.

**TX1714.3 CASE STUDIES IN ESTATE PLANNING**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Structure a client's personal financial plan to minimize income and estate taxes by using lifetime and testamentary techniques.
- o Use estate planning and communications skills in their practice.

**Description**

This unit provides participants with the opportunity to apply a broad spectrum of their knowledge and training in taxation, finance, and accounting.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in working on substantial estate planning engagements and have completed the Problems of Estate and Gift Taxation (TX1707.2) and the Introduction to Estate Planning (TX1710.3) units, or have equivalent knowledge.

**Major Topics**

- o Preliminaries:
  - Advising clients on their needs
  - Questionnaires
  - Glossary
  - The estate planning team
  - Review of relevant Internal Revenue Code provisions
- o Inter-vivos planning:
  - Gifts
  - Sprinkling trusts
  - Joint ownership
  - Split-interest charitable trusts
  - Testamentary planning
- o "Q-Tip" trusts, pour-over trusts, marital deduction, flower bonds
- o Post-mortem planning
- o Special situations - owner of a closely held corporation, the corporate executive, owner of a partnership interest

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Apply current developments in the estate planning area.
- o Utilize latest knowledge of proper estate planning techniques.
- o Avoid pitfalls from outdated estate planning.
- o Advise clients on the latest estate planning strategy.

### Description

This unit explores new and emerging developments in estate planning resulting from changing laws, rulings, and court decisions. It stresses the effects of these developments on existing planning devices and the steps that must be taken to make old strategies conform to the new thinking.

### Requisite Knowledge and Experience

This unit is for practitioners and trust company officers who have a thorough familiarity with and are involved in matters pertaining to estate planning.

### Major Topics

- o Legislative developments
- o Judicial developments
- o Administrative developments:
  - Rulings
  - Procedures
  - New and proposed regulations
- o Current commentary

### Companion Units

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Describe the tax rules for qualified plans.
- o Explain the operating and tax ramifications of simplified employee pensions, individual retirement accounts and employee stock ownership plans.
- o Identify reporting and disclosure requirements to the Internal Revenue Service, Department of Labor (DOL), Pension Benefit Guaranty Corporation (PBGC), and plan participants/beneficiaries.

### Description

This unit introduces participants to the basic rules and reporting and disclosure requirements for qualified plans. It also covers individual retirement accounts and simplified employee plans.

### Requisite Knowledge and Experience

This unit is for individuals who have basic taxation experience and a level-I knowledge of individual and corporation income taxes.

### Major Topics

- o Qualified pension and profit-sharing plans - an overview
- o General rules: discrimination, participation, vesting, funding, limits on benefits and contributions, distributions, rollovers
- o Integration with social security
- o Loss of qualified status, plan terminations, and plan termination insurance
- o Employee stock ownership plans - an overview
- o Individual retirement accounts and Keogh (HR10) plans
- o Top-heavy rules and parity
- o Reporting and disclosure requirement to IRS, DOL, PBGC, and participants/beneficiaries
- o Preparation of returns and forms
- o Cash or deferred arrangements - an overview
- o Penalties and excise taxes
- o Plan administration and accounting

### Companion Units

This unit is designed to stand alone.

**TX1802.2    PROBLEMS IN PENSION AND PROFIT-SHARING PLANS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify problem areas in the design and operation of a qualified pension and profit-sharing plan.
- o Use specific approaches and techniques to cope with related problems.

**Description**

This unit covers the past, present, and future "traps for the unwary" under the Employee Retirement Income Security Act, and explains how to deal with these traps and how to identify potential litigation issues.

**Requisite Knowledge and Experience**

This unit is for individuals who have substantial tax experience in working with pension and profit-sharing plans and have completed the Introduction to Qualified Pension and Profit-Sharing Plans (TX1801.1) unit, or have equivalent knowledge.

**Major Topics**

- o How to handle Internal Revenue Service audits
- o Underfunding penalties and delinquent filing penalties
- o Distributions from plan - timing and methods of payment
- o Rollovers
- o Plan terminations
- o The relationship between estate taxes and death benefit distributions
- o Fiduciary responsibility and liabilities
- o Plan administration
- o Prohibited transactions and judiciary responsibility
- o Loans
- o Penalties

**Companion Units**

This unit is designed to stand alone.

**TX1803.2 CASH OR DEFERRED ARRANGEMENTS (CODAs)**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Understand the tax laws pertaining to 401(K) plans, Simplified Employee Pension plans (SEPs), 403(b) annuities and other CODAs.
- o Identify the requirements for maintaining qualified status.
- o Use CODAs as a compensation planning tool.

**Description**

This unit reviews the Internal Revenue Code's requirements pertaining to the establishment and operation of CODAs. The unit covers 401(K) plans, Simplified Employee Pension plans (SEPs), 403(b) annuities, Section 457, and other CODAs.

**Requisite Knowledge and Experience**

This unit is for individuals who have had an introductory overview of the rules pertaining to qualified plans. Participants should have completed Introduction to Qualified Pension and Profit-Sharing Plans (TX1801.1) unit, or have equivalent knowledge.

**Major Topics**

- o Overview of 401(K), SEP, 403(b) annuity plan, and Section 457 plan
- o Maximum elective deferrals
- o Participation requirements for CODAs
- o Rules pertaining to highly compensated employees
- o Maximum employer contributions
- o Excess deferrals
- o Nondiscrimination requirements
- o Employee and employer contributions
- o Hardship and premature withdrawals
- o Distribution requirements
- o Penalties and excise taxes
- o Advantages and disadvantages of CODAs

**Companion Units**

This unit can be combined with other intermediate-level Compensation Considerations for Taxation units.

**TX1804.2 LOANS AND DISTRIBUTIONS FROM QUALIFIED PLANS**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply the rules pertaining to qualified plan loans and distributions, from both the plan administrator's and the participant's point of view.
- o Use plan loans and distributions as a personal financial planning tool.

**Description**

This unit presents the detailed rules pertaining to participant loans and plan distributions from the point of view of both plan administrators and plan participants. The proper timing for loans and distributions in financial planning will be explored.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general overview of the tax laws pertaining to qualified plans. A working knowledge of individual income taxation is also helpful. Participants should have completed the Introduction to Qualified Pension and Profit-Sharing Plans (TX1801.1) unit, or have equivalent knowledge.

**Major Topics**

- o Limits on plan loans
- o Loan repayment rules
- o Interest deduction on loans
- o Special forward averaging rules for plan distributions
- o Capital gain distributions
- o Taxation of employee contributions upon distribution
- o Penalties, excise, and other special taxes applicable to distributions
- o Payments to estates
- o Aggregation of plans

**Companion Units**

This unit can be combined with other intermediate-level Compensation Considerations for Taxation units.

**TX1805.3 EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Counsel and assist their clients or employers in the process of establishing and operating an ESOP.
- o Understand the role of an ESOP as a major business planning tool.

**Description**

This unit covers the steps for establishing an ESOP and the tax law pertaining to ESOP operations. It also covers the planning opportunities and pitfalls related to ESOPs.

**Requisite Knowledge and Experience**

This unit is for individuals who are interested in the use of ESOPs in business planning and have a working knowledge of the tax laws pertaining to qualified plans. Participants should have completed the Introduction to Qualified Pension and Profit-Sharing Plans (TX1801.1) unit, or have equivalent knowledge. Strong knowledge of corporate operations is helpful.

**Major Topics**

- o Definition of an ESOP
- o ESOPs as a business planning tool
- o ESOPs for closely held corporations
- o Special ESOP qualification requirements
- o Forming an ESOP
- o ESOP funding
- o General rule for other qualified plans that also apply to ESOPs
- o Permitted investments
- o ESOP distributions
- o Put option requirements
- o Valuation of shares
- o Tax benefits of ESOPs
- o Participants' rights

**Companion Units**

This unit can be combined with intermediate- and planning-level Compensation Consideration for Taxation and Corporate Income Taxation units.



**TX1806.3 EXECUTIVE COMPENSATION**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Explain the tax consequences of the various forms of executive compensation.
- o Design a compensation package that will minimize the federal income tax in light of the client's objectives.
- o Apply the tax laws affecting executive compensation.

**Description**

This unit covers compensation techniques other than the qualified profit-sharing and pension plans, including monetary remuneration, stock incentives, and other fringe benefit programs.

**Requisite Knowledge and Experience**

This unit is for individuals who have broad experience in dealing with tax issues relating to various compensation arrangements and have completed the following units, or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Preparation of Corporate Income Tax Returns and Introduction to Basic Corporate Income Tax Concepts (TX1401.1)
- o Problems in Pension and Profit-Sharing Plans (TX1802.2)

**Major Topics**

- o Current vs. deferred compensation:
  - Cash or deferred arrangements [Section 401(K)]
- o Nonqualified deferred compensation plans
- o Section 83 property
- o Incentive stock options (ISOs)
- o Fringe benefits included in or excluded from gross income, including employer-provided insurance and medical reimbursement plans
- o Cafeteria plans
- o Section 502(c)(9) plans - Voluntary Employee Beneficiary Associations (VEBAs)
- o Stock appreciation rights (SAR)
- o Golden parachute payments

**Companion Units**

This unit is designed to stand alone.

TX1807.4    **COMPENSATION PLANNING - UPDATE**  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify current developments affecting the design and implementation of compensation plans.
- o Apply these developments in compensation planning engagements.

**Description**

This unit brings participants up to date on current developments in compensation planning and their effect on plans in place and on plans yet to be designed.

**Requisite Knowledge and Experience**

This unit is for individuals who have a thorough understanding of compensation planning and are highly proficient in providing these services to clients.

**Major Topics**

- o Developments in qualified and nonqualified compensation plans
- o Tax planning using recently enacted legislation, regulations, rulings, and court cases
- o Compensation tax principles

**Companion Units**

This unit is designed to stand alone.

**TX1901.1 INTRODUCTION TO REAL ESTATE TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the basic economic and income tax concepts involved in the acquisition, development, operation, and disposition of investment real estate.
- o Identify code sections, regulations, rulings, and court decisions relating to real estate transactions.

**Description**

This unit provides participants with the basic economic and tax background required to analyze real estate transactions. The use of basic income tax concepts in solving problems related to the acquisition, development, operation, and disposition of real estate is emphasized.

**Requisite Knowledge and Experience**

This unit is for individuals who have some experience in dealing with real estate problems or transactions. Participants may come from public accounting or industry and should have a basic knowledge of income tax, with emphasis on partnership tax. Also, they should have completed level-I individual and corporate income tax units, or have equivalent knowledge, and the Preparation of Partnership Tax Returns and Introduction to Partnership Tax Concepts (TX1301.1) unit.

**Major Topics**

- o Real estate operations - an introduction
- o Acquiring property
- o Developing property
- o Operating a real estate venture
- o Disposing of property:
  - Sale
  - Exchange
  - Involuntary conversion
- o Residential real estate:
  - Vacation home
  - Business use of home

**Companion Units**

This unit is designed to stand alone.

**TX1902.2 CONCEPTS IN REAL ESTATE TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and understand the income tax concepts involved in the more complex areas of real estate transactions.
- o Analyze specific problem areas related to investing in real estate.
- o Identify code sections, regulations, rulings, and court decisions related to specific aspects of real estate transactions.

**Description**

This unit covers specific income tax concepts that need to be recognized and dealt with in structuring a real estate transaction.

**Requisite Knowledge and Experience**

This unit is for individuals from public practice or industry who understand the basic economic and income tax consequences related to real estate transactions and have completed the Introduction to Real Estate Taxation (TX1901.1) unit, or have equivalent knowledge.

**Major Topic**

- o Tax shelter concepts
- o Passive activity losses
- o Forms of ownership
- o Rehabilitating property
- o Financing techniques
- o Developing property
- o Depreciation and credits
- o Dealer status

**Companion Units**

This unit can be combined with intermediate-level Partnership Taxation units.

**TX1903.3 PROBLEMS IN REAL ESTATE TAXATION**  
**PP**

**Objectives**

This unit is designed to enable participants to apply income tax rules relating to the highly technical areas of real estate.

**Description**

This unit covers specialized real estate topics so that participants may recognize and understand problems in this practice area.

**Requisite Knowledge and Experience**

This unit is for individuals who have an extensive understanding of the rules relating to real estate taxation and are very familiar with the economics involved in real estate transactions. Participants should have completed the Introduction to Real Estate Taxation (TX1901.1) and Concepts in Real Estate Taxation (TX1902.2) units.

**Major Topics**

- o Foreign investment
- o Condo and co-op organizations
- o Insolvency
- o Real Estate Investment Trusts
- o Syndication
- o Tax planning techniques and year-end planning approaches

**Companion Units**

This unit is designed to stand alone.

**TX1904.3 REAL ESTATE SYNDICATIONS**

**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify and understand the economic, tax, and other issues relating to the syndication of real estate.
- o Comply with the requirements of an offering prospectus.
- o Prepare the financial report used in the prospectus.
- o Utilize the work done by other professionals in the preparation of an offering prospectus.

**Description**

This unit reviews a typical real estate syndication offering with a view to providing participants with the skills required to structure the transaction, prepare the financial projections, and analyze the economic, tax, and other issues.

**Requisite Knowledge and Experience**

This unit is for individuals with a comprehensive understanding of income taxation, particularly as it relates to real estate taxation and partnerships. Participants should have completed the Problems in Partnership Taxation (TX1303.3) and the Problems in Real Estate Taxation (TX1903.3) units.

**Major Topics**

- o Contents of the offering memo
- o Evaluating the economics of the transaction
- o Structuring the transaction
- o Passive losses, at-risk rules, and other income tax issues
- o Securities and Exchange Commission and Blue Sky requirements
- o Financial projections
- o Tax opinion letter

**Companion Units**

This unit is designed to stand alone.

**TX1905.4 REAL ESTATE TAXATION - UPDATE**  
PP

**Objectives**

This unit is designed to enable participants to -

- o Apply current developments related to the taxation of real estate transactions.
- o Utilize the latest knowledge of current planning, structuring, financing, and compliance issues.
- o Plan and use current and emerging developments in practice.

**Description**

This unit brings participants up to date on current developments in real estate transactions. While emphasizing income tax developments, it also touches on current issues and developments relating to other aspects of real estate.

**Requisite Knowledge and Experience**

This unit is for individuals in public practice and industry who have a thorough understanding of the basic economic and income tax consequences involved in real estate transactions and a level-III understanding of real estate taxation.

**Major Topics**

- o Significant real estate tax developments
- o Tax planning using recently enacted legislation, regulations, rulings, and court cases
- o Real estate tax principles

**Companion Units**

This unit can be combined with the Partnership Tax - Update (TX1304.4) unit.

### Objectives

This unit is designed to enable participants to -

- o Identify the tax implications of corporate foreign activities.
- o Develop information-gathering procedures to assemble foreign tax-related data.
- o Help prepare those portions of U.S. federal tax returns that involve foreign operations or transactions.

### Description

This unit provides an elementary understanding of U.S. laws, regulations, and administrative provisions that have tax implications for foreign business activities; develops an awareness of the differentiation between domestic and foreign income and deductions; exposes the structure of foreign business operations, whether by means of related foreign corporations or branches; presents the concept of controlled foreign corporations (CFCs) and the taxability of the income of such CFCs under certain circumstances; relates the basic rules for transferring assets between domestic and foreign entities and the general rules for the transfer pricing of transactions between related entities; and explains the tax treaty network (the principles of foreign tax credits, the nature of gains and losses on disposition of foreign assets, and the general problems of gains or losses on foreign exchange).

### Requisite Knowledge and Experience

This unit is for individuals who have a level-II knowledge of U.S. domestic corporate tax laws, regulations, and procedures. Participants should already be active in domestic tax matters, and may be involved either with public accounting or industry.

### Major Topics

- o Source of income
- o Foreign corporations and CFCs
- o Subpart F
- o Expense allocations and apportionment
- o Transfers to CFCs
- o Investment by foreign affiliates in U.S. property
- o Foreign tax credits
- o Exchange gains and losses
- o Tax treaties



- o Administrative procedures:
  - Developing data base and reporting foreign activities
  - U.S. compliance rules providing the U.S. government with access to foreign documentation
  - Rules regarding foreign corrupt practices
  - Foreign boycott rules
  
- o Domestic International Sales Corporation (DISC)/Foreign Sales Corporation (FSC)
- o Foreign personal holding companies
- o Possessions

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Identify U.S. tax problems of U.S. citizens living and working abroad, and of nonresident aliens taxable in the United States.
- o Provide guidance to taxpayers who are faced with U.S. tax problems.
- o Develop an awareness of tax rules that are triggered by residence location and source of income.
- o Use the tax treaty network.
- o Identify international tax-enforcement procedures.

### Description

This unit provides participants with basic knowledge of U.S. laws, regulations, and administrative provisions that have tax implications for U.S. citizens who live and receive income abroad and for nonresident aliens who engage in activities that are taxable in the United States.

### Requisite Knowledge and Experience

This unit is for individuals who have a working knowledge of U.S. individual taxes, which would provide a base for developing a basic competence in dealing with foreign residence situations of U.S. nationals and U.S. taxation of aliens. Participants should have completed the following units, or have equivalent knowledge:

- o Preparation of Individual Income Tax Returns and Introduction to Individual Income Tax Concepts (TX1201.1)
- o Concepts of Individual Income Taxation (TX1202.2)

### Major Topics

- o Determination of taxable status
- o Sources of income
- o Foreign income exclusion
- o Tax treatment of different kinds of income
- o Exemptions and deductions
- o Foreign tax credits
- o Utilization of tax treaties
- o International tax compliance procedures

### Companion Units

This unit is designed to stand alone.

TX2003.3    **ADVANCED TAXATION OF INTERNATIONAL OPERATIONS**  
PI

**Objectives**

This unit is designed to enable participants to -

- o Evolve from the basic international compliance function to trouble-shooting and planning.
- o Identify and deal with the more complex tax problems of international operations, acquisitions dispositions and reorganizations.
- o Plan for minimizing foreign income taxes and maximizing foreign tax credits against U.S. federal income tax.

**Description**

This unit explores in depth the Internal Revenue Code, regulations, rulings, and court cases as they impact the U.S. taxability of controlled foreign corporations (CFCs); establishes an awareness of traps to avoid; enhances the ability to recognize planning opportunities to achieve the lowest possible worldwide tax burden; explores the options available for restructuring of foreign affiliates.

**Requisite Knowledge and Experience**

This unit is for individuals who are actively involved in U.S. compliance for international operations, specifically for the U.S. parent of CFCs, and are interested in gaining more sophisticated knowledge and skills. Participants may be involved in public accounting or industry and should have completed the Survey of Foreign Tax Aspects of International Operations (TX2001.1) unit, or have equivalent knowledge.

**Major Topics**

- o Allocation of income and deductions - Section 482
- o Apportionment of deductions against foreign source income - Regs. §1.861-8
- o International Tax Treaty Network
- o Direct and indirect foreign tax credit
- o Reorganizations
- o Section 304
- o Foreign currency transactions
- o Sections 367(a) and 367(b)
- o Earnings and profits
- o Previously taxed income

**Companion Units**

This unit is designed to stand alone.

### Objectives

This unit is designed to enable participants to -

- o Explain the current developments in tax legislation, regulations, and administrative procedures affecting foreign business activities of U.S. entities.
- o Describe the current status of the U.S. worldwide tax treaty network, and the exchange-of-information agreements.

### Description

This unit provides some in-depth knowledge of the current developments in U.S. taxation of foreign business entities. Participants are apprised of the most recent changes in tax law, regulations, procedures, and the status of tax treaties.

### Requisite Knowledge and Experience

This unit is for individuals who are actively engaged in the problems of international taxation, specifically from the viewpoint of U.S. business taxpayers, and are interested in the latest knowledge and skills in this area. Participants may be involved in public accounting or industry and should have completed the Survey of Foreign Tax Aspects of International Operations (TX2001.1) unit, or have equivalent knowledge.

### Major Topics

- o Legislation - latest enacted legislation and/or pending legislation
- o Regulations - recently finalized and/or proposed regulations
- o Court cases - recently decided court cases
- o Rulings - recently issued rulings and private letter rulings
- o Income tax treaties - recent changes in treaty status

### Companion Units

This unit is designed to stand alone.

**TX2101.2 CORPORATE INTERSTATE TAXATION  
PI**

**Objectives**

This unit is designed to enable participants to -

- o Apply principles of interstate taxation when preparing state income and franchise tax returns.
- o Utilize tax planning opportunities arising from state taxation of multistate business activities.

**Description**

This unit identifies the key elements of state taxation, including jurisdiction to tax, the unitary concept, apportionment formulas, federal-state conformity issues, and guidelines for preparing state tax returns.

**Requisite Knowledge and Experience**

This unit is for individuals who have a sound understanding of corporate income taxation and are involved or about to become involved in preparing returns for clients or employers that do business in more than one state. Participants should possess a level-II understanding of corporate income taxation.

**Major Topics**

- o Multistate compact
- o Jurisdiction and nexus
- o Unitary and separate accounting
- o Business and nonbusiness income
- o Apportionment factors:
  - Property
  - Payroll
  - Sales
- o Return preparation
- o Planning opportunities

**Companion Units**

This unit can be combined with the Corporate Tax Compliance - Federal, State, and Local (TX1501.1) unit.

**TX2102.2 STATE AND LOCAL TAXATION**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Distinguish the scope and application of state income, franchise, and sales/use taxes.
- o Identify opportunities to minimize tax liabilities.
- o Prepare appropriate tax returns.
- o Understand the administrative processes for enforcement.
- o Represent clients/employers in audits and appeal procedures.
- o Initiate applicable tax planning techniques.

**Description**

This unit points out the nature and applicability of tax(es) to individual, intrastate, and multistate business operations and investment activities. It includes planning and compliance issues in starting, operating, reorganizing, dissolving or selling a business.

**Requisite Knowledge and Experience**

This unit is for individuals who have been assigned or are about to be assigned to state tax planning or compliance engagements. Participants should have a level-II understanding of individual and corporate income taxation.

**Major Topics**

- o The nature of the taxes
- o Individual taxes
- o Multistate business and investment activities
- o Application of tax rules to contractors, lessors, lessees, manufacturers, and retailers
- o Tax return preparation
- o Minimizing the tax base
- o The audit and appeals process

**Companion Units**

This unit can be combined with the Corporate Tax Compliance - Federal, State, and Local (TX1501.1) unit.

**TX2103.4 STATE AND LOCAL TAXES - UPDATE**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify current developments in state and local taxation.
- o Update their knowledge of state and local tax planning and compliance issues.
- o Relate current and emerging developments in practice.

**Description**

This unit presents recent and emerging statutory, judicial, and administrative developments and their effects on tax strategies and planning techniques.

**Requisite Knowledge and Experience**

This unit is for practitioners who are experienced in state and local taxation principles, rules, and planning strategies and have completed the State and Local Taxation (TX2102.2) unit, or have equivalent knowledge.

**Major Topics**

- o Tax planning, using recently enacted legislation, regulations, rulings, and court cases
- o Significant state and local tax developments
- o Changes in state and local tax forms, with examples
- o State and local tax principles
- o Tax planning techniques and year-end planning
- o Questions relating to basic tax rules
- o Procedures for efficient income tax return preparation within the areas affected by recent developments

**Companion Units**

This unit can be combined with the Corporate Tax Compliance - Federal, State, and Local (TX1501.1) unit.

### Objectives

This unit is designed to enable participants to -

- o Describe Internal Revenue Service procedures and taxpayer strategies.
- o Help represent clients before the Internal Revenue Service.

### Description

This unit reviews the Internal Revenue Service organizational structure and its audit policies and procedures. It also explains the agent's audit tools and techniques, the taxpayer's rights, and the practitioner's responsibilities, and covers post-examination administrative procedures and the appeals and settlement process.

### Requisite Knowledge and Experience

This unit is for public practitioners, accountants in industry, or those with exposure to participation in IRS audit examinations. This unit is also for all tax personnel who are to represent clients and employers before the IRS for the first time or who have little experience in IRS audit examinations. Participants should have intermediate-level knowledge of all income tax subjects.

### Major Topics

- o The organization of the IRS
- o Circular 230 and AICPA Statements of Responsibility in Tax Practice
- o Powers of attorney
- o The Problem Resolution Program
- o Accountant workpapers
- o Assessment procedures
- o Claims procedures
- o Appeals process
- o Closing agreements
- o Ruling requests, determination letters, and technical advice - an overview
- o Partnership audit procedures
- o Penalties
- o Interest due to and from the IRS
- o Statutes of limitations
- o Mitigation of the statute of limitations

### Companion Units

This unit is designed to stand alone.



**TX2202.2 TAX FRAUD: WHAT THE CPA SHOULD KNOW**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify the indicia of civil and criminal tax fraud.
- o Avoid or limit exposure to adverse legal, business, and financial consequences of client tax fraud.
- o Practice within the permissible scope of CPA tax practice with regard to engagements involving tax fraud.

**Description**

This unit defines tax fraud, reviews the procedures of tax authorities in tax fraud investigations, and describes CPA rights, duties, and relationships with tax authorities, clients, attorneys, and third parties.

**Requisite Knowledge and Experience**

This unit is for individuals who have supervisory responsibilities for tax compliance activities, including return preparation and representation of client/employees before the IRS. Participants should have completed Procedures and Practice Before the Internal Revenue Service (TX2201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Criminal and civil fraud procedures
- o Maintenance and IRS access to files and workpapers
- o Determining the fraudulent understatement
- o Consulting an attorney
- o Privileged information
- o Subpoena powers
- o Special agents
- o Administrative matters
- o Settling the civil tax-fraud case

**Companion Units**

This unit is designed to stand alone.

**TX2203.2    PROTECTING THE TAX PRACTITIONER**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Identify legal problems, relationships, and exposures arising in a tax practice.
- o Avoid malpractice implications and other issues of deficient practice in tax return preparation and tax consultation services.

**Description**

This unit highlights potential liabilities of tax practitioners in connection with engagements involving tax return preparation, tax consultation, tax shelters, engagement letters, contingent fees, quality control and documentation, and unauthorized practice of law.

**Requisite Knowledge and Experience**

This unit is for tax practitioners with extensive responsibilities for the firm's tax practice or for a significant number of client engagements. Participants should have completed the Procedures and Practice Before the Internal Revenue Service (TX2201.1) and the Tax Fraud: What the CPA Should Know (TX2202.2) units, or have equivalent knowledge.

**Major Topics**

- o Areas of potential liability in tax practice
- o Blue Sky laws
- o Securities registration requirements
- o Tax opinion letters
- o Preparer penalties
- o CPAs as "promoters" of investments
- o Internal Revenue Service access to books and workpapers
- o Voluntary disclosure
- o Circular 230 and AICPA Statements of Responsibility in Tax Practice

**Companion Units**

This unit is designed to stand alone.

**TX2204.2 TAXPAYER REPRESENTATION STRATEGIES**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Apply their understanding of the Internal Revenue Service audit process, taxpayer rights, and practitioner responsibilities in client representation engagements.
- o Represent clients in IRS examinations and appeals.

**Description**

This unit focuses on client, practitioner, and IRS rights, responsibilities, and settlement strategies when resolving controversies with IRS agents and conferees.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general understanding of the structure and function of the IRS, the IRS audit selection process and examination procedures, and the post-examination administrative review and appeals process. Participants should have completed the Procedures and Practice Before the Internal Revenue Service (TX2201.1) unit, or have equivalent knowledge.

**Major Topics**

- o Extension of the statute of limitations
- o Information gathering and control
- o Control of the physical environment during the examination
- o Taxpayer rights
- o Negotiation strategies
- o How and when to recommend settlements
- o Appeals strategies
- o Ruling requests, determination letters, and technical advice

**Companion Units**

This unit is designed to stand alone.

TX2205.3 ADMINISTERING THE ESTATE PLANNING PRACTICE  
PP

**Objectives**

This unit is designed to enable participants to -

- o Develop effective estate planning strategies for their clients.
- o Persuade clients to accept estate plans.
- o Use the client's attorney to improve client relationships.
- o Minimize time spent and maximize billings.

**Description**

This unit provides a vocabulary of estate planning terms, illustrative charts and diagrams, checklists for use in estate planning practice, and valuable tips for CPAs who want estate planning to be a profitable part of their practice.

**Requisite Knowledge and Experience**

This unit is for individuals with administrative responsibility in a small to medium-sized CPA tax practice. Participants should have intermediate-level knowledge of income, estate, and gift taxation.

**Major Topics**

- o Estate planning practice development and planning strategies
- o The CPA's role in estate planning
- o The vocabulary of estate planning
- o The sequence of an estate planning engagement
- o Improving relations with attorneys
- o Effective visual-aid presentations to clients
- o Executive and trustee relationships
- o Billing and collecting for estate planning services

**Companion Units**

This unit is designed to stand alone.

**TX2301.1 THE MICROCOMPUTER IN TAX PRACTICE**  
**PP**

**Objectives**

This unit is designed to enable participants to -

- o Obtain hands-on experience in applying worksheet formats available on personal computers to tax computations, projections, and calculations.
- o Use computer worksheet and other formats in tax practice.

**Description**

This unit teaches participants how to use a personal computer in a tax practice.

**Requisite Knowledge and Experience**

This unit is for individuals with basic-level experience in tax return preparation and a general knowledge of personal computers. Participants should have completed level-I units in individual and corporate income taxation, or have equivalent knowledge.

**Major Topics**

- o Basics of personal computer operations
- o Various uses of computers in selected phases of a tax practice:
  - Analysis of alternatives
  - Record keeping
  - Research
  - Others
- o Use of worksheets:
  - Building tax tables
  - Constructing amortization and compound-interest tables
  - Calculating depreciation alternatives
- o Other personal computer formats

**Companion Units**

This unit is designed to stand alone.

**Objectives**

This unit is designed to enable participants to -

- o Identify ways to use computers in a tax practice.
- o Evaluate and select computer hardware, software, and service bureaus.

**Description**

This unit gives examples of the computerization of a tax practice and demonstrates some of the software and equipment available. A structure for evaluating various available systems and packages is provided.

**Requisite Knowledge and Experience**

This unit is for individuals with broad experience in tax and, preferably, some management responsibility in the tax department of a CPA firm. Participants should have completed intermediate-level units in income, estate, and gift taxation, or have equivalent knowledge.

**Major Topics**

- o Using the computer to prepare tax returns within a firm
- o Using outside service bureaus for preparing tax returns and the various types of services available
- o Using the computer to control the workflow of tax returns
- o Using the computer for tax projections and planning
- o Using the computer for estate planning
- o Using the computer for various types of projections, such as real estate and tax shelters
- o Using the computer for tax research
- o The various hardware systems available
- o The various software packages available for each use
- o Evaluating various alternative packages and systems

**Companion Units**

This unit is designed to stand alone.

**TX2401.4 GENERAL TAX UPDATE**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Update their knowledge of changes in the various tax areas made during the past year.
- o Use their knowledge of recent tax changes in tax planning and preparing tax returns.

**Description**

This unit provides an overview of the changes in various areas of taxation made during the past year and teaches participants how to apply this information in preparing tax returns and in tax planning.

**Requisite Knowledge and Experience**

This unit is for individuals who are experienced in preparing tax returns and knowledgeable in many areas of federal taxation, and who have an intermediate-level understanding of income, estate, and gift taxation.

**Major Topics**

- o Changes in the various tax areas as a result of the following:
  - Legislation
  - Regulations
  - Rulings
  - Court cases
- o Recent tax planning and preparation techniques
- o Changes in tax forms with examples
- o Tax planning techniques and year-end planning approaches
- o Procedures for efficient tax return preparation within the areas affected by recent developments

**NOTE:** This unit covers two topics needing an update that have not been included in the other Update units of the Taxation curriculum.

**Companion Units**

This unit can be combined with other update units in other categories of the Taxation curriculum.

TX2501.1 TAX ASPECTS OF BANKRUPTCY AND INSOLVENCY  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the tax consequences of filing for bankruptcy to the bankrupt concern and its creditors.
- o Apply the provisions of the tax bankruptcy laws to practical situations.

**Description**

This unit covers the tax aspects of bankruptcy proceedings and certain nontax aspects of bankruptcy and insolvency.

**Requisite Knowledge and Experience**

This unit is for individuals who have an in-depth knowledge of income tax and understand bankruptcy accounting and law. Participants should have completed the intermediate-level units in individual and corporate taxation.

**Major Topics**

- o The nature of bankruptcy and insolvency proceedings
- o Taxation of individuals, partnerships, and bankruptcy estates
- o Tax consequences to creditors for loss from debt forgiveness
- o Discharge of indebtedness
- o Corporate reorganizations
- o The use of net operating losses
- o Miscellaneous tax considerations
- o Tax procedures, priorities, and discharges

**Companion Units**

This unit is designed to stand alone.



**TX2502.1 PAYROLL TAXES (FEDERAL)**  
**PI**

**Objectives**

This unit is designed to enable participants to -

- o Identify compensation subject to employment taxes.
- o Maintain proper records.
- o Prepare necessary tax returns and information forms.
- o Make timely deposits of withholding taxes.
- o Process refund claims and make corrections for overpayments.

**Description**

This unit covers federal employment taxes other than the Railroad Retirement Act. It details who is an employee, who is liable for tax, how to comply with the filing and depository requirements, how to prepare the various tax forms, and how to handle overpayments.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in or knowledge of taxes.

**Major Topics**

- o What is compensation?
- o Employee vs. independent contractor
- o Statutory employees
- o Tip income
- o Federal Insurance Contributions Act (FICA)
- o Federal Unemployment Tax Act (FUTA)
- o Income tax withheld at source on wages (WT)
- o Record keeping
- o Preparation of different tax and information forms
- o Depository requirements
- o Refund claims and adjustments for overpayments
- o Penalties

**Companion Units**

This unit is designed to stand alone.

TX2503.1    EXCISE TAXES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Prepare Form 720.
- o Identify the articles and items subject to tax.
- o Identify tax exemptions.
- o Maintain the necessary records.

**Description**

This unit provides an overview of the more common excise taxes that are reported on Form 720, other than the crude oil windfall profit tax. The unit also covers the preparation of Form 720, filing requirements, and record keeping.

**Requisite Knowledge and Experience**

This unit is for individuals with limited experience in or knowledge of taxes.

**Major Topics**

- o Facilities and services tax
- o Manufacturers tax
- o Retail and use tax
- o Record keeping
- o Preparing Form 720
- o Filing requirements
- o Superfund tax

**Companion Units**

This unit is designed to stand alone.

TX2504.1 TAX IMPLICATIONS OF COMMUNITY PROPERTY  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify the basic rules of the community property system.
- o Apply the rules when performing tax and accounting services.

**Description**

This unit explains the community property system and describes the management and control of community and separate property, creditor rights, and the allocation of income items as separate or community property.

**Requisite Knowledge and Experience**

This unit is for individuals who have a general awareness of income, estate, and gift taxation.

**Major Topics**

- o Tax and accounting implications
- o Classification of property
- o Tracing and commingling
- o Creditor rights
- o Divorce and separation
- o Business planning
- o Gift and estate tax implications
- o Income tax implications

**Companion Units**

This unit is designed to stand alone.

TX2505.2 TAX ASPECTS OF RESEARCH AND DEVELOPMENT EXPENDITURES  
PI

**Objectives**

This unit is designed to enable participants to -

- o Identify research and development expenses for tax purposes.
- o Apply the rules for expensing, deferring, or capitalizing research and development expenditures and the effects of each treatment.
- o Apply research and development credit rules.
- o Use research and development expenditures in tax planning.

**Description**

This unit presents the tax rules pertaining to research and development expenses and discusses the options of expensing or deferring expenditures. The research and development expenditure credit is also explained, along with the use of research and development expenditures in tax planning.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of income taxation and have completed levels-I and -II units in individual and corporate income taxation.

**Major Topics**

- o Research and development expenses
- o Excluded expenditures
- o Current expense election
- o Deferred expense election
- o Capitalization of expenditures
- o Advantages and disadvantages of the methods
- o Research and development credit - overview
- o Qualified expenditures for the credit
- o Calculation of credit
- o Credit limitation, carryback, and carryover
- o Research and development tax planning
- o Research and experimental expenses as an alternative minimum tax preference

**Companion Units**

This unit is designed to stand alone.

**TX2506.2    EQUIPMENT LEASING**  
**PI**

**Objectives**

This unit is designed to enable participants to apply the tax laws and tax planning opportunities relating to leasing equipment and other personal property.

**Description**

This unit details the tax laws pertaining to the leasing of equipment and other personal property. The criteria for a lease under the Internal Revenue Code are explained. The use of leasing in planning is covered and opportunities are discussed.

**Requisite Knowledge and Experience**

This unit is for individuals who have a working knowledge of individual, corporate, and partnership tax laws and have completed levels-I and -II units on individual, corporate, and partnership taxation.

**Major Topics**

- o The criteria of a lease for tax purposes
- o Accounting treatment of leases - an overview
- o Leases vs. sales
- o Rental payment rules
- o Leasing partnerships and at-risk rules
- o Tax effects on investors in leasing syndications
- o Tax planning opportunities

**Companion Units**

This unit is designed to stand alone.



## APPENDIX I – SPECIAL FOCUS AREAS

In response to member requests two areas of particular interest, Personal Financial Planning and Small Business, have been chosen for special attention. Flowcharts identify possible combinations of learning units that could compose a sample curriculum for public practitioners offering PFP services (see pages App I-6 and App I-7) and for small business practitioners (see pages App I-2 and App I-3). The examples given on the following pages are by no means exhaustive. Rather, they pinpoint some of the applicable learning units that could be the basis for a series of related courses in either focus area. In future years other focus areas may be selected.

### SMALL BUSINESS PRACTICE

The following definition of small business, along with the flowchart and list, which identify pertinent learning units for the small business practitioner, have been prepared in cooperation with the AICPA's Small Business Committee:

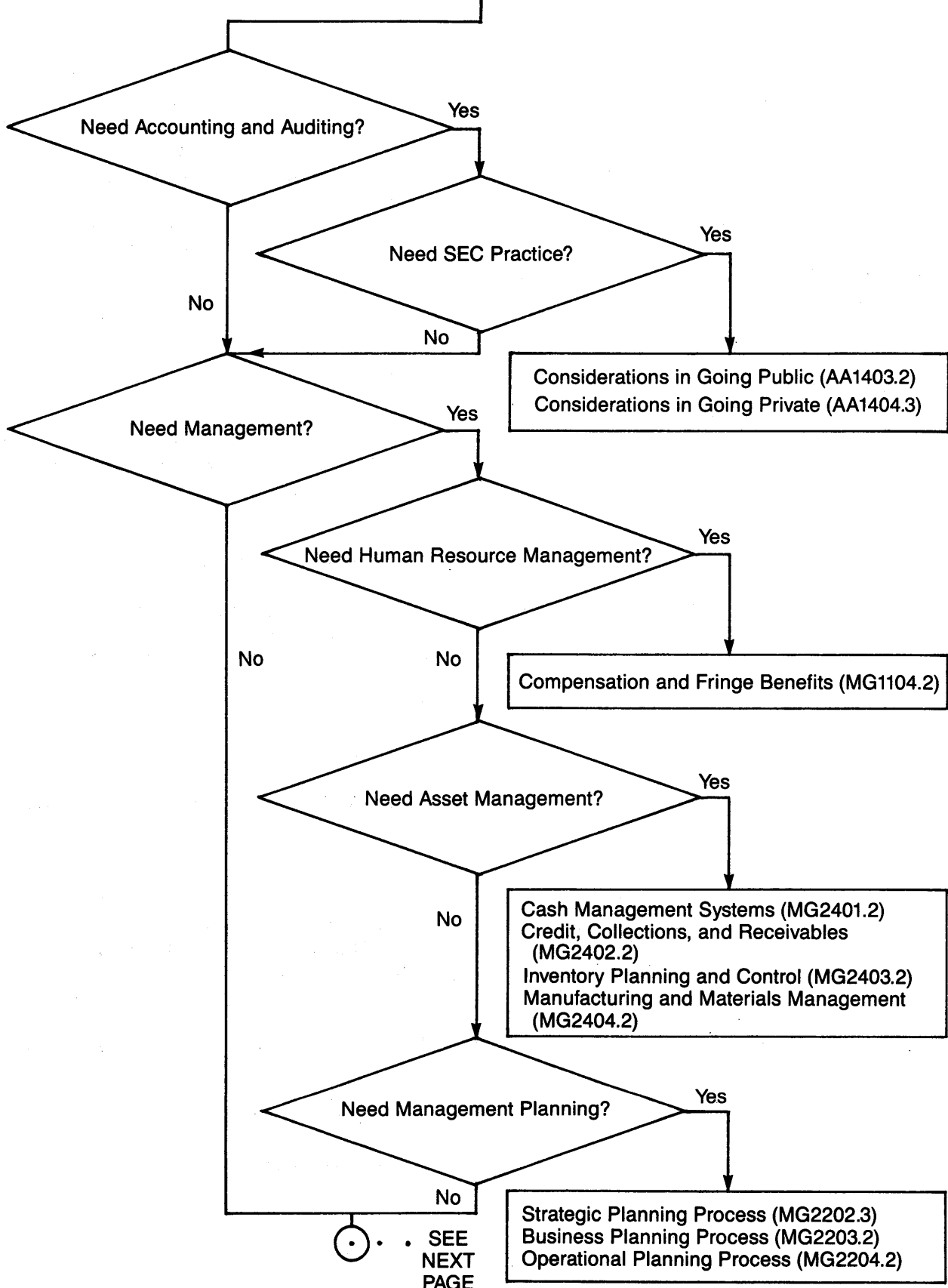
The definition of small business is like the definition of beauty. Each of us knows a small business when we encounter it, but few of us have the same definition. Size alone is not the sole criterion for determining the small business. Rather than using criteria such as sales, assets, or number of employees, the AICPA's Small Business Committee has identified certain attributes generally common to those enterprises considered small business.

- o Small businesses are owner-managed.
- o They usually have no more than one or two key decision-makers.
- o They require a broad range of services and consultation from outside advisers.
- o They are usually closely held.

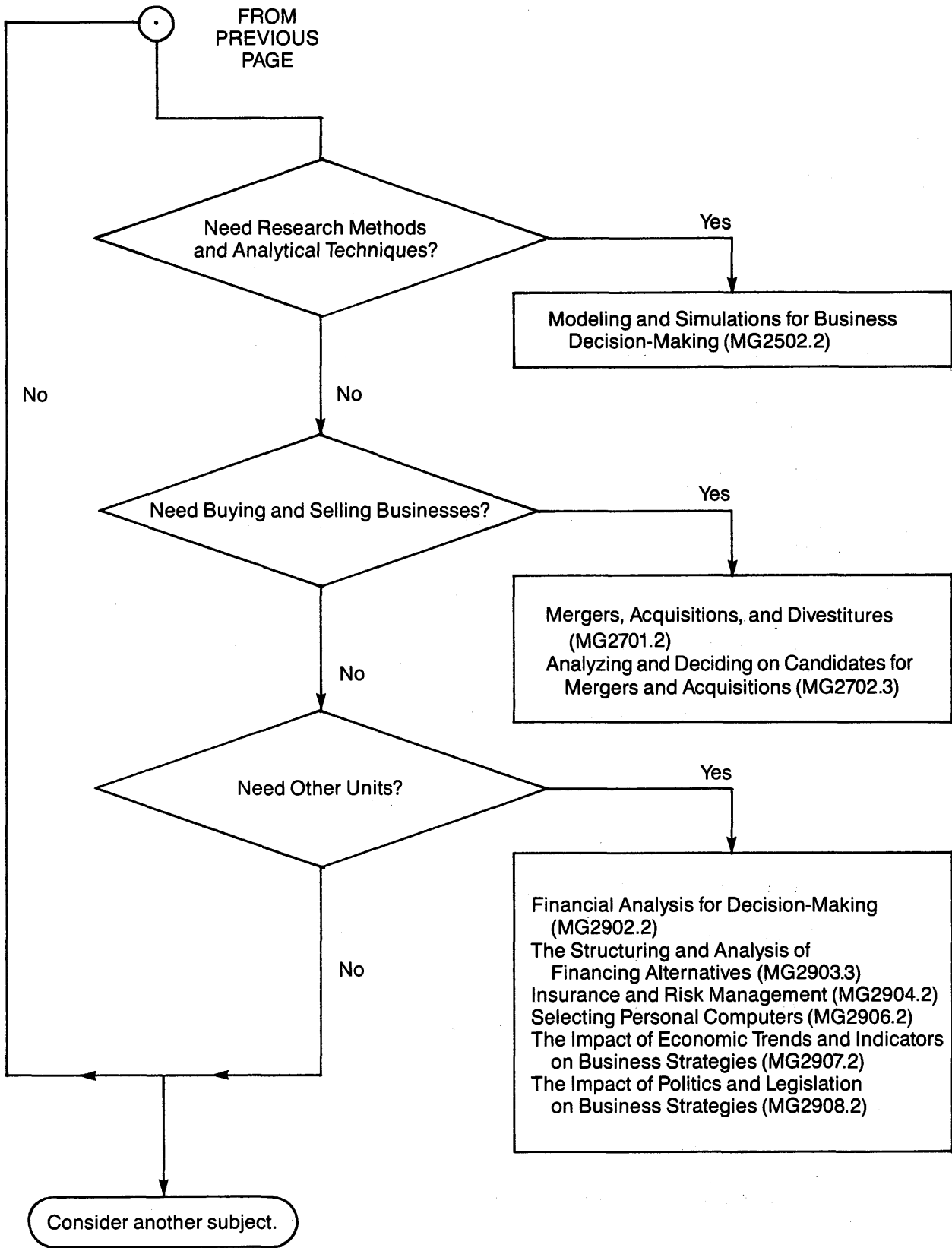
The curriculum on small business places emphasis on learning units that are related to nontraditional services, since the CPA should already be familiar with accounting, auditing, and taxation. Whether in practice or in industry, the CPA who will benefit from these courses--

- o Frequently deals directly with individuals who expect the CPA to give advice on a wide range of business, financial, and management issues.
- o Provides advice to top management and business owners.
- o Realizes that quality service requires nontraditional skills to meet the needs of those they advise.

**SMALL BUSINESS MEMBERS IN INDUSTRY**







Prepared in cooperation with the AICPA Small Business Committee.

**Small Business Public Practitioner  
Learning Units**

The following units are appropriate for the public practitioner serving small business clients.

**AA ACCOUNTING AND AUDITING**

**AA1700 MICROCOMPUTER APPLICATIONS--ACCOUNTING AND AUDITING**

Using Microcomputers in Accounting (AA1701.2)

Using Microcomputers in Auditing (AA1702.2)

**AA1800 PLANNING AND SUPERVISION--ACCOUNTANTS' SERVICES**

Understanding the Client's Business in Planning an Engagement  
(AA1803.2)

**AA2200 INDEPENDENT AUDITORS' REPORTS**

Accountants' Services and Reports on Prospective Financial  
Presentations (AA2207.2)

**AA2500 ACCOUNTING SERVICES FOR SMALL BUSINESS**

Compilation and Review of Financial Statements (AA2501.2)

Complex Problems in Compilation and Review Engagements (AA2502.3)

Compilation and Review Services Update (AA2503.4)

Write-up Services for Small Business Clients (AA2504.2)

**AS ADVISORY SERVICES**

**AS1100 MAS ENGAGEMENT MANAGEMENT**

Identification of MAS Opportunities (AS1101.1)

**AS1200 PLANNING AND CONTROL SYSTEMS--MANUFACTURING**

Overview of Manufacturing Systems (AS1201.1)

Inventory Management (AS1202.2)

Cost Accounting and Reporting for Manufacturing (AS1203.2)

Other Manufacturing Activities (AS1204.2)

**AS1400 PLANNING AND CONTROL SYSTEMS--ORGANIZATIONAL**

Strategic Planning (AS1401.2)

Business Planning (AS1402.2)

Operational Planning (AS1403.2)

Mergers, Acquisitions, and Reorganization (AS1404.2)  
Business Valuations (AS1405.2)  
Operational Auditing (AS1406.2)  
Planning and Control Systems--Organizational Update (AS1407.4)

AS1500 PLANNING AND CONTROL SYSTEMS--HUMAN RESOURCE DEVELOPMENT

Employee Benefits (AS1505.2)

AS1600 PLANNING AND CONTROL SYSTEMS--MANAGEMENT INFORMATION SYSTEMS

Overview of Management Information Systems (AS1601.1)

AS1900 PLANNING AND CONTROL SYSTEMS--FINANCE

Overview of Planning and Control--Finance (AS1901.1)

Financial Analysis and Control (AS1905.2)

Profit Planning (AS1906.2)

Prospective Financial Information (AS1907.2)

Cash Management (AS1908.2)

Credit Management (AS1909.2)

Risk Management (AS1911.2)

Budgeting (AS1912.2)

Liability and Debt Management (AS1913.2)

Internal Auditing (AS1914.2)

AS2000 PERSONAL FINANCIAL PLANNING

Planning for the Family Business (AS2006.2)

**TX TAXATION**

TX1400 CORPORATE INCOME TAXATION

Tax Aspects of Business Planning (TX1411.3)

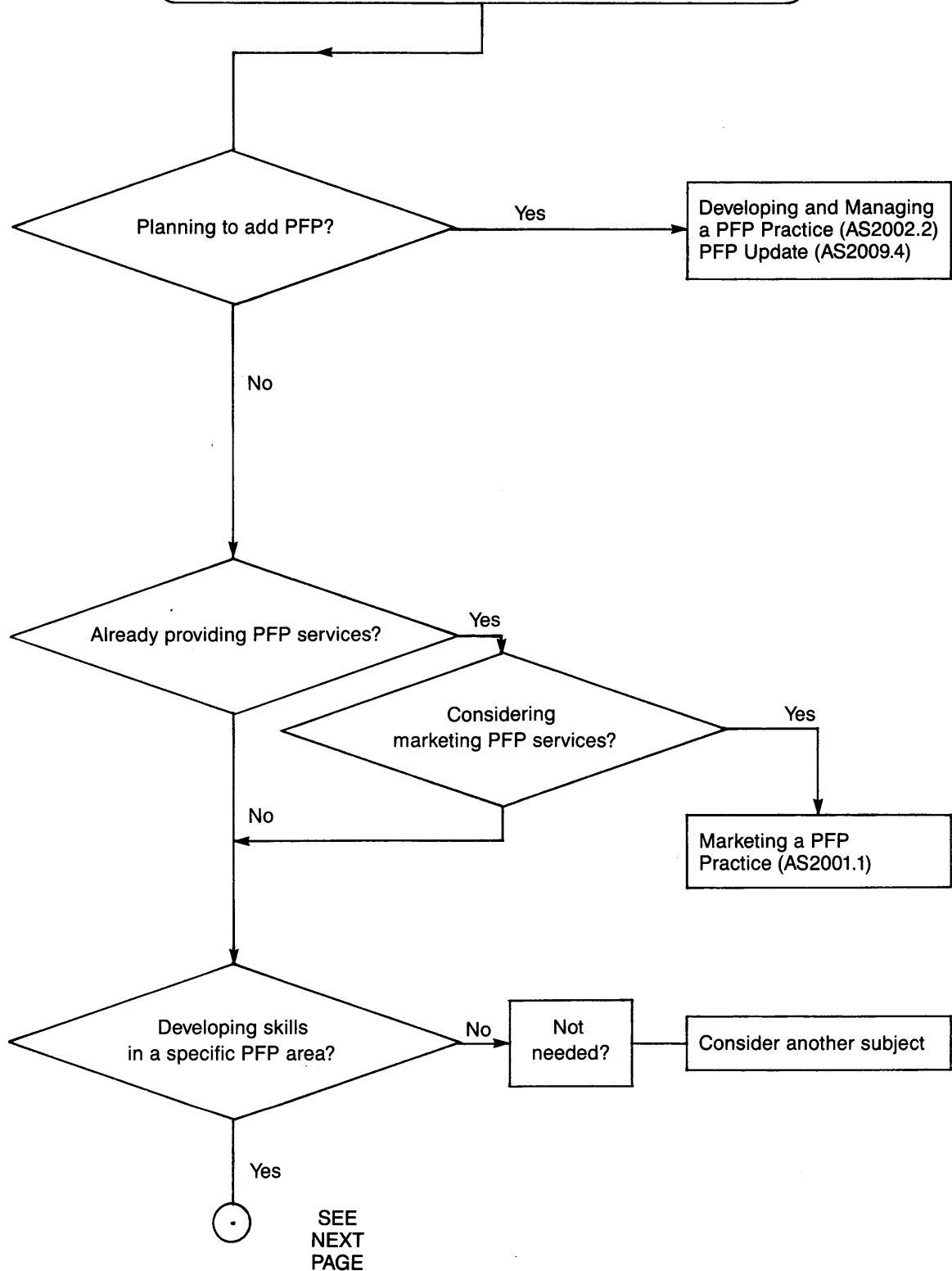
Closely Held Corporations (TX1412.3)

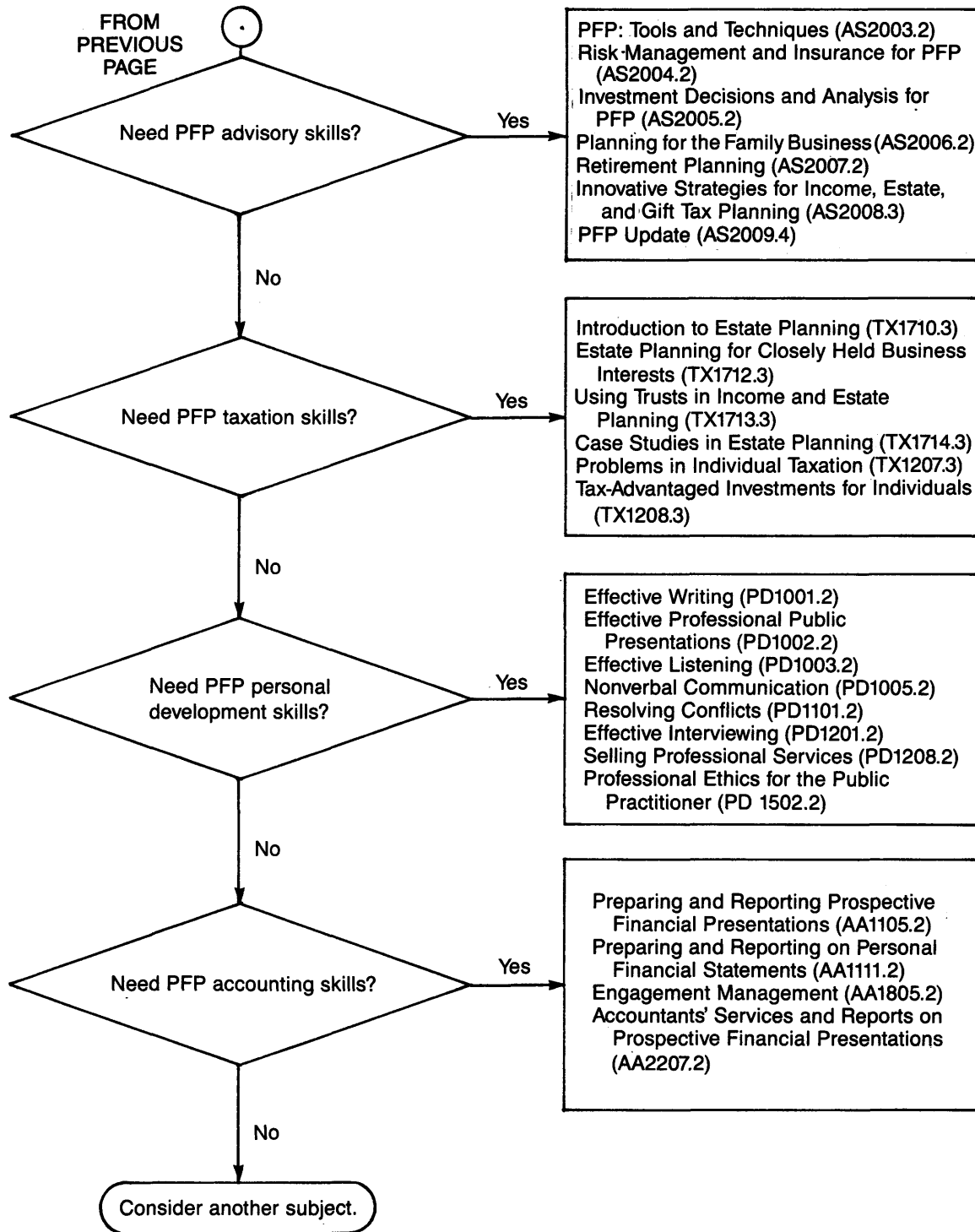
TX1700 ESTATE AND TRUST TAXATION

Estate Planning for Closely Held Business Interests (TX1712.3)

# PERSONAL FINANCIAL PLANNING

## CPA FIRM CONSIDERING EXPANSION OF PFP SKILLS





Prepared in cooperation with the AICPA Personal Financial Planning Executive Committee.

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