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## CPA letter 2007

American Institute of Certified Public Accountants

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# The CPA Letter

January 2007 Vol. 87 No. 1  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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This issue of *The CPA Letter* has been published exclusively in electronic format. Next month's issue will be produced electronically and in print.

## Happenings at Board of Directors' December Meeting

Here are some of the more significant actions and events that took place at the AICPA Board of Directors meeting Dec. 7-8, 2006:

- **President and CEO Barry Melancon reported on international developments, including the recent World Congress of Accountants held in Turkey, establishment of XBRL-US and related events, and activity in Washington, D.C., surrounding Section 404 of the Sarbanes-Oxley Act.** Other items discussed include strategic planning for the AICPA, feedback on the revised exposure draft on business valuation standards and the Uniform CPA Exam.
- **As part of the AICPA's ongoing effort to improve diversity in the profession, the board heard from the Association of Latino Professionals in Finance and Accounting highlighting the enormous progress that organization has made over the past decade.** With a mission to become the largest and best Hispanic professional organization in the world, the association now has more than 7,000 members.
- **Board members received an update on progress related to improving the peer review process.** The Peer Review Board is considering a board task force's recommendations to enhance the peer review reporting model, increase transparency of the oversight process, increase the pool of peer reviewers and continue to ensure the high quality of peer reviewers.
- **Legislative successes and future plans were highlighted.** Among them, passage of the CPA exemption from the Gramm-Leach-Bliley Act annual privacy notification and the failure to pass Head Start legislation containing required audit firm rotation, which the AICPA opposed. Workload compression, the Fair Housing Act Reauthorization and tax patent con-

cerns remain high legislative priorities.

- **Initiatives in other areas were covered:** the success of Feed the Pig™, the transition to the Durham, N.C., office and the announcement of Judith O'Dell as chair of the new Private Company Financial Reporting Committee.

## Tax Season Resources Now Available – Tax Saving Tips for 2006

Members now have access to a brochure, speech and PowerPoint presentation geared toward assisting clients with preparing for the 2006 tax season. You can use these resources, available from the CPA Marketing Tool Kit, to promote your practice and/or services and increase your visibility in the community.

Topics covered in the 2006 tax resources include:

- Filing Basics: filing status, exemptions and common deductions
- Tax Breaks for Homeowners: interest and property taxes and capital gains
- Retirement Savings Tax Breaks: IRAs and 401(k)s
- Child and Education-Related Tax Breaks: child tax credit, dependent care credit, education tax credits and 529 plans
- Tax Considerations for Investors: long-term capital gains and dividends, offsetting capital gains with losses and new "kiddie tax" rules
- Other New Provisions for 2006: energy tax breaks, new rules for charitable contributions and AMT exemptions

The *Tax Saving Tips for 2006* brochure is available in black and white, two-color and four-color, as well as in both high and low resolutions.

Instructions for printing the brochure and suggestions on how to use it are also included in the tool kit. Additionally, space is provided on the back panel for members to

*continued on page 5*



## AICPA Annual Report for 2005–2006 Posted to Web Site

The AICPA's annual report for the fiscal year Aug. 1, 2005, through July 31, 2006, has been posted to our Web site in PDF format. "Strengthening Our Core" focuses on the CPA profession's hallmarks of integrity, objectivity, competence and public service mission and the initiatives, programs and services derived from those core values. It includes:

- A letter to members from former AICPA Chair Leslie Murphy and President & CEO Barry Melancon.
- A "Year in Review" highlighting some of the year's significant developments and efforts regarding technical and professional standards, the faces and ideas of accounting's future, CPAs' knowledge and skills and the profession's public service efforts.
- The AICPA's financial statements.

Members who wish to obtain a printed copy should send a 9"x12" self-addressed envelope affixed with \$1.83 in postage to: AICPA, Communications Team, Annual Report 05–06, 1211 Avenue of the Americas, New York, NY 10036–8775 (available while supplies last).



[www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm](http://www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm)

## AICPA Volunteers Needed – Applications Accepted Until May 1

If you are interested in contributing to the profession and networking with your peers, then consider applying for one of the AICPA's nearly 90 volunteer groups (committees, boards, panels and centers) seeking new volunteers. The particular blend of volunteer groups changes slightly from year to year. If you have not visited the Volunteer Services Web site recently, you may be surprised to find a volunteer



group that perfectly fits your interest and expertise.

The online application is brief and involves a simple point-and-click process.

Applications are now being accepted for the next volunteer year (Oct. 2007 – Oct. 2008). As in the past, the application process extends to May 1st to avoid conflict with tax season. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, address inquiries to David Ray at 212/596–6030 or to [volunteerservices@aicpa.org](mailto:volunteerservices@aicpa.org).



<http://volunteers.aicpa.org>

## Mandatory IRS Corporate E-File Affects Many More Companies; AICPA PowerPoint Available

Members whose companies or clients are affected by the Internal Revenue Service's expanded mandatory e-filing program for corporations in 2007 will improve their understanding of and compliance with the program from a new AICPA PowerPoint presentation (available from the Tax Center; see Web page below). Last filing season, corporations with \$50 million or more in total assets were generally required to e-file. This year, mandatory e-filing generally includes companies with \$10 million or more in total assets. Additional resources related to the mandatory corporate e-file program can be found on the IRS's "E-File for Large and Mid-Size Corporations" Web page at [www.irs.gov](http://www.irs.gov).



[www.aicpa.org/tax](http://www.aicpa.org/tax); click on Resources

## How to Obtain Permission to Reprint CPA Letter Articles

Our authorized permissions agent, Copyright Clearance Center, can provide you with quick permission for the reproduction of articles from *The CPA Letter*. Submit a self-service permission request form via the

Internet, which can be accessed through [www.copyright.com/firsttimeusers.asp](http://www.copyright.com/firsttimeusers.asp). Telephone assistance for the CCC permission process is available at 978/750–8400.

## AICPA Earns Partnership Award from IRS for Disaster Assistance Initiative; AICPA Recognizes Ernst & Young's Efforts

The Internal Revenue Service presented the AICPA with an award to recognize the profession's efforts mobilizing volunteers to help prepare tax returns for disaster victims impacted by Hurricanes Katrina, Wilma and Rita in 2005. The AICPA, in acknowledgement of the outstanding volunteer effort, awarded the new AICPA Tax Public Service Award to the "firm and the people of Ernst & Young" for their contributions.

## CPA Letter Supplements Available

To obtain the public accounting, business and industry, and government membership supplements produced this month with *The CPA Letter*, visit:



[www.aicpa.org/pubs/cpaltr/jan2007/supps/index.htm](http://www.aicpa.org/pubs/cpaltr/jan2007/supps/index.htm)

## PUBLIC MEETING NOTICES

### Accounting Standards Executive Committee:

Jan. 9–10, New York

### Auditing Standards Board:

Jan. 9–11, Houston, Tex.

### Peer Review Board:

Jan. 15–16, Las Vegas

### Tax Executive Committee:

Jan. 17–18, Hollywood, Fla.

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## BlackBerry® Added to AICPA Elite Values Program

Research In Motion, the makers of BlackBerry®, has become a new partner in the Institute's growing portfolio of Member Elite Values Programs. AICPA members can now get the best available pricing and support services for BlackBerry® handsets, software and accessories by visiting [www.blackberryforthe CPA.com/](http://www.blackberryforthe CPA.com/).

"Over the past year many members have inquired about our launching this type of program," said Michael Cerami, vice president, corporate alliances, CPA2Biz Inc. "Wireless handsets are increasingly becoming a standard business tool for today's accounting professional—for both CPAs in practice and in industry."

A May 2006 survey of accounting professionals, conducted by Bay Street Group LLC, showed 84% of those surveyed spend at least 25% of their time working outside the office, and 42% of respondents were currently considering a near-term purchase of a wireless handset.

Reseller, eAccess Solutions Inc., is the exclusive fulfillment and support services provider to AICPA members through the program. Institute members will be taken through a step-by-step process for setting up the BlackBerry wireless solution, assuring that members are up and productive with a minimal time investment. AICPA members also will receive one full year of free support from eAccess Solutions when they pur-

chase a BlackBerry handset. For more information about this program or any Elite Values Program, visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite).

### AICPA Members Can Now Access Business Continuity Planning Resources at Discounted Rates

The AICPA has entered into an agreement with Prism eSolutions, the leading provider of Business Continuity Planning (BCP) resources. AICPA members now have available, at special rates, state-of-the-art tools to help them evaluate and implement Business Continuity Planning in their own businesses and for their clients.

Driven by world events in recent years, Business Continuity Planning and Business Continuity Management (BCM) are now vital elements of staying in business and maintaining profitability when crisis occurs. Since CPAs are trusted business advisers and stewards of financial management and fiscal responsibility, it is important they be prepared to provide guidance on BCP and BCM to their clients.

Business Continuity Planning is a structured approach to collecting information, defining the actions and allocating

resources that would be needed in the event of an emergency that affects an organization's ability to continue its operations during a crisis. Business Continuity Management includes the monitoring, auditing and updating of the BCP as the organization changes over time.

The use of BCP and BCM have increased significantly in recent years as a result of Sarbanes-Oxley legislation, the release of NASD rules 3510 (Business Continuity Planning) and 3520 (Emergency Contact information), the 9/11 and other terrorist attacks, Hurricane Katrina, the development of ISO 28000 (an international standard for Security Management for the Supply Chain), and other factors.

Prism eSolutions provides a variety of resources to support CPAs and organizations in the areas of BCP and BCM. Prism's Web-based assessment tools, library of BCP content, project management tools, document management and data collection solutions help companies to plan, communicate and respond to crisis in a manner that helps them maintain the continuity of their operations and stay in business when crisis occurs.



<https://www.cpa2biz.com/Affinity/Prism.htm>

member news

## Guide Published to Help Members with Career Planning

In these fast-changing times, it is difficult for busy professionals to recognize when new knowledge should be learned and skills should be enhanced — and to make sure their core competencies continue to meet the needs of the marketplace. A new 5-step guide, *Take Charge of Your Career*, helps current and aspiring CPAs with their career planning. The guide is available for download from the Financial Management Center at [www.aicpa.org/CPACareerPath](http://www.aicpa.org/CPACareerPath).

Created by the Business, Industry & Government team, *Take Charge of Your Career* makes the career planning process less daunting. Anyone, at any point in his or her career, can use the

guide's tips and tools to avoid career stagnation and move closer to goals and aspirations. This free guide can also help you cope with changes, both planned and unplanned.

When used with the AICPA Competency Self-Assessment Tool, available online at [www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT), the guide can help today's and tomorrow's CPAs with their careers.



[www.aicpa.org/CPACareerPath](http://www.aicpa.org/CPACareerPath) (guide)



[www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT) (competency tool)

## Technical Practice Aids Issued on Accounting Topics

The AICPA staff issued accounting Technical Practice Aid Questions and Answers in response to frequently asked questions on the following topics:

- Income Tax Accounting for Contributions to Certain Nonprofit Scholarship Funding Organizations

- Accounting for Certain Liquidated Damages

To obtain the TPAs, visit:



[www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent\\_tpas.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent_tpas.htm)

## Auditing Standards Board Issues Two New Standards

The AICPA's Auditing Standards Board has issued Statement on Auditing Standards No. 113, *Omnibus 2006* (No. 060708CPA01), and Statement on Standards for Attestation Engagements No. 14, *SSAE Hierarchy* (No. 023033CPA01).

SAS No. 113 amends various other SASs. Of note, SAS No. 113:

- Revises the terminology used in the 10 standards in SAS No. 95, *Generally Accepted Auditing Standards*, to reflect the terminology used in SAS No. 102, *Defining Professional Requirements in Statements on Auditing Standards*.
- Adds a footnote to the headings prior to paragraphs 35 and 46 in SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*, to provide a clear link between the auditor's consideration of fraud and the auditor's assessment of risk and the auditor's procedures in response to those assessed risks.
- Replaces, throughout the SASs, the term "completion of fieldwork" with the term "date of the auditor's report."
- Changes the convention for dating the representation letter by requiring that it be dated as of the date of the auditor's report.

Regarding SSAE No. 14, this new statement:

- Identifies the body of attestation literature.
- Clarifies the authority of attestation publications issued by the AICPA and others.
- Specifies the extent of familiarity a practitioner needs to have with various kinds of attestation publications when conducting an attestation engagement.
- Amends the 11 attestation standards to reflect the terminology used in SSAE No. 13, *Defining Professional Requirements in Statements on Standards for Attestation Engagements*.

To obtain copies of SAS 113 or SSAE 14, contact the AICPA Service Center (see page 5; price each: \$19 member/\$23.75 non-member).

## Draft of Proposed SSARS Exposed for Comment

The AICPA's Accounting and Review Services Committee has issued an exposure draft of a proposed statement on standards for accounting and review services, *Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance into Statements on Standards for Accounting and Review Services*. Comments are due May 18.

The ARSC is aware that, in many instances, SSARSs reference the practitioner to statements on auditing standards. The ARSC is further aware that, for many practitioners, compilations and reviews represent the highest level of service performed and, therefore, those practitioners may be unfamiliar with the auditing literature. The ARSC determined that it would be in the best interest of practitioners performing compilations and reviews as well as in the public interest if certain references to the auditing literature were eliminated from the SSARSs and those concepts incorporated in the SSARSs. The proposed statement will eliminate those references to auditing literature from SSARSs and, where appropriate, incorporate guidance similar to that originally referenced.

The proposed statement would be effective for compilations and reviews of financial statements for periods ending on or after Dec. 15, 2007. Early application would be permitted.

To obtain the exposure draft, visit:



[www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Exposure+Drafts+of+Proposed+Statements/](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Exposure+Drafts+of+Proposed+Statements/)

In the process of developing the guidance in the proposed statement, the ARSC determined that certain additional guidance should be developed for compilation and review engagements. That guidance includes, but is not limited to, the following:

- The accountant's consideration of going concern.
- The accountant's consideration of adequacy of disclosure in financial statements prepared in conformity with an OCBOA.
- The accountant's consideration of subsequent events.

Such guidance will be developed and exposed in separate proposed statements on standards for accounting and review services. The ARSC plans to expose such proposed statements in the third quarter of 2007.

## Technical Practice Aid Developed on Assessing Derivative Instruments

An AICPA task force has prepared a working draft of a Technical Practice Aid designed to be a reference guide addressing the accounting considerations when analyzing freestanding and embedded and derivative financial instruments indexed to and potentially settled in a company's own stock. Preparers and practitioners often find it difficult to navigate the applicable standards because two or three must often be considered in contemplation of one another before reaching a final conclusion on the appropriate accounting for a financial instrument.

The TPA, *Convertible Debt, Convertible Preferred Shares, Warrants, and Other Equity-Related Financial Instruments*, is not intended to provide interpretative guidance or to describe the accounting for specific instruments, but rather to assist preparers and practitioners in identifying the scope of and the inter-relationships between the various accounting pronouncements. A working draft of the TPA has been posted to the AICPA Web site:



[www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/Working+Draft+of+Convertible+Debt+Convertible+Preferred+Shares+Warrants+and+Other+Equi.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/Working+Draft+of+Convertible+Debt+Convertible+Preferred+Shares+Warrants+and+Other+Equi.htm)

## Former AICPA Chair Robert Bunting Becomes Deputy President of IFAC; Marilyn Pendergast Recognized with IFAC's Sempier Award

Former AICPA Chair of the Board Robert L. Bunting has been appointed Deputy President of the International Federation of Accountants. IFAC's Board and Council approved the nomination last Nov. at a worldwide meeting of leaders of accountancy institutes in Istanbul, Turkey. Bunting will serve in the position through Nov. 2008.

In a separate action, IFAC awarded

Marilyn A. Pendergast, CPA, the Sempier Award for outstanding contributions to the international accountancy profession. Pendergast, an AICPA member, is only the fourth person to receive this award. Within the AICPA, Pendergast served on the Professional Ethics Executive Committee for 10 years, including four as chair. An important advocate for understanding international issues in the United States,

she is a past member of the AICPA's Board of Directors and the governing Council. Pendergast also served as the first woman president of the New York State Society of Certified Public Accountants in 1994. Among other things, she currently is the chair of the AICPA's International Strategy Committee and continues to make presentations on ethics issues throughout the world.

### continued from page 1—Tax Resources

imprint their firm names, logo and contact information. You may want to distribute the brochure to the audience as a handout when making presentations or use it in client mailings.

In addition to the brochure, a timely

speech and PowerPoint presentation address specific tax law changes and provisions to help clients minimize their taxes. When printing the PowerPoint, select your printing option as "color" in the print dialog box, even if you are printing to a black and white printer.

Note that legislation to extend several major tax provisions passed too late to be included in the IRS's 2006 tax forms (visit [www.irs.gov](http://www.irs.gov) for Publication 553).

To access these resources, visit:



[www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)

**Paying for College: Tax Strategies and Financial Aid** (No. 181483CPA01). In this revised edition, Sidney Kess, CPA, leads a panel of experts in exploring how a variety of tax breaks can help families and independent students fund a college education. Includes a State 529 plan chart, the Free Application for Federal Student Aid, IRC sections, Treasury regulations and IRS notices. Ideal for on-site staff training or individual self-study. Recommended CPE Credit: 12. Level: Basic. Prerequisite: None. Format: DVD/Manual (132-min. video), \$175 member/\$218.75 non-member. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Ethics for Tax Professionals: Circular 230 and the SSTs** (No. 738700hsCPA01). This course provides an overview of both standards of tax practice. Included is the text of Treasury Circular 230 and the AICPA Statements of Standards for Tax Services. Recommended CPE Credit: 2. Level: Basic. Prerequisite: Experience in tax practice. Format: CD-ROM. \$59 member/\$59 non-member.

**AICPA's Annual Business Law Update** (No. 732830CPA01). Stay on top of current business law developments through case studies based on actual legal situations. Areas reviewed include employment issues, intellectual property developments, business disputes, M&A issues and

business tax issues, among many others. Recommended CPE Credit: 13. Level: Update. Prerequisite: None. Format: Text. \$145 member/\$181.25 non-member.

**To order**, write: AICPA Service Center, CPA01, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be pre-paid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**



As a result of decisions by hearing panels of the Joint Trial Board, the following members have had their AICPA memberships:

—*Terminated*:

- **Richard E. Lurie** of Minneapolis, effective Nov. 15, 2006.

—*Suspended*:

- **Thomas P. O'Connor** of Palos Park, Ill., suspended for one year, effective Nov. 15, 2006.

—*Admonished*:

- **E. Peter Marshall** of Glens Falls, N.Y., effective Nov. 15, 2006.

Under the automatic disciplinary provisions of the Institute's bylaws, the following member has had his AICPA membership:

—*Terminated* because of a final judgment

of conviction for a crime punishable by imprisonment for more than one year:

- **David W. Norris** of Fishers, Ind., effective Nov. 15, 2006.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/pubs/cpaltr/index.htm](http://www.aicpa.org/pubs/cpaltr/index.htm)



### Firms Terminated from Peer Review Program

Effective Oct. 5, 2006, the following firms were terminated from the AICPA Peer

Review Program for failure to cooperate with the AICPA Peer Review Board. Hearing panels deemed the firms failed to submit documentation evidencing completion of the corrective or

monitoring actions as a result of their most recent peer reviews: G. C. Nearhood CPA, P.C., Richlands, Va., and Larry P. Stidman CPA, PA, Mount Ida, Ark.

## Understanding SAS No. 112; Audit Risk Alert Developed to Help Members

To help practitioners better understand and implement the requirements of Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, the AICPA has developed an audit risk alert entitled *Understanding SAS No. 112 and Evaluating Control Deficiencies: A Companion to SAS No. 112, Communicating Internal Control Related Matters Identified in an Audit*. This audit risk alert summarizes the important aspects of the new standard and presents a number of short case studies designed to guide the auditor through the process of evaluating identified control deficiencies. **To obtain this new risk alert, go to [www.cpa2biz.com/stores/sas112](http://www.cpa2biz.com/stores/sas112).**

During this past summer and fall, the Audit & Attest Team became aware that some practitioners may be misunderstanding certain concepts that are important to SAS No. 112. The most common misunderstanding is the belief that the auditor's drafting of the client's financial statements automatically results in a material weakness. Asking the auditor to draft the financial statements does not cause a control deficiency; however, it may be the result of a control deficiency. A control deficiency exists if the client does not have controls over the preparation of the financial statements, including the footnote disclosures, which would prevent or detect a misstatement in the financial statements. This misunderstanding and others are debunked in the audit risk alert.

Keeping a few simple but important underlying concepts in mind will help auditors successfully implement the new standard. The following are some key underlying concepts of SAS No. 112:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- The client's designation of an individual who possesses suitable skill, knowledge and/or experience to oversee a service performed by the CPA (Ethics Interpretation 101-3, *Performance of Nonattest Services*) is not a control. Therefore, having such a designated person does not mean that the client does not have a control deficiency.
- SAS No. 112 does not require the auditor to search for control deficiencies, but rather to evaluate them if they have been identified.
- A system of internal control over financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.
- To properly apply SAS No. 112, the auditor has to have a working knowledge of the COSO framework. COSO's *Internal Control-Integrated Framework* describes the elements of internal control over financial reporting. SAS No. 112 directs the auditor to evaluate control deficiencies when identified, and communicate certain deficiencies to management and those charged with governance.

 [clandes@aicpa.org](mailto:clandes@aicpa.org)

# The CPA Letter

February 2007 Vol. 87 No.2  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## AICPA Gives Special Recognition Award to XBRL Founder

Charles Hoffman is the recipient of the 2006 Special Recognition Award from the AICPA for his remarkable contributions to the development of eXtensible Business Reporting Language. The award recognizes a person who has made a significant mark on the accounting profession.

“Many call Charlie the ‘Father’ of XBRL because he was the individual who initially came up with the idea of using XML to structure financial statements,” said Randy Fletchall, AICPA vice chair. “Charlie developed the initial prototype for what is now the XBRL technical specification and he was a leading catalyst in driving this international

open-standard for business information.”

Fletchall said Hoffman conceived the idea in 1998 while working for a small accounting firm in Washington State and took it to the AICPA’s High Tech Task Force. Less than a decade later, XBRL is being implemented by stock exchanges and regulatory bodies on six continents and is gaining increasing traction and support in the United States. For example, the Securities and Exchange Commission recently committed \$54 million to develop commercial-strength taxonomies for U.S. GAAP reporting and to modernize the EDGAR system to accept company filings in XBRL format ([www.xbrl.org](http://www.xbrl.org)).



### Highlights

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Members Offered Airline, Car Rental, Amtrak Discounts  
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AICPA Provides Department of Labor with Comments on Auditor Independence Rules  
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- 4**  
“Chair’s Corner”  
.....
- 5, 6 & 7**  
AICPA Initiatives for Members: An Update  
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- 8**  
AICPA...Where to Turn (an updated directory of services)  
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- 10**  
How CPAs Should Handle “Comfort Letter” Requests from Lenders, Mortgage Brokers  
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- 11**  
IFAC Issues Proposal to Revise Independence Standards; CPAs Encouraged to Comment  
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Feed the Pig Campaign’s Success in Full View  
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This issue of *The CPA Letter* has been published both electronically and in print. Next month’s issue will be published exclusively in electronic format.

## Get the Most from Your AICPA Membership — Update Your Member Profile

Members now can control the information they receive by updating their Membership Profiles. It will take just 5 minutes, but it will help make sure you get the most from your membership.

Having your current snapshot enables us to understand who you are and what you need, and it helps us tailor communications to your areas of interest. With an accurate and up-to-date Membership Profile, the AICPA can target its communication with individual members only to subjects rele-

vant to the member.

By completing the profile by May 1, 2007, members also have the opportunity to automatically enter a contest to win a 7-night stay in any Starwood Hotel or Resort. Simply visit [www.aicpa.org](http://www.aicpa.org) and click “Enhance Your Membership - Update Your Profile Today!” under AICPA Highlights. If you have not registered on our Web site, you will need your AICPA member number to complete your login. If you experience any problems, call 888/777-7077 for assistance.

## IRS Officials Review Changes, Helpful Hints for 2007 Filing Season; AICPA Produces Tax Season Materials

A panel of Internal Revenue Service officials and tax experts recently held a Web cast where they discussed preparation for the 2007 tax filing season, including a review of new provisions affecting individual federal tax returns for 2006, a new refund option and recommendations for avoiding common filing errors. Specifics on this *Tax Talk Today* Web cast appear in this month’s *CPA Letter* public accounting supplements (see page 2 for access instructions). A full transcript of the Web cast can be accessed at [\[day.tv/index.cfm?page=5.71\]\(http://day.tv/index.cfm?page=5.71\). The transcript for a \*Tax Talk Today\* Web cast on business filings for 2006 can be found at \[www.taxtalktoday.tv/index.cfm?page=5.73\]\(http://www.taxtalktoday.tv/index.cfm?page=5.73\).](http://www.taxtalkto-</a></p></div><div data-bbox=)

In addition, the AICPA produced *Tax Saving Tips for 2006*, providing members with a brochure, speech and PowerPoint presentation to help clients prepare for 2006 tax filings. Obtain the materials (detailed in last month’s *CPA Letter*) from the CPA Marketing Toolkit at [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing).



## Members Offered Airline, Car Rental, Amtrak Discounts

The AICPA has a special agreement with Maupin Travel, Inc. of North Carolina to assist you with travel arrangements (call 800/345-5540) when attending eligible AICPA conferences or meetings. If you prefer to make your own travel plans, mention the participating airline's reference number to take advantage of deeply discounted "Zone Fares." These fares are available on all flights but are inventory controlled. Some restrictions may apply. Discounts are valid for round-trip registered AICPA meetings or conferences only. Airline, car rental and train discounts are available only when you or your travel agent book through the 800 number.

We strongly advise you confirm your conference registration and hotel reservation prior to making your travel plans. The AICPA is not liable for any penalties incurred if you cancel or change your airline reservations. Rates are subject to availability. Due to recent airline industry fare restructuring, the AICPA cannot guarantee group travel arrangements will be in effect at the time travel arrangements are made; contact the airline or your travel agent for the latest applicable discounts and arrangements.

### Airline, Car Rental, Amtrak Information

*American Airlines:* 800/221-2255,  
Index #19330  
*Delta Air Lines:* 800/221-1212,  
SkyBonus account #US723852916  
*United Airlines:* 800/521-4041,  
Meeting ID #531SI  
*Hertz Car Rental:* 800/654-2240,  
CV #021H0014  
*AMTRAK (Northeast corridor):* 866/265-1974

## Lifetime Contribution Award Sponsored by AICPA Bestowed Upon William Ferrara

William Ferrara, Professor of Accounting Emeritus at Stetson and Pennsylvania State

Universities, has received the AICPA-sponsored Lifetime Contribution Award from the Management Accounting Section of the American Accounting Association for 2007. The Lifetime Contribution Award recognizes individuals who have made a significant mark on management accounting education, research and practice. Ferrara was honored for his research on financial planning and control systems and their integration with external financial reports.

In addition to its work with the AAA Management Accounting Section, the AICPA has long-standing alliances with the Chartered Institute of Management Accountants in the United Kingdom and the Society for Chartered Management Accountants in Canada.

## AICPA Library Can Help Members Locate Information Quickly, Easily

As part of its mission to provide access to its accounting collections, the AICPA Library Service has a digitizing program called the Digital Accounting Collection (DAC). More than 300 non-current AICPA exposure drafts from 1977 are now posted, with more to come. The full text of the *Accounting Historians Journal*, 1974-1992, the full text of over 100 accounting pamphlets ranging in date from 1888 to 1923, and dozens of photographs and illustrations also are available. Browse the Billie Ireland cartoon sketches from the 1906 ACPA Convention on the "Photographs and Illustrations" page. Perhaps you have an ancestor who was an accountant; search the 1920 Accountants Directory and Who's Who. Read about the new accounting system (with illustrations) at the St. Paul Hotel in 1912. There are many other full-text pamphlets to interest all with an historical bent.

The AICPA Library collection at the University of Mississippi also houses tens of thousands of pamphlets, spanning a century of accounting. In addition, the Library is entering bibliographic citations for thousands of others into the Digital Accounting

Collection, so the entire pamphlet collection will be accessible. Over 11,000 citations already have been entered, with many more being added daily.

Search the entire DAC database by keyword, author and/or title. The Web page allows users to search just the University of Mississippi Library catalog (where the AICPA books and journals are located), just the DAC (for pamphlets and old exposure drafts), or both at once using the "Quick Search" box. Visit the Library at:



[www.olemiss.edu/depts/general\\_library/aicpa/](http://www.olemiss.edu/depts/general_library/aicpa/)

## AICPA Hosts Second Small Business Administration Web Cast on Tax

AICPA Vice President – Taxation Tom Ochenschlager hosted the Small Business Administration's Dec. 14, 2006, Web chat, *Tax Planning & Preparation for Small Businesses*. Ochenschlager responded to 52 questions from Web cast participants. To access the archived program, visit [www.sba.gov/tools/monthlywebchat/index.htm](http://www.sba.gov/tools/monthlywebchat/index.htm). The SBA began its series of monthly live Web chats on topics of interest to small business owners in July 2005.

## CPA Letter Supplements Available

To obtain the public accounting, business and industry, government or education member-segment supplements produced this month with *The CPA Letter*, visit:



[www.aicpa.org/pubs/cpaltr/feb2007/supps/index.htm](http://www.aicpa.org/pubs/cpaltr/feb2007/supps/index.htm)

## PUBLIC MEETING NOTICES

**Accounting Standards Executive Committee:** Mar. 20-21, New York

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Ellen J. Goldstein, Editor e-mail: [egoldstein@aicpa.org](mailto:egoldstein@aicpa.org)

## AICPA Comments on Deductibility of Health Insurance Premiums, Controlled Foreign Corporation Look-Through Provision

A proposed Revenue Ruling the AICPA developed was recently sent to the Internal Revenue Service for consideration. The proposed ruling would provide clarifying guidance regarding the deductibility of health insurance premiums covering S corporation shareholders.

In May 2006, the IRS published *Headliner Volume 163* on its Web site indicating that medical insurance policies must be held in the name of a corporation (rather than the owners) for S corporation shareholders to receive the deduction for health insurance premiums for the self-employed. The AICPA does not agree with this policy and, in response, is proposing that the IRS clarify and modify such guidance to shift the

emphasis from the titling of policies to the payor of the premiums (whether payment is direct or indirect).

The AICPA's proposal also makes clear that simply because certain state laws require group policies to cover more than one employee (and therefore many corporations are not eligible for group policies), this should not prevent shareholders in small organizations from deducting premiums above-the-line. How large an impact the IRS's May *Headliner* may have on individuals in your state may depend on your state's insurance laws. Two states — California and Florida — reviewed the Revenue Ruling in draft form and agreed with it, noting that their

members had raised concerns similar to those the AICPA expressed.

In a separate action, the AICPA submitted comments to the IRS and Department of the Treasury urging that guidance be provided concerning the new Controlled Foreign Corporation (CFC) look-through provision of the *Tax Increase Prevention and Reconciliation Act of 2005*. The Institute noted 11 areas where guidance is particularly necessary and emphasized that guidance is especially important because the CFC provision is effective for only a short time. (It applies for taxable years of foreign corporations beginning after Dec. 31, 2005, and before Jan. 1, 2009.)



## AICPA Provides Department of Labor with Comments on Auditor Independence Rules

The AICPA recently commented on the Department of Labor's request for information (RFI) concerning the advisability of amending Interpretive Bulletin 75-9 relating to guidelines on independence of accountants retained by employee benefit plans subject to the Employee Retirement Income Security Act of 1974. The AICPA supported the DOL's efforts to modernize its rules, noting there have been significant changes in the audit profession and the employee benefit plan environment over the past 30 years since the DOL issued Interpretive Bulletin 75-9.

Specifically, the AICPA recommended the DOL adopt an approach to establishing independence rules and guidelines that is based on a comprehensive framework and set of risk-based principles, and establish a process to ensure that such independence rules

and guidelines continue to be interpreted and updated as may become necessary. The AICPA also encouraged the DOL to incorporate the Institute's independence rules and conceptual framework as the foundation for its independence rules for ERISA audits. AICPA member firms audit the vast majority of the over 70,000 plans required to have an annual audit under ERISA. All AICPA member firms that audit ERISA plans must comply with the AICPA *Code of Professional Conduct*, including the independence rules therein, as well as the Department's independence rules. The AICPA comment letter is available from the Employee Benefit Plan Audit Quality Center Web site at [www.aicpa.org/ebpaqc](http://www.aicpa.org/ebpaqc) (News and Other Communications).



## AICPA Invites Proposals for Management Accounting Research Grants

The AICPA is inviting members to submit proposals for research grants as part of its continuing program to provide thought leadership in management accounting in collaboration with the American Accounting Association's Management Accounting Section. Proposals must be submitted by Mar. 31.

"Management accounting is critical to the Institute and its mission of serving the public interest," said John Morrow, vice president for members in business, industry and government. "More than 40% of our members work in public, private and non-profit organizations."

"In 2006, we funded three proposals for research projects in the area of financial and non-financial performance measures," said Kenneth Witt, AICPA technical manager. "We think that all three of these projects will have significant implications for the accounting practice, consistent with our objective of improving the quality of information increasingly being demanded for enhanced business reporting," added Witt. "While we continue to encourage research in areas that bridge the fields of management accounting and financial reporting, we have now cast a wider net, seeking proposals in three broad areas."

The AICPA will fund one or more projects with grants up to \$50,000. Members of the AAA Management Accounting Section will submit proposals for research in strategic management, performance management and risk management.

The AICPA will select the winning proposal in Apr. and is seeking to have the research completed by July 2008. The researchers will be expected to produce a final report, a paper intended for publication in a major academic journal and an article for the *Journal of Accountancy*. Proposal guidelines may be found at [www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter).



By Jimmy L. Williamson, CPA, Cr.FA,  
DABFA  
Chairman, AICPA Board of Directors

I want to update you on three important issues our profession is dealing with and describe how the Institute is working to address them. These efforts clearly demonstrate our commitment to educating and informing members about new developments and to advocating on behalf of the profession and the public interest.

Keeping up with new standards has long been a critical issue for CPAs. To help members understand and apply an important new pronouncement, Financial Accounting Standards Board Interpretation No. 48,

## Chair's Corner

*Accounting for Uncertain Tax Positions* (The CPA Letter, Dec. 2006), the AICPA has created a free practice guide. FIN 48 is likely to require additional work by members in business and industry, their auditors and their tax advisers. At the time I wrote this column, more than 18,000 members had already downloaded the guide, *Accounting for Uncertain Tax Positions Under FIN 48*. You can get this valuable resource, available free to all AICPA members, at [www.aicpa.org/FIN48guide](http://www.aicpa.org/FIN48guide).

Still on the subject of tax, in recent years, a number of patents have been issued for tax-reduction strategies, especially in the area of estate and gift tax. One wealth-management company has even filed a complaint alleging that a taxpayer infringed its tax-strategy patent. The AICPA has expressed concerns about the practice and others, including some members of Congress, also are starting to question the patenting of ways to comply with the tax law.

As a result of these developments, the AICPA Tax Executive Committee has formed a task force to consider an appropriate response. The task force is already engaged in communication efforts to spread the word about the issue and is considering possible legislative solutions. We will keep you updated about developments in this area as they occur.

Finally, the Institute also has been involved in a major initiative with the Financial Accounting Standards Board on private company financial reporting. The overall effort's goal is to enhance the FASB's current standard-setting process to better meet the financial reporting needs of private companies and their financial statements' users. Recently, Judith H. O'Dell, CPA, was named chair of the new Private Company Financial Reporting Committee. She's an excellent choice to lead this committee.

O'Dell's background includes financial reporting expertise with private companies, public accounting and academia, so she is very well suited to the job. She has experience in small firms and is currently a principal and chief financial officer of a family-owned company. She also maintains her own business valuation and litigation support practice. O'Dell said she expects the Private Company Financial Reporting Committee to hold its first meeting this spring, with subsequent meetings to be held quarterly. More information can be found at [www.pcf.org](http://www.pcf.org).

As you can see, the Institute has a full agenda of initiatives that will serve the interests of the public and the profession. I'll update you on further efforts in future columns.



[jimmyw@mdacpa.com](mailto:jimmyw@mdacpa.com)

As a result of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Philip T. Rueth** of Munster, Ind., suspended from membership in the AICPA and the Indiana Society of CPAs for one year, effective Nov. 14, 2006.
- **Randy W. Shuman** of Crown Point, Ind., admonished by the AICPA and the Indiana Society of CPAs, effective Nov. 4, 2006.

In lieu of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Salvatore Censoprano** of Foster City, Calif., expelled from membership in the AICPA, effective Dec. 11, 2006.
- **Thomas J. Nolan** of Palantine, Ill., suspended from membership in the AICPA and the Illinois CPA Society for one year, effective Oct. 9, 2006.

As a result of decisions by hearing panels of the Joint Trial Board,

## disciplinary actions

the following members have had their AICPA memberships:

—Terminated:

- **Phyllis B.C. Kramer** of Huntington Woods, Mich., effective Dec. 15, 2006.
- **Gregory E. Lively** of Plano, Texas, effective Dec. 15, 2006.
- **David S. Quindt** of Houston, effective Dec. 15, 2006.

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

—Suspended following suspension of their CPA certificate, license and/or permit to practice by their state boards of accountancy:

- **Dennis D. Hamlet** of Opelika, Ala., suspended coincident with the duration of the suspension period imposed by the state board of accountancy, effective Nov. 17, 2006.
- **John A. LaRossa** of New York suspended Nov. 17, 2006, through Dec. 5, 2006.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/pubs/cpaltr/index.htm](http://www.aicpa.org/pubs/cpaltr/index.htm)

## AICPA Initiatives for Members: An Update

Are you aware of the many AICPA initiatives to help members succeed in their professional lives? From new resources and tools to advocacy efforts that benefit members and the public, here are some recent efforts on members' behalf.

### Addressing Small Firm Issues

Information, tools or resources for many of the initiatives briefly discussed below can be found at [www.aicpa.org/pcps](http://www.aicpa.org/pcps).

- Staffing is a critical issue for CPA firms. **To shed light on the attitudes and expectations of the most promising young professionals, PCPS released “The PCPS Top Talent Study: Gaining a Strategic Advantage in Recruiting and Retention.”** This brochure discussed the results of the landmark PCPS Top Talent Study, helping small firms glean practical recruitment and retention advice. It is available at [www.cpa2biz.com](http://www.cpa2biz.com). An article in the Nov. 2006 *Journal of Accountancy* also summarized the results and offered insights on what firms can learn from them.
- Where can practitioners turn to learn how their firms and their management decisions compare with other practices? **The 2006 PCPS/TSCPA National Management of an Accounting Practice Survey gathered detailed benchmarking information on the state of CPA firms and practice management trends.** In addition, “The State of CPA Firms Today: An Analysis of the 2006 PCPS/TSCPA National Management of an Accounting Practice Survey” offered PCPS members a concise summary of this study.
- To help CPAs strengthen their practices, **PCPS launched a series of highly popular online Practice Management Forums** for its members covering such issues as profitability, succession, strategic planning and marketing. They feature nationally known speakers leading live PowerPoint presentations and answering participants' questions. More forums are planned after the end of busy season.
- **Seasonality Success, Winning Strategies for Profitable Firms, a new quarterly electronic newsletter for PCPS members, contains practical tips that help practitioners achieve profitable busy seasons.** It concentrates on four key practice management areas: Positioning, Client Strategies, People, and Systems and Processes.
- **PCPS Firm Size Network Groups, which expanded last fall, offer PCPS members the opportunity to discuss with their peers the goals, challenges and concerns unique to firms of the same size.** Meetings take place twice a year. Each group sets its own agenda and chooses its own meeting locations. To learn more, go to [www.aicpa.org/pcps](http://www.aicpa.org/pcps) and click on “Community.”

### Serving the Public Interest

- Through its 360 Degrees of Financial Literacy effort, the AICPA positions the profession as a leader in helping Americans improve their understanding of finances for every

stage of life. **Feed the Pig™, launched in Oct. 2006, is a national campaign targeting “career builders,” those aged 25–34. Produced by the AICPA with the Ad Council, the award-winning campaign demonstrates how to increase savings and reduce spending to help build financial security.** Public service announcements were developed for radio, print, television and multimedia venues. For more information, go to [www.feedthepig.org](http://www.feedthepig.org). Separately, a new study commissioned by the AICPA revealed that young Americans face an uncertain financial future unless they change how they manage their money.

## FEEDTHEPIG.ORG

- To make it easier for CPAs to serve clients and the capital markets, **the AICPA Special Committee on Mobility was created to address inconsistent state rules that do not protect the public interest but do make it more difficult for CPAs to practice across state lines.** The special committee identifies problem areas and offers resources to states that want to modify their own accountancy laws or regulations.
- **Smaller public companies are better able to implement more effective internal control systems and comply with the Sarbanes-Oxley Act, thanks to *Internal Control over Financial Reporting—Guidance for Smaller Public Companies*, a new report issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).** The AICPA is a member of COSO, a voluntary private-sector organization dedicated to improving the quality of financial reporting through business ethics, effective internal control and corporate governance. Go to [www.coso.org/Publications/SB\\_Executive\\_Summary.pdf](http://www.coso.org/Publications/SB_Executive_Summary.pdf).
- The Institute takes its public service mission seriously. That commitment was recognized when **the Internal Revenue Service presented the AICPA with an award “in recognition of outstanding partnership”** in conjunction with efforts seeking volunteers to help prepare tax returns for disaster victims affected by Hurricanes Katrina, Wilma and Rita in 2005. **The Institute also received a certificate of appreciation from the Service** for its “outstanding team effort in delivering products, services and education” to small business and self-employed taxpayers.
- Risk identification and management, business continuity and social and political risk considerations are critical issues for companies. To help our members address them, **the AICPA Business, Industry and Government Team offered a series of free Infocasts on the issues featuring the authors of *Management Accounting Guidelines* developed in collaboration with CMA Canada and the Chartered Institute of Management Accountants.** Archives of the presentations are available at [www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter).
- Management sets a corporation's culture. To see how critical management's view of corporate ethics is, a new video,

**“Fraud and the Tone at the Top,”** examines the connection between fraud and management actions and attitudes in an organization. It features Joe Wells, CEO of the Association for Certified Fraud Examiners; AICPA President and CEO Barry Melancon; and a former MCI/WorldCom employee arrested and imprisoned for money laundering, wire fraud and obstruction of justice. It can be found at [www.aicpa.org/antifraud](http://www.aicpa.org/antifraud); click on “Resources.”

- Anecdotal evidence suggests financial statement users may not consistently understand the intended communications contained in the auditor’s report. To promote greater comprehension of a user’s understanding of the nature of a financial statement audit or the level of assurance that can be derived from an audit, **the AICPA, the American Accounting Association and the International Auditing and Assurance Standards Board have joined forces to launch a research initiative that will provide a better understanding of users’ perceptions of an unqualified auditor’s report.**

### Providing Professional Tools and Guidance

- Creating practical guidance is one way to help members address standards overload concerns. **A free practice guide on FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, helps members make sense of a new pronouncement that will have a significant impact on GAAP clients.** It can be found at [www.aicpa.org/fin48guide](http://www.aicpa.org/fin48guide). In addition, a Web cast that was part of the AICPA SEC Quarterly Update Series further clarified the standard. Go to [www.cpa2biz.com](http://www.cpa2biz.com).
- In another effort to assist CPAs in implementing an important new standard, **the AICPA provided numerous resources related to Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit. Understanding SAS No. 112 and Evaluating Control Deficiencies—Audit Risk Alert*** can be found at [www.cpa2biz.com](http://www.cpa2biz.com). In addition, a special PCPS online Practice Management Forum, “Understanding SAS 112,” presented by Chuck Landes, AICPA vice president, professional standards and services, took place in Jan. Other useful tools are being created as well.
- **Many resources have been developed to help members understand and implement the new risk assessment suite of auditing standards,** a set of eight statements on auditing standards issued by the AICPA Auditing Standards Board to further enhance audit quality. Related resources include a new self-study course, as well as an audit risk alert and an audit and accounting guide. For more information and to order, visit [www.cpa2biz.com/risk](http://www.cpa2biz.com/risk).
- Ethics matters sometimes can be complex but are a hallmark of the CPA profession. To clarify key ethics issues for members, **the Professional Ethics Executive Committee adopted guidance on how the provision of forensic accounting services and tax compliance services would affect a member’s independence.** The guidance can be found at [www.aicpa.org/download/ethics/Revisions\\_to\\_ Interpretation\\_101-3.pdf](http://www.aicpa.org/download/ethics/Revisions_to_ Interpretation_101-3.pdf).
- Consistent, high-quality performance is essential in all services offered by CPAs. To establish standards in an increasingly important practice niche, **a revised exposure draft of a proposed Statement on Standards for Valuation Services, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*,** was issued. More information is available from [www.aicpa.org/bvfls](http://www.aicpa.org/bvfls).
- The Pension Protection Act of 2006 is the most comprehensive pension reform legislation since 1974. **To assist members in obtaining a general understanding of key provisions of the pension act, the AICPA Employee Benefit Plan Audit Quality Center has prepared a summary that can be found at [www.aicpa.org/EBPAQC](http://www.aicpa.org/EBPAQC).**
- **Members can now receive discounts on two important business tools.** The AICPA and Research In Motion together with eAccess have teamed up to bring AICPA members the best available **BlackBerry** pricing and support services. In addition, discounted offerings from **Prism eSolutions**, the leading provider of business continuity planning resources, include state-of-the-art tools to help them evaluate and implement business continuity planning in their own businesses and for their clients. Go to [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite).
- **The Emerging Partner Training Forum, presented in collaboration with PCPS and NorthStar Conferences, was a sold-out two-day seminar that taught promising CPAs what makes a CPA firm leader successful.** Featuring presentations by renowned speakers, it also provided excellent networking opportunities for participants.
- Career planning can be difficult for busy CPAs, but ***Take Charge of Your Career, a five-step guide created by the Business, Industry and Government team, offers tips and tools to ease the process.*** Used in conjunction with the AICPA Competency Self-Assessment Tool ([www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT)), it can help current and aspiring CPAs get a sense of how to maintain their core competencies and recognize when new ones should be learned. Obtain the brochure from [www.aicpa.org/CPACareerPath](http://www.aicpa.org/CPACareerPath).
- As part of its continuing program to position CPAs as thought leaders in management accounting, **the AICPA joined with the American Accounting Association’s Management Accounting Section to research non-financial performance measures.** The AICPA is funding three projects for a total of \$55,000.
- As a service to members, the **Alternative Investments Task Force crafted guidance to auditors of investor entities** on how the auditor may obtain sufficient appropriate audit evidence to conclude that the financial statements are free of material misstatement. It was created by the Audit Issues Task Force of the Auditing Standards Board in response to the increased risk of misstatement inherent with these investments that do not have a readily determinable market value. For more information, go to [www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Practice+Aids+and+Tools/alternative\\_investments.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Practice+Aids+and+Tools/alternative_investments.htm).
- The Institute is dedicated to providing members with timely news and practical information in the most user-friendly for-

ments. To achieve that goal, **the *Journal of Accountancy* underwent a redesign that improved both its look and content.** Highlights include a new cover that alerts readers to major articles and columns, as well as improved spacing and column widths, type and graphics for enhanced navigation and readability. In addition, the magazine now runs interviews with key people outside the profession, including high-level Washington leaders, regulators and other noted business figures. Also new are two columns: Last Word, a closer look at some intriguing, inspiring and imaginative CPAs; and Top Line, which includes noteworthy business trends, ideas, surveys and news items.

- The AICPA's ongoing media relations efforts keep the national and business press informed about the Institute's wide-ranging initiatives and the outstanding work of CPAs. **Since Aug., the AICPA was quoted in hundreds of media outlets, including national and regional publications, radio and television programs and Web sites, in addition to business and accounting trades. The Feed the Pig campaign alone garnered more than 106 million media impressions since its launch in late Oct 2006.**

### Initiatives in the Members' Interest

- Recruitment and retention are the lifeblood of the profession. **To address the needs of young professionals, the Institute launched the Young CPA Network to inspire the profession's future leaders.** The Network includes a monthly e-newsletter, *The Edge*, as well as a dedicated Web site ([www.aicpa.org/YoungCPANetwork](http://www.aicpa.org/YoungCPANetwork)).
- **The AICPA, as a member of the International Federation of Accountants, has collaborated with other member organizations to develop a new resource: IFACnet—A KnowledgeNet for Accountants in Business ([www.IFACnet.com](http://www.IFACnet.com)).** This new global resource will provide one-stop access to leading-edge articles, good-practice guidance, and tools and techniques for accountants employed in commerce, industry, the public sector, education and not-for-profits.
- Many American CPAs work in foreign countries and many accountants in other countries can benefit from the resources offered here. **AICPA members on assignment overseas in England & Wales, Scotland, Ireland, Canada, Australia, New Zealand, South Africa and Hong Kong are eligible to receive counterpart institute benefits** as part of the GAA Passport to Member Service program. Such benefits include attendance at education programs, electronic newsletters, Technical Hotline and library services at local member rates from the eight accounting institutes in countries represented in the Global Accounting Alliance. Visitors to the U.S. who are members of these institutes in the GAA are eligible to receive similar AICPA member benefits. Details and contact information for the other institutes are available at [www.aicpa.org/gaa](http://www.aicpa.org/gaa).



- The award-winning Start Here. Go Places. student recruitment campaign received another acknowledgement of its effectiveness when ***Start Here* magazine won a gold and silver award at the 2006 Ozzie Awards, which recognize excellence in editorial content and magazine design throughout the publishing industry.** For more information about the campaign, visit [www.StartHereGoPlaces.com](http://www.StartHereGoPlaces.com).
- **The AICPA Business and Industry Economic Outlook Survey helps to establish CPAs as thought leaders in business and on the national economy.** The Business, Industry and Government Team has made a number of enhancements to the survey for 2007. Conducted on a semi-annual basis since 2004, the survey now will be conducted quarterly, and a new opinion question will allow participants to comment on economic prospects for their states. In addition, data ranges have been added for responses about anticipated growth, spending, financing and workforce changes to provide more meaningful data.

### Advocating Legislative/Regulatory Positions

- **The AICPA scored important wins with two legislative efforts to benefit members.** As a result, CPAs are now exempt from the initial and annual privacy notification requirements under the Gramm-Leach-Bliley Act. The AICPA also was successful in opposing a provision in Head Start legislation that required audit firm rotation.
- Congress was not able last year to reach agreement on a final estate tax bill, but **the estate tax bill passed by the House of Representatives incorporated many of the principles the AICPA has suggested for a number of years.** Workload compression, combating attempts to mandate audit firm rotation for required government audits and concerns over patenting tax strategies remain high legislative priorities for the 110<sup>th</sup> Congress.
- As it did in 2005, **the AICPA questioned the practical utility in publishing tax return preparation cost estimates with the 2006 Form 1040 instructions, and recommended against including them.** In response to these concerns, the Internal Revenue Service has enhanced its explanation in the instructions of how the figures were developed.
- **At the urging of the AICPA's Tax Section, the IRS has confirmed it will again be permissible this filing season to report summary information on Schedule D if the details are provided on an attached schedule.** The AICPA successfully advocated against required reporting changes that it believed would have been onerous and burdensome for both tax practitioners and taxpayers.

# AICPA...Where to Turn

You can change your address and employment information online through [www.aicpa.org/about/dues.htm](http://www.aicpa.org/about/dues.htm). Or, e-mail, mail or fax the information to the Member Service Center. In either case, *The CPA Letter* and *Journal of Accountancy* will automatically be updated. You can also update your e-mail address account information online at [www.cpa2biz.com](http://www.cpa2biz.com).

## AICPA/CPA Logo Contacts

AICPA Logo	919/402-4440
CPA Accessory Collection (Big Game Outfitters)	212/596-6299
CPA Logo	212/596-6114
Third party logo requests	212/596-6107
AICPA Foundation	212/596-6225
AICPA Political Action Committee (AICPA PAC)	202/434-9276

## Academic and Career Development

Education Programs, Products	919/402-4006
Recruiting Materials for the Profession	919/402-4014

## Accounting and Auditing Publications

Accounting and Auditing Publications	201/938-3794
Accounting and Review Services	212/596-6250
Accounting Standards	212/596-6167

[www.pcf.org](http://www.pcf.org)

## Advertising (*Journal of Accountancy*, *The Tax Adviser*)

Classified ads	800/237-9851
Display ads	201/938-3767

## Antifraud & Corporate Responsibility Resource Center

[www.aicpa.org/antifraud](http://www.aicpa.org/antifraud)

## Audit & Accounting Technical Information Hotline

888/777-7077

## Audit Committee Effectiveness Center

[www.aicpa.org/audcommctr](http://www.aicpa.org/audcommctr)

## Audit Quality Centers

Center for Audit Quality (202/609-8120)	<a href="http://www.theqaq.org">www.theqaq.org</a>
Employee Benefit Plan (202/434-9253)	<a href="http://www.aicpa.org/ebpac">www.aicpa.org/ebpac</a>
Governmental (202/434-9259)	<a href="http://www.aicpa.org/gaqc">www.aicpa.org/gaqc</a>

## Auditing Standards

212/596-6032

## Benevolent Fund

866/527-2228

919/490-4315

## Committee Appointments

[volunteers@aicpa.org](mailto:volunteers@aicpa.org) and <http://volunteers.aicpa.org>

## Committee Reimbursements

[asingletary@aicpa.org](mailto:asingletary@aicpa.org)

## Competency Self-Assessment Tool

[www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT)

## Copyright Permissions

[www.copyright.com/firsttimeusers.asp](http://www.copyright.com/firsttimeusers.asp)

## CPA Client Bulletin, CPA Client Tax Letter

888/777-7077

## CPA Letter, The (editorial)

212/596-6112

## Credentials and Technical Member Sections

201/938-3828

## Accredited in Business Valuation credential

[abv@aicpa.org](mailto:abv@aicpa.org)

## Business Valuation/Forensic & Litigation Services

[BV-FLS@aicpa.org](mailto:BV-FLS@aicpa.org)

## Certified Information Technology Professional credential

[citp@aicpa.org](mailto:citp@aicpa.org)

## Information Technology Services

[infotech@aicpa.org](mailto:infotech@aicpa.org)

## Personal Financial Planning Services

[pfp@aicpa.org](mailto:pfp@aicpa.org)

## Personal Financial Specialist credential

[pfs@aicpa.org](mailto:pfs@aicpa.org)

## Examinations (Uniform CPA Exam)

[www.cpa-exam.org](http://www.cpa-exam.org)

## Federal Legislation (non-tax congressional matters)

202/434-9206

## Federal Regulatory Matters (non-tax related)

202/434-9253

## Financial Literacy Campaign

[www.aicpa.org/financialliteracy/index.asp](http://www.aicpa.org/financialliteracy/index.asp)

[financialliteracy@aicpa.org](mailto:financialliteracy@aicpa.org)

## General Counsel

212/596-6245

## Government Member Inquiries

[rmiller@aicpa.org](mailto:rmiller@aicpa.org)

## Industry Member Programs, New Finance

212/596-6085

## International Technical Relations

919/402-4816

## International Technical Relations

212/596-6048

## Joint Trial Board (disciplinary actions)

212/596-6101

[ckane@aicpa.org](mailto:ckane@aicpa.org) and [www.aicpa.org/pubs/cpaltr/discipli.htm](http://www.aicpa.org/pubs/cpaltr/discipli.htm)

## Journal of Accountancy (editorial)

919/402-4449

## Library (University of Mississippi)

866/806-2133

## E-mail

[aicpalib@olemiss.edu](mailto:aicpalib@olemiss.edu)

[www.olemiss.edu/depts/general\\_library/aicpa/](http://www.olemiss.edu/depts/general_library/aicpa/)

## Media Relations

212/596-6106

## Member Communications

212/596-6117

## Member Service Center (9:00 a.m. – 6:00 p.m., ET)

888/777-7077

## E-mail

[service@aicpa.org](mailto:service@aicpa.org)

## Fax number

800/362-5066

## Minority Initiatives

919/402-4006

## PCPS — member section for local, regional firms

800/CPA-FIRM

## (Small firm issues)

212/596-6039

## Peer Review

919/402-4502

## Practicing CPA, The (editorial)

201/938-3502

## Professional Ethics, Ethics Hotline

888/777-7077

## Behavioral or Independence Issues

201/938-3179

## Technical Standards Issues

919/402-4921

## Professional Publications

201/938-3794

## Specialized Publications

201/938-3795

## State Legislation

202/434-9201

## Tax Adviser, The (editorial)

201/938-3445

## Tax Services Member Section

202/434-9270

## Work/Life & Women's Initiatives

919/402-4006

## Member Elite Values Program

[www.cpa2biz.com/elite](http://www.cpa2biz.com/elite)

## Insurance Programs

### Automobile

877/999-3626

### Catastrophic Major Medical

888/294-0028

### Commercial Property & Liability

866/283-7127

### Disability

800/223-7473

### Group Life for Firms

800/223-7473

### Group Variable Universal Life

800/223-7473

### Home

866/366-4607

### Life (Member/Spouse)

800/223-7473

### Long-Term Care

800/223-7473

### Medicare Supplement Plan

800/957-3195

### Personal Liability Umbrella

800/223-7473

### Professional Liability, CPA EmployerGard

800/221-3023

## Retirement Programs

### Nationwide Financial

888/401K-CPA

### T. Rowe Price (IRAs)

800/38-AICPA

## Audio Conferencing (Netspoke Genesys)

800/399-3942

## BlackBerry (RIM)

[www.blackberryforthe CPA.com](http://www.blackberryforthe CPA.com)

## Business Formation Services (BizFilings.com)

800/981-7183

## Car Rental (Hertz, CDP #12353)

800/654-2200

## Checks and Business Forms (AICPA Checks and Forms from Harland)

800/873-9313

## Computers (Dell Corporation)

800/945-8364

## (Lenovo)

800/426-7235, ext. 3373

## Credit Card (Chase)

800/824-4313

## Credit Card Processing (Chase)

800/824-4313

## Custody and Clearing Services (Fidelity)

800/854-4772, option 400

## Home Mortgages and Equity Loans (Wells Fargo)

800/272-1210

## Hotels (Starwood Hotels & Resorts Worldwide)

888/625-4988

## Overnight Delivery (DHL)

800/MEMBERS

## Prism e-Solutions

888/386-2330

[www.prismesolutions.com](http://www.prismesolutions.com)

## Professional Placement (Robert Half)

888/744-4089

## Tax Research Material (RIA Group)

800/950-1216

## Xerox Corporation (#0706109)

800/275-9376, ext. 272

### New Jersey (Ewing)

Parkway Corporate Center  
1230 Parkway Avenue  
Ewing, NJ 08628  
(609/671-2930)

### New Jersey (Jersey City)

Harborside Financial Center  
201 Plaza Three  
Jersey City, NJ 07311-3881  
(201/938-3000)

### New York

1211 Avenue of the Americas  
New York, NY 10036-8775  
(212/596-6200)

### North Carolina

220 Leigh Farm Road  
Durham, NC 27707-8110  
(919/402-4500)

### Washington, D.C.

1455 Pennsylvania Avenue, NW  
Washington, DC 20004-1081  
(202/737-6600)

### AICPA/PDI, Texas

1720 Lake Pointe Drive  
Suite 117  
Lewisville, TX 75057  
(888/247-3277)

**Employee Benefit Plans: 2006/2007 Audit and Accounting Risk Update and Alert** (No. 733230CPA02). Based on the AICPA's popular publication *Audit Risk Alert 2006/2007*, this new CPE self-study course covers the latest accounting, auditing and regulatory developments, as well as emerging practice issues, to help you better plan and perform your employee benefit plan audits. Recommended CPE Credit: 8. Level: Update. Prerequisite: Experience with audits of employee bene-



fit plans. Format: Text. \$135 member/\$168.75 non-member.

**Religious and Other Faith-Based Nonprofits: Management, Tax, and Accounting** (No. 733170CPA02). Understand the unique characteristics that set apart these organizations from other nonprofits and the impact on management, tax and accounting issues. Recommended CPE Credit: 8. Level: Intermediate. Prerequisite: None. Format: Text. \$135 member/\$168.75 non-member.

**To order**, write: AICPA Service Center, CPA02, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be pre-paid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

## Help AICPA Benevolent Fund Help Your Colleagues

The AICPA Benevolent Fund was started in the 1930s to assist members and their families as they struggled through various medical and financial hardships. It represents a way for CPAs to support those who have gone before them in the profession and to reach out to "take care of their own." Typically the Fund is approached when a colleague has fallen through their personal safety net and when government assistance is either very limited or unavailable.

In many such cases, the Benevolent Fund will step in, covering the cost of medications, therapy or even routine expenses. At least twice a year, the Fund's Board of Trustees and the AICPA staff person will check on the member or member's family to assess ongoing needs. Support and resources often extend beyond monetary assistance.

So, the next time you hear about the outpouring of support shown by firefighters or other professionals, know that you also can make a meaningful difference for your colleagues and their families. And if you hear of a colleague in need, remember that the AICPA too has a tradition of helping those in need through the AICPA Benevolent Fund.

If you did not contribute to the Fund through the annual dues statement but would like to make a contribution now, or if you want to make an additional contribution, send a check payable to the AICPA Benevolent Fund, c/o AICPA Distribution, 220 Leigh Farm Road, Durham, NC 27707-8110. Contributions to the fund are tax deductible for 2007 if they are made by Dec. 31, 2007. To contact the Fund regarding questions or for assistance, call 866/527-2228.

## GASB Issues Statement on Financial Impact of Environmental Cleanups, Proposal on Pension Disclosures

Reflecting its intention to ensure that costs and liabilities not specifically addressed by current governmental accounting standards are included in financial reports, the Governmental Accounting Standards Board recently issued a standard that will require state and local governments to provide the public with better information about the financial impact of environmental cleanups.

To provide governments with better accounting guidance and consistency, GASB Statement No. 49, *Pollution Remediation Obligations*, identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. Statement 49 will be effective for financial statements for periods beginning after June 15, 2007.

In addition, the GASB issued a proposal that would bring current pension disclosure requirements for governments and governmental pension plans into line with those

recently issued for other post-employment benefits. The changes, outlined in an exposure draft of a proposed statement on pension disclosures, would enhance accountability and improve the decision usefulness of financial information provided to citizens, elected representatives, investors and other financial statement users about pensions in a number of areas. The requirements of the proposed statement would be effective for periods beginning after June 15, 2007, with early implementation encouraged. Comments are due Feb. 28.

Both the statement and the proposal may be downloaded from the GASB's Web site at [www.gasb.org](http://www.gasb.org).

### FASB Seeking Comments on Derivative, Hedging Activity

The Financial Accounting Standards Board has issued a proposal that it believes would provide investors and others with better infor-

mation about the effects of derivative and hedging activities on a company's financial statements. Comments are due Mar. 2.

The proposed statement specifically addresses constituents' concerns that existing disclosure requirements associated with FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, do not provide adequate information to financial statement users. Accordingly, the exposure draft would enhance the current disclosure framework by requiring that objectives and strategies for using derivative instruments be discussed in terms of underlying risk and accounting designation. Parties interested in providing input on *Disclosures about Derivative Instruments and Hedging Activities*, an amendment of *FASB Statement No. 133*, should submit their comments by e-mail to [director@fasb.org](mailto:director@fasb.org), File Reference No. 1510-100 (visit [www.fasb.org](http://www.fasb.org) to obtain the proposal).



## How CPAs Should Handle “Comfort Letter” Requests from Lenders, Mortgage Brokers

AICPA members have contacted the AICPA to clarify their professional ethical obligations when asked for “comfort letters” by lenders and mortgage brokers. Depending on how practitioners respond to such requests, they may be at risk for failing to comply with AICPA professional standards. In these situations, a number of CPAs may violate professional standards unknowingly; others may succumb to brokers’ threats to undermine the CPA-client relationship. CPAs can ethically and effectively address these situations if they are aware of and stick to their professional obligations.

The letter at issue is usually associated with stated-income loans, which are mortgages that do not require borrowers to document their income. Such loans usually are sought by borrowers whose income sources are difficult to verify or fluctuate from year to year. Self-employed people and individuals with investment income or with sales jobs of varying commissions often apply for stated-income loans. Lenders, lacking documentation to support borrowers’ income claims, take on the risk that borrowers’ claims are inadequate. Because of the higher risk, lenders charge higher interest rates. To gain more comfort in extending loans, some lenders look to the borrowers’ CPA for assurance or comfort about certain information. The information requested often includes assurance about the client’s self-employed status, verification of income, profitability of the client’s business, and the impact on a

client’s business if cash is withdrawn from the company.

In an effort to minimize their risk, brokers typically ask CPAs to vouch for their clients with a letter supporting clients’ claims.

If they arise, these situations can place you at risk in two ways. First, your response must be in compliance with professional standards. Secondly, if you point out to the broker that reporting on solvency in this situation would be unethical or that a request requiring examining a personal balance sheet and earnings forecast would be expensive, the broker may exert pressure by threatening to suggest the client change CPAs.

You can protect yourself against the risks associated with these situations, but first you must understand what is and is not permissible. Attestation Interpretation No. 2, “Responding to Requests for Reports on Matters Relating to Solvency” in AT section 9101, *Attest Engagements: Attest Engagements Interpretations of Section 101* (AICPA, *Professional Standards*, vol. 1), provides guidance to the practitioner when he or she receives requests asking the CPA to report on matter relating to solvency. Essentially, this interpretation states that CPAs should not provide any form of assurance relating to matters of solvency, but there are services that may be performed. If a mortgage broker or lender wants an attest report from you, then you may audit, review or compile the personal financial statements of



the borrower, you may report on pro forma or prospective financial information of the borrower, or you may perform and provide to the client and lender an agreed-upon pro-

cedures report, as long as the agreed-upon procedures do not provide any assurance on matters relating to solvency. Brokers tend to ask for as much assurance as they can get without understanding or knowing the cost or consequences. However, once you explain to your client and the broker the cost entailed, they typically back off their request. Instead, the brokers may be satisfied with a simple letter from the CPA acknowledging that the income reported to the broker or lender is the amount that has been reported to the Internal Revenue Service on the tax return. Obviously, the client would need to agree to have the CPA send such a letter.

In these situations, you can avoid risk by sticking to your professional responsibilities, following professional standards and not caving in to undue pressure. Also, many insurance providers are aware of this practice and as a result have developed sample letters or templates for CPAs to use in these situations. CPAs should contact their insurance providers and inquire whether they have any additional guidance or sample letters that could be used for these requests.



[mglynn@aicpa.org](mailto:mglynn@aicpa.org)

## SAS No. 114 Issued on Communications Regarding Governance

Statement on Auditing Standards No. 114, *The Auditor’s Communication With Those Charged With Governance* (No. 060709CPA02), has been issued by the Auditing Standards Board. This SAS replaces SAS No. 61, *Communication With Audit Committees*, as amended. The new SAS establishes standards and provides guidance to an auditor on matters to be communicated with those charged with governance. SAS No. 114 applies to audits of all non-issuer financial statements. The SAS is effective for periods beginning on or after Dec. 15, 2006.

For a summary, go to [www.aicpa.org/download/members/div/auditstd/riasai/Recently\\_Issued\\_Standards\\_SAS\\_No\\_114.pdf](http://www.aicpa.org/download/members/div/auditstd/riasai/Recently_Issued_Standards_SAS_No_114.pdf). To order the statement, see purchase information on page 9 (prices: \$19 member/\$23.75 non-member).

## AICPA Announces Center Focused on Public Company Audit Quality

To better address the issues surrounding public company audits, the AICPA has established the Center for Audit Quality. Created by the AICPA and the leading public company auditing firms, the CAQ is an expansion and replacement of the AICPA’s previous Center for Public Company Audit Firms. The CAQ aims to foster confidence in the audit process and aid investors and the capital markets by advancing constructive suggestions for change rooted in the profession’s core values of integrity, objectivity, honesty and trust. As an autonomous organization affiliated with the AICPA, the CAQ is governed by a board consisting of AICPA President & CEO Barry Melancon, leaders from public company auditing firms and the investor and issuer communities. The CAQ ([www.thecaq.org](http://www.thecaq.org)) is self-supporting and entirely funded by member dues.

## IFAC Issues Proposal to Revise Independence Standards; CPAs Encouraged to Comment

On Dec. 29, 2006, the International Ethics Standards Board for Accountants, an independent standard-setting board within the International Federation of Accountants, released an exposure draft containing significant revisions to the independence standards of the IFAC *Code of Ethics for Professional Accountants* (the IFAC Code).

As a member body of IFAC, the AICPA considers all proposed revisions to the IFAC Code and determines what revisions, if any, may be appropriate to the AICPA *Code of Professional Conduct* to harmonize international standards. A number of revisions being proposed to the IFAC Code are more restrictive than those of the AICPA. Accordingly, they may have a significant impact on AICPA members if adopted by the Institute. AICPA members are encouraged to review this important proposal. Comments are due to IFAC by Apr. 30.

Significant revisions to the IFAC Code include:

- **Extending the more restrictive listed entity independence requirements to the audits of entities of significant public interest.** The proposal would extend the listed entity independence provisions

(e.g., partner rotation, cooling-off period, non-audit services restrictions) to all entities of significant public interest. Such entities are described in the proposal as listed entities and certain other entities which, because of their business, size or number of employees, have a large number and wide range of stakeholders. While the proposal allows some flexibility for each member body to determine which entities should be considered to be entities of significant public interest for purposes of their particular jurisdiction, there is a presumption that regulated financial institutions would be entities of significant public interest, and depending on the facts and circumstances, such entities may include pension funds, government agencies, government-controlled entities and not-for-profit entities.

- **Expanding the applicability of partner rotation requirements and removal of the provision that allows flexibility for small firms to apply alternative safeguards.** Under the proposal, the partner rotation requirements would apply to all entities of significant public interest and be expanded to cover *all key audit part-*

*ners* (defined in the exposure draft).

The revised standard would also remove the existing flexibility that permits firms with a limited number of partners to apply other safeguards, instead of partner rotation, to address the familiarity threat. The proposal is therefore more restrictive than the Securities and Exchange Commission's partner rotation requirement that provides an exception for audit firms with fewer than five audit clients that are issuers and fewer than 10 partners.

- **Strengthening guidance related to the provision of non-assurance services, including new guidance on the provision of tax services to audit clients.** For example, the proposal states that performing certain tax services may create threats to independence and contains guidance on the following four broad categories of taxation services: tax return preparation; preparation of tax calculations; tax planning and other tax advisory services; and assistance in the resolution of tax disputes.

The exposure draft can be accessed at:



[www.ifac.org/Guidance/EXD-Outstanding.php](http://www.ifac.org/Guidance/EXD-Outstanding.php)

## ARSC Issues Interpretation on Special-Purpose Financial Statements to Comply with Contractual Agreements or Regulatory Provisions

The Accounting and Review Services Committee has issued Interpretation No. 28 to AR section 100. That interpretation, "Special Purpose Financial Statements to Comply with Contractual Agreements or Regulatory Provisions," provides accountants with guidance as to how they should modify the standard compilation or review report when reporting on special-pur-

pose financial statements.

The interpretation is available at [www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/Recently+Issued+Compilation+and+Review+Interpretations+of+the+SSARSs.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/Recently+Issued+Compilation+and+Review+Interpretations+of+the+SSARSs.htm).

## Investment Companies Technical Practice Aids Issued

The AICPA staff issued accounting Technical Practice Aid Questions and Answers in response to frequently asked questions on the following topics:

- **Recognition of Premium/Discount on Short Positions in Fixed-Income Securities**
- **Presentation of Reverse Repurchase Agreements**
- **Accounting treatment of offering costs incurred by investment partnerships**
- **Meaning of "Continually Offer Interests"**

To obtain the TPAs, visit [www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent\\_tpas.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent_tpas.htm).

## FASB Seeks Comments on Valuation Guidance

In step with its mission to improve and enhance the quality, consistency and comparability of financial statements, the Financial Accounting Standards Board is seeking public comments on the topic of valuation guidance in financial reporting.

Through an Invitation to Comment issued last month, the FASB is asking constituents to provide views on whether additional and more specific valuation guidance is needed in financial reporting as well as the process for developing that guidance. The ITC also asks for constituent perspectives about the extent to which the FASB or other organizations should be responsible for developing guidance on valuation issues that translate into financial reporting matters.

The ITC is available on the FASB's Web site, [www.fasb.org](http://www.fasb.org). Comments are due Apr. 15.

## Feed the Pig Campaign's Success in Full View

Expectations for the profession's Feed the Pig™ campaign (*The CPA Letter*, Nov. 2006) targeting 25 to 34 year-olds were high, and results to date demonstrate growing success. While the public service announcements have been hitting the numerous media outlets and venues since late Oct. 2006, media coverage greatly expands the reach of the effort to educate career builders about taking control of their finances.

Generating more than 106,500,000 media impressions as *The CPA Letter* went to press, Feed the Pig had attracted hundreds of print, broadcast and online stories in international, national, regional, local and trade media. News items appeared in the *Wall Street Journal Online*, Yahoo! News, the Associated Press and KiplingerForecasts.com. Here are additional highlights:

- MSNBC.com's home page spotlighted Feed the Pig on Nov. 14, producing a nearly 1,000% increase in visits to the campaign's Web site ([www.feedthepig.org](http://www.feedthepig.org)) that day. Donated value of the placement is more than \$200,000.
- AICPA Chairman Jimmy Williamson appeared on The Dolans radio show after the campaign's launch. WOR radio's Web site featured the campaign.

- Newsweek's Tip Sheet recommended [www.feedthepig.org](http://www.feedthepig.org) as a surf site.
- The campaign's icon, Benjamin Bankes, has a popular page on MySpace.com, with an extended friend network of 133 million people ([www.myspace.com/benjaminbankes](http://www.myspace.com/benjaminbankes)).
- In just one month, 57% of the billboard inventory was deployed. The Ad Council, with whom the AICPA has partnered on the campaign, has noted that this rate of use is unusually fast.
- A radio news release called "Your Money" appeared 136 times on 98 radio stations with an audience of more than 10 million listeners in 32 states between Nov. 22 and Dec. 27 of last year.
- Feed the Pig was honored with an Award of Excellence from CPA Wealth Provider.

An awareness and attitudes study will be conducted this fall to help assess the direction and effectiveness of the campaign. Input from that study will help inform the campaign's next phase.

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The CPA Letter

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# The CPA Letter

March 2007 Vol. 87 No. 3  
A News Report to Members

AICPA®

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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- 2 [Practice Alert 2007-1 Issued, Dating of the Auditor's Report and Related Practical Guidance](#)  
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- 3 [Advancement, Not Compensation, Leads Way for New CPA Recruits](#)  
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- 4 [AICPA Selected as a Sponsor of Financial Literacy Day on Capitol Hill](#)  
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This issue of *The CPA Letter* has been published exclusively in electronic format. Next month's issue will be published both electronically and in print.

## Information Security Management Remains Chief Technology Concern

Information Security Management is expected to continue to have a powerful influence over business in 2007, according to the AICPA's 18<sup>th</sup> Annual Top Technology Initiatives survey conducted in Dec. 2006. For the fifth consecutive year, the survey identified information security as the technology initiative likely to have the greatest effect in the upcoming year ([infotech.aicpa.org/Resources/Top+Technology+Initiatives](http://infotech.aicpa.org/Resources/Top+Technology+Initiatives)).

A related initiative, Identity and Access Management, jumped from sixth place in 2006 to second in 2007. Privacy Management also nudged its way up from fifth to fourth place, while four new initiatives made their debut in this year's top 10.

"This top technology survey provides the CPA's unique perspective regarding the impact of technology on financial management and the fulfillment of other fiduciary responsibilities, such as the safeguarding of business assets, oversight of business performance and compliance with regulatory requirements," said AICPA President and CEO Barry Melancon.

In addition to its Certified Information Technology Professional credential holders and IT Section members, the AICPA collaborated with the Information Technology Alliance and ISACA, as their members share similar perspectives on the top technologies impacting business today. More than 1,500 participants ranked the 30 technology initiatives they felt will have the most significant impact in the next 12 to 18 months.

The 10 most important technology initiatives for 2007 are (new items are described):

1. **Information Security Management**
2. **Identity and Access Management**
3. **Conforming to Assurance and Compliance Standards**
4. **Privacy Management**
5. **Disaster Recovery Planning and Business Continuity Management**
6. **IT Governance**

7. **Securing and Controlling Information Distribution (new):** Protecting and controlling the distribution of digital data (i.e., enabling secure distribution and/or preventing illegal distribution and access to protected information).

8. **Mobile and Remote Computing (new):** Technologies that enable users to securely connect to key resources anywhere, anytime, regardless of physical location. Enabling technologies include tablet PCs, PDAs and wireless technologies, such as Bluetooth, WiFi and WiMax.

9. **Electronic Archiving and Data Retention (new):** Technologies that enable appropriate archiving and retrieval of key information over a given period of time with improved efficiency and access to the information. This includes policies and processes to ensure destruction of information from storage and archival media in a timely and consistent manner. Information includes traditional data as well as telephony, IM traffic and other emerging forms of collaboration. Storage and backup technologies, including Direct Attached Storage, Network Attached Storage and Storage Area Networks, and optical devices such as DVDs, CDs, and Blu-Ray help support the archiving and retrieval process.

10. **Document, Content and Knowledge Management (new):** The process of capturing, indexing, storing, retrieving, searching and managing information electronically, including database management of PDFs and other formats. Knowledge management then brings structure and control to this information, allowing organizations to harness the intellectual capital contained in the underlying data. This is sometimes referred to as the "paperless" office even though "less-paper" or digital office may be a more accurate term.



## Practice Alert 2007-1 Issued, *Dating of the Auditor's Report and Related Practical Guidance*

The Professional Issues Task Force has issued Practice Alert 2007-1, *Dating of the Auditor's Report and Related Practical Guidance*. It provides guidance to auditors of non-issuers and their firms regarding application of certain provisions of Statement on Auditing Standards No. 103, *Audit Documentation*, primarily relating to dating the auditor's report. The Practice Alert provides guidance with respect to the following:

- The audit report date.
- Evidence supporting financial statement amounts and disclosures – specifically relating to attorney letters, obtaining waivers and consideration and evaluation of subsequent events.
- Financial statement preparation and management's assertions.
- Evidence that the audit documentation has been reviewed.

The Professional Issues Task Force encourages practitioners and AICPA member firms to incorporate the guidance contained in the alert as soon as practicable. The alert is currently available on the AICPA's Web site:

 [www.aicpa.org/download/auditstd/pract\\_alert/pa\\_2007\\_1.pdf](http://www.aicpa.org/download/auditstd/pract_alert/pa_2007_1.pdf)

## AICPA Announces Center Focused on Public Company Audit Quality

To better address the issues surrounding public company audits, the AICPA has established the Center for Audit Quality. Created by the AICPA and the leading public company auditing firms, the CAQ is an expansion and replacement of the AICPA's previous Center for Public Company Audit Firms. The CAQ aims to foster confidence in the audit process and aid investors and

news  
briefs

the capital markets by advancing constructive suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust. As an autonomous organization affiliated with the AICPA, the CAQ is governed by a board consisting of AICPA President and CEO Barry Melancon, leaders from public company auditing firms and the investor and issuer communities. The CAQ ([www.thecaq.org](http://www.thecaq.org)) is self-supporting and entirely funded by member dues.



202/609-8120



CAQ Member Only Resource Line, 888/817-3277

## Special Committee on Mobility Makes Recommendations to Ease Practice Across State Lines

In Dec. 2006 the Special Committee on Mobility, formed by the AICPA Board of Directors in Apr. 2006, completed its work. The committee's primary objective was to identify unnecessary barriers that prevent CPAs from easily serving their clients across state lines and that do not contribute to the public's protection. During the eight-month process, the committee received input from stakeholders and studied various approaches to allow CPAs greater mobility.

The research resulted in a recommendation for a federally mandated, state-based mobility provision. While the board agreed that the recommendation is the best alternative to the current situation, it concluded that the recommendation should not be implemented at this time. Rather, greater efforts should be placed on the adoption and implementation of proposed revisions to Section 23 (substantial equivalency) of the Uniform Accountancy Act. Those changes would eliminate a notification provision that was creating unnecessary mobility barriers. Significant efforts are now underway to enact and implement a

uniform substantial equivalency provision in every jurisdiction.

For more information on the mobility issue, visit [www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues/State+News+and+Info/States/](http://www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues/State+News+and+Info/States/). The exposure draft proposing removal of the notification provision can be found at [www.aicpa.org/download/states/UAA\\_Section\\_23\\_Exposure\\_Draft\\_2006.pdf](http://www.aicpa.org/download/states/UAA_Section_23_Exposure_Draft_2006.pdf).

More discussion of the profession's mobility issue will be featured in the Apr. edition of *The CPA Letter*.

## AICPA Volunteers Needed – Applications Accepted Until May 1

If you are interested in contributing to the profession and networking with your peers, then consider applying for one of the AICPA's nearly 90 volunteer groups (committees, boards, panels and centers) seeking new members. The particular blend of volunteer groups changes slightly from year to year. If you have not visited the Volunteer Services Web site recently, you may be surprised to find a volunteer group that perfectly fits your interest and expertise.

The online application is brief and involves a simple point-and-click process. Applications are now being accepted for the next volunteer year (Oct. 2007 – Oct. 2008). As in the past, the application process extends to May 1<sup>st</sup> to avoid conflict with tax season. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, address inquiries to David Ray at 212/596-6030 or to [volunteerservices@aicpa.org](mailto:volunteerservices@aicpa.org).



<http://volunteers.aicpa.org>

## PUBLIC MEETING NOTICES

**Accounting Standards Executive Committee:** Mar. 20–21, New York  
**Peer Review Board:** Apr. 23–24, Washington, D.C.

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Ellen J. Goldstein, Editor e-mail: [egoldstein@aicpa.org](mailto:egoldstein@aicpa.org)

## Advancement, Not Compensation, Leads Way for New CPA Recruits

CPA firm partners believe compensation is the driving force behind a new recruit's decision to join and stay with the organization. But young professionals say that is not the case, and that growth opportunities are the principal factor.

These differing perspectives are among the key findings of the Top Talent Study conducted by the Private Companies Practice Section ([www.aicpa.org/pcps](http://www.aicpa.org/pcps)). Among survey participants, 93% of partners identified salary as the top motivator, while 80% of young professionals pointed to the chance to advance in the firm. In contrast, salary was ranked third by the new accountants, and the partners placed career growth at number four.

According to the survey results, the top five reasons new talent joins a firm are growth opportunities, paid personal/vacation time, salary, respect for the company mission statement, and interesting and challenging projects. In contrast, partners felt new recruits joined their firms for the following reasons, ranked in order of preference: salary, medical benefits, paid personal/vacation time, growth opportunities and paid overtime.

Partners and young professionals, however, do see more eye to eye when evaluating the reasons why new hires stay with a firm. Both groups listed four of the same top five reasons: respect for the company's mission statement, career growth opportu-

nities, salary, and interesting and challenging projects.

To help firms with recruitment and retention, the AICPA has produced a new guide, *Gaining a Strategic Advantage in Recruiting and Retention*, containing both the survey results and solutions for staff hiring and retention. This booklet can help firms identify their own understanding gaps and determine a plan for taking action to attract and keep their most eligible employees. PCPS member firms can download the guide at no cost as a member benefit from the PCPS Web site. It is available to other AICPA members for \$30 and non-members for \$37.50.

PCPS surveyed 645 partners and 646 young professionals from 600 firms during the spring of 2006. Of the partners, 96% were CPAs who have been practicing at least 21 years and range in age from 40 – 60. Seventy one percent of the young professionals are CPAs in their 20s and have been practicing less than 10 years.

## Generally Accepted Privacy Principles Targets Broader Business Audience

In an effort to reach a broader business audience, the AICPA and the Canadian Institute of Chartered Accountants recently published *Generally Accepted Privacy Principles (GAPP) – a Global Privacy Framework*. The release of GAPP is available in two versions, one for business and management and the other for CPAs in public practice who provide consulting and

attestation services.

With most organizations facing challenges in managing privacy on a local, national or international level, businesses encounter a number of differing privacy laws and regulations whose requirements need to be embedded in the policies and procedures of the organization. GAPP was developed to help businesses address these challenges by referencing significant domestic and international privacy regulations.

The new GAPP expands on the framework to directly address marketplace trends, such as outsourcing and the growing international focus on privacy. It also includes a new section that provides step-by-step guidance on how businesses and other entities can use the document.

In tracking the impact of the AICPA/CICA 2003 Privacy Framework document, the AICPA and CICA found the framework has become widely accepted and used. Examples include:

- As the basis for independent privacy audits by several large organizations.
- By commercial entities in developing products and services.
- By businesses as a benchmark in creating internal privacy practices.

Several organizations worked in conjunction with the AICPA and CICA on the GAPP, including ISACA and the Institute of Internal Auditors. A downloadable version of GAPP, along with additional information about the development and additional privacy resources, can be found at:



[www.aicpa.org/privacy](http://www.aicpa.org/privacy) and  
[www.cica.ca/privacy](http://www.cica.ca/privacy)

## 2007 Revision of Government Auditing Standards Issued

The U.S. Government Accountability Office has issued the Jan. 2007 revision of *Government Auditing Standards*. The standards emphasize the critical role of government audits in achieving credibility and accountability in government, with an increased focus on the ethical principles underlying the work of those who audit government programs and activities.

This new version, which supersedes the 2003 revision, contains the final 2007 revisions to the standards, except for the quality control and peer review sections in chapter 3. Concurrent with the electronic issuance of this revision of the Yellow Book, the GAO is exposing for comment redrafted sections on quality control and peer review in response to the wide

range of comments it received on those sections. The complete 2007 revision of *Government Auditing Standards* will be available after the quality assurance and peer review sections are finalized and incorporated into the standards. It will be effective for financial audits and attestation engagements for periods beginning on or after Jan. 1, 2008, and for performance audits beginning on or after Jan. 1, 2008. Early implementation is permissible and encouraged.

Electronic versions of the documents can be accessed on the Web:



[www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm)

regulatory  
matters

## AICPA Selected as a Sponsor of Financial Literacy Day on Capitol Hill

Underscoring the AICPA's commitment to its financial literacy efforts, the Institute has been selected to be one of just six sponsors of Financial Literacy Day on Capitol Hill, scheduled for Apr. 24. As part of this sponsorship, the AICPA's name and logo will be included in materials for the day. This sponsorship also provides added exposure for the Institute's campaigns with legislators, regulators, the media and others.

JumpStart, Junior Achievement and the National Council on Economic Education are the three organizing groups for the day. Each selects two sponsors, and Junior Achievement chose the AICPA as one of theirs. The Institute will have a booth at the fair

and will hand out materials to educate legislators about CPAs' financial literacy efforts.

## AICPA Gives State Societies Tax Ads Promoting CPAs

As this year's tax season approached, the AICPA provided the state CPA societies with print and radio advertising promoting CPAs' tax services and expertise. Two versions of a 30-second radio spot and one print ad in color and in black & white in two sizes were created. The ads are based on a common theme focusing on the value and peace of mind of working with a CPA – not only at tax time but all year round. The ads were tested with both business and consumer audiences and the responses were positive.

### Applying COSO Guidance for Smaller Public Companies Reporting on Internal Control Over Financial Reporting (No. 187210CPA03).

Earn CPE credit while completing your understanding of the new COSO document. In the video, leading practitioners discuss how to apply the principles. They are joined by Chuck Landes, AICPA VP—Professional Standards, who is the AICPA's COSO representative. Ideal for on-site training or individual self-study. Recommended CPE Credit: 12. Level: Intermediate. Prerequisite: Knowledge of COSO's *Internal Control—Integrated Framework*. Format: DVD/

Manual (150-min. video), \$185 member/\$231.25 non-member. Additional low-cost manuals available for group training. Save even more with volume discounts.

### SAS 70 Reports and Employee Benefit Plans (No. 780077hsCPA03).

Based on a Web cast and the AICPA's publication of the same name, this course is designed to help you better understand when a SAS 70 report should be obtained; what type of SAS 70 report is appropriate; and how SAS 70 reports should be considered in a limited scope engagement. Recommended CPE Credit: 8. Level: Basic. Prerequisite:

None. Format: CD-ROM. \$79 member/\$79 non-member.



**To order**, write: AICPA Service Center, CPA03, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

# The CPA Letter

April 2007 Vol. 87 No. 4  
A News Report to Members



## AICPA's Financial Literacy Campaign Gains Momentum During National Financial Literacy Month

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This issue of *The CPA Letter* has been published both electronically and in print. Next month's issue will be published exclusively in electronic format.

This month is a busy one for financial literacy. The U.S. Congress designates Apr. each year as National Financial Literacy Month and holds a special day on Capitol Hill to raise awareness of the need for financial education. As reported in the Mar. *CPA Letter*, the AICPA was selected as one of six sponsors of the Hill event. The AICPA will be featured in materials created for the day and will promote the 360 Degrees of Financial Literacy effort and its new extension, Feed the Pig™, at a booth during the fair. This presence will help garner exposure for the Institute's financial literacy campaigns with legislators, regulators, the media and others.

Apr. also marks the six-month anniversary of the AICPA and Ad Council's Feed the Pig national financial literacy public service announcement campaign. And there is a lot to celebrate. Since launch, Feed the Pig and its dapper piggy-bank icon, Benjamin Bankes, are gaining recognition. Across the country, television and radio stations are playing the public service announcements and billboards are appearing in rural and urban communities nationwide. The program has been honored with six awards, including a Bronze Telly Award for the "Behind the Scenes: The Making of a PSA" documentary and Awards of Excellence for the television PSAs from the *CPA Wealth Provider* and the Communicator Awards.

Media interest also has been high. Feed the Pig has been featured in numerous print and online publications, including such outlets as *Newsweek*, the *Wall Street Journal*, MSN and Yahoo, as well as many local newspapers and television stations. These efforts have resulted in more than 120 million media impressions.

Many people are eager to learn more about managing their finances. Thousands

have signed up on [www.FeedthePig.org](http://www.FeedthePig.org) to receive Benjamin's Weekly Savings Tip. And on Mar. 1<sup>st</sup>, these subscribers, as well as state CPA society staff, AICPA staff and Institute members, received a special electronic greeting from Benjamin Bankes in honor of National Pig Day, an annual holiday. The first Feed the Pig podcasts also have been released. Featuring young CPA

Jordan Amin, of Amper Politziner & Mattia, PC, the podcasts advise career builders on a variety of topics, including applying for a mortgage, managing student loans and curbing compulsive spending. On MySpace,

Benjamin continues to be popular, with more than 350 approved friends and a nationwide network of 155 million. To check out Benjamin's MySpace page, view the Pig Day e-card, watch the Behind the Scenes video or link to the podcasts, visit [www.myspace.com/BenjaminBankes](http://www.myspace.com/BenjaminBankes).

Of course, none of these successes would have been possible without AICPA members and state CPA societies spreading the word about the campaign. By actively participating in these initiatives, from making presentations to doing interviews, AICPA members are making huge strides in improving the saving habits of young Americans.

But the profession's work is far from over. In Feb. the U.S. Commerce Department reported that the nation's personal savings rate for all of 2006 was a negative 1%, the worst showing since the Great Depression more than 70 years ago. CPAs can help by telling their friends, family, clients, co-workers and communities about the 360 Degrees of Financial Literacy and the Feed the Pig initiatives. For free resources to help all Americans improve their financial literacy, visit:




[www.aicpa.org/financialliteracy](http://www.aicpa.org/financialliteracy)



## Help Shape the Profession – Join an AICPA Volunteer Group

The AICPA has nearly 90 volunteer groups (committees, boards, panels and centers) that continue to provide a means for its members to contribute to the profession as well as allow members to network with peers. If you are interested in one or more of these volunteer groups for the upcoming Oct. 2007–2008 time period, you are encouraged to apply via the <http://volunteers.aicpa.org> Web site.

The application is brief and involves a simple point-and-click process. The numbers of available vacancies for each volunteer group are provided on the Web site to help members focus on those volunteer groups in most need of new volunteers. Applications originally were due May 1, but the deadline has been extended to May 15 to accommodate tax season. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, address inquiries to David Ray:

 212/596-6030

 [VolunteerServices@aicpa.org](mailto:VolunteerServices@aicpa.org)

## CPA Letter Online Now Offers HTML Articles, Article Index by Topic

In response to member feedback, *The CPA Letter* now offers two enhancements to the newsletter's existing online version. Both enhancements, articles in Web-page format and an article index by topic, are now available through [www.aicpa.org/pubs/cpaltr/index.htm](http://www.aicpa.org/pubs/cpaltr/index.htm).

Newer technologies have enabled the Institute to provide each issue's major articles in easily accessible HTML format. Members short on time, commuting or traveling no longer have to open the large PDF file, and scroll through vertical columns, for

their important news. In addition, hyperlinks to those HTML articles are now provided in the e-mail notice sent each month to AICPA members (with e-mail addresses on file) informing them of the latest issue's online posting.

Another new feature that began with last month's issue is an archive of the HTML-format articles. Organized by topic, the index covers accounting and auditing news, legislative activities/state licensing, financial literacy, recruitment/retention of CPAs, regulatory matters, technology and others. Each headline listed links to the article on *The CPA Letter* Web space. Articles will be listed alphabetically within each topic; the specific issue of the newsletter will be cited for reference. The article archive can be accessed through both *The CPA Letter* main home page and a link on each issue's index page.

*The CPA Letter* hopes members take full advantage of these Web-oriented improvements and find them useful. Additional developments to further enhance the newsletter's value for members are being considered. Comments or suggestions may be sent to:

 [cpaletter@aicpa.org](mailto:cpaletter@aicpa.org)

## Business and Promotional Merchandise in Accessories Collection Proudly Sport “CPA” Logo

Tens of thousands of members visibly display the “CPA” logo on their business cards, letterhead, promotional literature, signage, and even on lapel pins (for the AICPA's logo/tagline artwork and usage guidelines, visit [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)). In addition, many members use business gifts and giveaway merchandise that also tastefully feature the “CPA” logo. The AICPA's accessory collection includes such items as travel mugs, sweatshirts, golf balls and a Cross Creek cotton golf shirt, all of which carry the “CPA” logo.

To purchase these or other logo products,

use the CPA Accessories Collection order form that appears on page 7 of this newsletter (the form may be photocopied). Be advised that the distribution company does not have copies of the order form. You may also obtain the form through:



[www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html)

## How to Obtain Permission to Reprint CPA Letter Articles

Be advised that our authorized permissions agent, Copyright Clearance Center, can provide you with quick permission for the reproduction of articles from *The CPA Letter*. The CCC will always advise you of the required permission fee before accepting your order.

The CCC permission grant facility requires that you submit a self-service permission request form via the Internet, which can be accessed through [www.copyright.com/firsttimeusers.asp](http://www.copyright.com/firsttimeusers.asp). Telephone assistance for the CCC permission process is available at 978/750-8400.

## CPA Letter Supplements Available

To obtain the public accounting, business and industry, government or education member-segment supplements produced this month with *The CPA Letter*, visit:



[www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/April+2007/Supplements.htm](http://www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/April+2007/Supplements.htm)

## PUBLIC MEETING NOTICES

**Accounting Standards Executive Committee:** May 15–16, New York

**Accounting & Review Services Committee:** June 13–15, New York

**Council:** May 20–22, Washington, D.C.  
**Peer Review Board:** Apr. 23–24, Washington, D.C.

**Professional Ethics Executive Committee:** Apr. 26–27, Durham, N.C.

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Janice M. Maiman, Vice President – Communications

Ellen J. Goldstein, Editor e-mail: [egoldstein@aicpa.org](mailto:egoldstein@aicpa.org)

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## Technical Practice Aid Questions and Answers Released on Financial Accounting, Reporting Issues

The AICPA staff, helped by industry experts, released a set of technical questions and answers (Q&As) on financial accounting and reporting issues related to Statement of Position 05-1, *Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts*. Q&As will be housed in the AICPA publication titled *Technical Practice Aids*, copies of which are available through the Member Service Center (see page 6). In addition, the Q&As will be placed in the accounting standards part of the AICPA Web site:



[www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent\\_tpas.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+Standards/recent_tpas.htm)

## Interpretation Issued on Reporting on Uncertainties, Including Entity's Ability to Continue as Going Concern

The Accounting and Review Services Committee has issued Interpretation No. 29 to AR section 100. That interpretation, entitled "Reporting on an Uncertainty, Including an Uncertainty About an Entity's Ability to Continue as a Going Concern," provides accountants with guidance as to:

- How they may modify the standard compilation or review report when, during the performance of compilation or review procedures, evidence or information

comes to the accountant's attention that there may be an uncertainty about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being compiled or reviewed.

- What they should consider in deciding whether a report modification is necessary when, while performing a compilation or review, they become aware of a material uncertainty other than a going concern uncertainty (for example, an uncertainty regarding pending or threatened litigation).

As a result of the issuance of Interpretation No. 29, the ARSC has rescinded Interpretation No. 11, "Reporting on Uncertainties," to AR section 100. Interpretation No. 29 is available at:



[www.aicpa.org/download/auditstd/Interpretation\\_No\\_29-Reporting\\_on\\_Uncertainties.pdf](http://www.aicpa.org/download/auditstd/Interpretation_No_29-Reporting_on_Uncertainties.pdf)

accounting & auditing news

## AICPA Tells Congress to Restrict Tax Strategy Patents

Having considered the issue for several months, the AICPA has urged Congress to restrict the issuance of patents for tax strategies. The Institute last month sent a paper outlining its concerns about tax strategy patents to the House and Senate Judiciary Committees and the House Ways and Means and Senate Finance Committees.

In its cover letters to the committees, the AICPA wrote, "...Patents granted for tax strategies are contrary to sound public policy because they undermine the integrity, fairness and administrability of the tax system...The conflict with Congressional intent highlights a serious policy reason against allowing patent protection for interpreting the law. Allowing patents on strategies for complying with any law or regulation is not sound public policy

because it creates an exclusivity on interpreting the law."

The AICPA also noted its concern that the "growing number of such patents will interfere with the voluntary tax compliance system," and said it would like to work with Congress to "develop and enact legislation to restrict the application of this type of patent as soon as possible."

To help members better understand the issue and its ramifications, a Web page replete with tax patent resources has been created. Among the items online, members will find links to the paper and letters to the tax committees and Judiciary Committees.



<http://tax.aicpa.org/Resources/Tax+Patents>

## AICPA to Release Exposure Draft on Standards for Performing, Reporting on Peer Reviews

An exposure draft will be released later this month containing proposed revisions to the AICPA *Standards for Performing and Reporting on Peer Reviews (Standards)* and Interpretations to the *Standards*. Comments on the AICPA Peer Review Board's exposure draft are due June 30.

The exposure draft proposes to create one set of *Standards* and Interpretations within the AICPA Peer Review Program for all AICPA members subject to peer review. Members' firms currently enrolled in the Center for Public Company Audit Firms (CPCAF) Peer Review Program would be covered under this measure. Other proposals include a reengineered reporting process,

changes to engagement and report reviews, and more principles-based *Standards*. These revisions, as well as others, are expected to result in a more efficient and effective peer review process.

It also contemplates that the revised *Standards* and Interpretations will be effective for peer reviews commencing on or after Jan. 1, 2009. Once issued, the exposure draft will be available on the AICPA Peer Review Program and CPCAF Peer Review Program Web sites at [www.aicpa.org/members/div/practmon/index.htm](http://www.aicpa.org/members/div/practmon/index.htm) and [www.aicpa.org/centerprp/index.htm](http://www.aicpa.org/centerprp/index.htm), respectively.



By Jimmy L. Williamson, CPA, Cr.FA, DABFA  
Chairman, AICPA Board of Directors

As I travel around the country, I am encouraged by the renewed commitment states are making to tackle a critical problem facing CPAs. It's a problem affecting CPAs of all sized firms, from sole practitioners to the Big 4. I am speaking of mobility – or the ability of a licensee to get a practice privilege in a jurisdiction outside of their home state – without the need to obtain another license.

As geographic boundaries become increasingly irrelevant to business operations, clients are in desperate need of CPAs who can conduct business across state lines, unfettered by counterproductive regulations that do not serve the public interest.

For nearly 10 years, the AICPA has worked with the National Association of State Boards of Accountancy to develop and implement a uniform approach to cross-boarder mobility through a provision in the AICPA/NASBA Uniform Accountancy Act (UAA) called substantial equivalency. Efforts to date have resulted in a disjointed and non-uniform approach to mobility



because states have not implemented substantial equivalency as it was intended.

The pure concept of substantial equivalency is simple and similar to a driver's license: A CPA must have a license from a state that has licensing criteria equivalent to the provisions in the UAA, and when that occurs, the CPA can practice in other substantial equivalent states without the need to obtain a license in that state.

As I talk to CPAs across the country and hear the needs of the clients they serve, it becomes strikingly apparent that a uniform approach to facilitate mobility, while preserving the rights of the state boards of accountancy to discipline those who practice in their state, has reached a critical juncture.

Solving this crisis will take a collaborative effort. Importantly, on board with the AICPA are NASBA, state CPA societies and state boards of accountancy across the country.

Within the AICPA, the Special Committee on Mobility was charged at its inception in Apr. 2006 to develop recommendations for achieving a uniform mobility system across the nation for CPAs and firms. The special committee was additionally tasked with providing significant resources to the states that seek to enact and/or revise mobility provisions (substantial equivalency) within their state laws or regulations.

After conducting comprehensive research and hearing the perspectives from other stakeholders, the committee agreed that any model mobility system would have to:

- Respect and protect the public interest.
- Ensure uniform practice privileges in all jurisdictions.
- Maintain the credibility and value of the CPA certificate.
- Enable a credible enforcement process.
- Be administratively efficient.

- Provide the ability to be responsive to the changing business environment.

Ultimately, the committee brought its recommendations to the AICPA Board of Directors (*The CPA Letter*, Mar.). At the same time, our board took serious notice of the agreement between the AICPA and NASBA to remove the notification requirement from Section 23 (substantial equivalency) of the UAA. The notification requirement has been found to be one of the most significant obstacles to achieving a uniform mobility system.

I view this as a monumental step towards achieving uniformity and the new provision is being exposed for public comment through May 15 ([www.aicpa.org/download/states/UAA\\_Section\\_23\\_Exposure\\_Draft\\_2006.pdf](http://www.aicpa.org/download/states/UAA_Section_23_Exposure_Draft_2006.pdf)). Because of the strong desire to find an immediate and permanent solution to our current mobility system, many states are moving ahead to amend or provide for substantial equivalency in their states. Four states (Ohio, Missouri, Virginia and Wisconsin) have already moved to this approach and it has been quite effective for CPAs practicing in those states.

I would like to compliment these early adopters, as well as those states that have introduced or will be introducing proposals this year, and encourage other states to follow the trend to move to a system that will allow CPAs to serve their clients across boarders, while at the same time preserving the state boards of accountancy's ability to protect the public. In the end, it will be up to each state to enact this provision to provide for a national uniform mobility system. For more details on this critically important issue, see this month's *Journal of Accountancy* article, "Barriers to Mobility: A Crisis for CPAs."



[jimmyw@mdacpa.com](mailto:jimmyw@mdacpa.com)

## AICPA Looking for Talented People Wanting New Career Opportunities

As the leading national professional organization for CPAs, serving 350,000 members across the country, the AICPA is looking for qualified candidates in its Washington, D.C., New York and Durham, N.C., offices for positions in Ethics, Peer Review, Taxation, Publications, Audit, Government Accounting and Auditing, and Business Reporting. From advocacy, certification and licensing, to communications, recruiting, education, standards

and performance, the AICPA's mission is to benefit the public as well as employers and clients served by CPAs. Members who know someone who may be ready to make a career move to join the Institute should refer them to [www.aicpa.org/careers](http://www.aicpa.org/careers) for more information. Résumés also may be e-mailed to [careers@aicpa.org](mailto:careers@aicpa.org). All resumes will be responded to promptly.

## Saving for Retirement Tops Consumer Financial Concerns, Say CPA Financial Planners

Retirement is the number one personal financial planning concern, regardless of age, according to an informal survey of CPAs at the AICPA's 2007 Personal Financial Planning Conference.

Surprisingly, it is a major concern for career builders — those 25 to 34 years of age — with the more immediate pressures of education, home buying and debt management following close behind.

More than 10% of the approximately 500 CPAs attending the conference answered open-ended questions regarding what they believed to be their clients' top three personal financial planning concerns for 2007. Their responses covered a wide range, from outliving investments to the effects of the global economy to eldercare and long-term care insurance. However, saving for retirement topped all other concerns as cited by four out of five CPAs.

To help educate Americans about debt management and the importance of savings, the AICPA launched a national financial literacy initiative in May 2004 (see related article on page 1). This award-winning effort, 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org)), offers tips and tools to help consumers of

all ages manage their personal finances. A related campaign, Feed the Pig ([www.FeedthePig.org](http://www.FeedthePig.org)), is designed specifically for career builders to help them begin saving for retirement.

### Free Infocasts on Management Accounting Topics Being Presented

Following the successful 2006 series, the AICPA is offering new Infocasts based on current and upcoming *Management Accounting Guidelines*. The Infocasts are free and one CPE credit is available for a nominal fee. The Infocasts will run from 12:00 p.m. – 1:15 p.m., ET, on the following dates:

- **Apr. 19 – IT Investments: Capturing the Return**, will illustrate how companies can identify and measure the payoffs of information technology investments.
  - **May 17 – Internet Marketing: Evaluating the Value Proposition**, will provide an overview of methods to measure the value of Internet marketing initiatives.
- The Infocasts are sponsored by the Business, Industry and Government Team,

along with CMA Canada and CIMA (Chartered Institute of Management Accountants). Go to [www.cpa2biz.com](http://www.cpa2biz.com) for more information and to register. AICPA members can now download free copies of the *Management Accounting Guidelines* at <http://fmcenter.aicpa.org/Resources/Management+Accounting+Guidelines>.

### Courageous Act by AICPA Staff Member in North Carolina Office Heralded

Marcella Wyler, an AICPA finance team member, risked her life on Feb. 14 by jumping into a freezing Durham, N.C., swamp to save a woman whose car was upside down in several feet of water after an accident. Wyler and two other rescuers jumped into the water and pulled the woman to safety. To honor and recognize this tremendous act of courage, the AICPA Board of Directors issued a resolution commending Wyler for her heroism and sacrifice in saving another human being. A framed plaque of the resolution was presented to her in Feb. What's more, her act of bravery was heralded by many media outlets.

## CPA Exam Practice Analysis Needs Input from CPAs

Invitations are being mailed out this month to seek CPA participation in the Uniform CPA Examination Practice Analysis. Participation will involve completing one of several different practice-analysis surveys that will become available to invited CPAs in an online environment in May. These surveys are designed to be completed in one hour or less, and are intended to elicit information that will be used to update the content of the CPA Examination to reflect current practice.

Only CPAs can provide the input needed for this purpose. This means that the willingness of invited CPAs to respond to the surveys is essential if the practice analysis is to proceed smoothly and efficiently. Therefore, CPAs receiving an invitation are urged to participate in this valuable process.

When conducted in accordance with best practices and accepted standards, practice analyses provide a way to evaluate the knowledge, skills and tasks required of entry-level professionals, determine the resources needed for assessment, and develop a blueprint documenting the content, skills and length of the examination. Future CPA Examination questions are developed in accordance with this blueprint. This chain of evidence forms the basis for content validity

and legal defensibility of the examination. The practice analysis process must be repeated periodically to ensure that the examination is regularly updated. The last CPA Examination practice analysis was completed in 2001.

The 2008 Uniform CPA Examination Practice Analysis was authorized by the AICPA Board of Examiners in the summer of 2006. Since that time, surveys have been developed and finalized with the participation of several groups of subject matter experts. The national distribution of surveys is scheduled to take place in May, followed by data analysis and the drafting of new Content Specification Outlines (CSOs) and Skill Specification Outlines (SSOs). An exposure draft of the new CSOs and SSOs will be circulated next year, and the final practice analysis report is scheduled to be issued in Dec. 2008.

The practice analysis is being carried out by the AICPA Examinations Team under the direction of the Practice Analysis Oversight Group, a special committee of the BOE. For more information about this project, contact:



[PracticeAnalysis@aicpa.org](mailto:PracticeAnalysis@aicpa.org)

**Codification of Statements on Auditing Standards** (No. 057205CPA04).

Created for auditors of non-public companies, the new edition of this book is fully updated to include all AICPA statements on auditing standards and amendments as of Jan. 1, 2007. Comprising risk assessment, the omnibus statement on auditing standards, as well as standards for attestation engagements, the volume is conveniently organized for quick reference. \$89 member/\$111.25 non-member.

**PCAOB Standards and Related Rules** (No. 057207CPA04). Auditors of public companies can turn to this new edition for a current and comprehensive source of PCAOB standards for engagements as of Dec. 2006. Includes original PCAOB releases, a detailed table comparing and contrasting the

now  
available

applicability of PCAOB standards and GAAS, and the Rules of the Board as created and presented by the PCAOB. \$95 member/\$118.75 non-member.

**Codification of Statements on Standards for Accounting and Review Services** (No. 057204CPA04). This new 2007 edition, as of Jan 1, 2007, has been updated with Accounting and Review Interpretation No. 28 of SSARS 1, *Compilation and Review of Financial Statements*, as well as *Special-Purpose Financial Statements to Comply With Contractual Agreements or Regulatory Provisions*. In addition, all statements on standards for accounting and review services and related interpretations currently in effect are organized by subject and fully indexed for convenient access. \$39 member/\$48.75 non-member.

**Codification on Statements on Standards for Attestation Engagements** (No. 057206CPA04). All statements in effect as of Jan. 1, 2007, have been arranged by subject and fully indexed in this useful reference. New to the 2007 edition: SSAE No. 14, *SSAE Hierarchy*. \$39 member/\$48.75 non-member.

**To order**, write: AICPA Service Center, CPA04, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

As a result of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Denese Church Cahill** of Stockton, Calif., admonished by the AICPA, effective Oct. 10, 2006.
- **Brent M. Hyatt** of Twin Falls, Idaho, admonished by the AICPA and the Idaho Society of CPAs, effective Oct. 9, 2006.
- **Paul Ray Nielson** of Eugene, Ore., admonished by the AICPA, effective Oct. 10, 2006.
- **Richard K. Taylor** of Atlanta, suspended from membership in the AICPA and the Georgia Society of CPAs for one year, effective Dec. 26, 2006.

In lieu of an investigation of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics case has been resolved by a settlement agreement under the Joint Ethics Enforcement Program:

- **Paul R. Wilkinson** of Santa Barbara, Calif., expelled from membership in the AICPA, effective Apr. 6, 2006.

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:—*Terminated* following revocation of their CPA certificate, license and/or permit to practice by their state boards of accountancy:

- **James R. Ahrns Jr.** of Dayton, Ohio, effective Jan. 18, 2007.
- **Brian J. Brelje** of Laguna Beach, Calif., effective Jan. 18, 2007.

—*Suspended* following suspension of their CPA certificate, license and/or permit to practice by their state boards of accountancy:

- **Keith G. Mines** of McPherson, Kan., suspended coincident with the duration of the suspension period imposed by the state board of accountancy.
- **Edward P. Stucky** of Wichita, Kan., suspended coincident with the duration of the suspension period imposed by the state board of accountancy.
- **David E. Wills** of Pittsford, N.Y., suspended coincident with the duration of the suspension period imposed by the state board of accountancy.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/pubs/cpaltr/index.htm](http://www.aicpa.org/pubs/cpaltr/index.htm)

disciplinary  
actions

## AICPA in the Media - Recent Highlights

The AICPA's ongoing media relations efforts work to keep the national and business press informed about the profession's perspectives on a wide range of issues affecting the public and the outstanding work of CPAs. From Jan. 1 through Feb. 28, AICPA media outreach resulted in CPAs being quoted in approximately 200 media outlets, including national and regional publications, radio and television programs and Web sites, in addition to business and accounting trades. These outlets generated an estimated 130 million media impressions. CNN.com, *Washington Post*, *USA Today*, WebCPA, *Kiplinger Personal Finance* and *BusinessWeek* were among the outlets. Topics included the AICPA's Feed the Pig campaign, financial planning concerns, tax issues including America's tax gap, top technologies, CPA recruits and diversity in the profession.



## Highlights of Board of Directors' February Meeting

Here are some of the more significant actions and events that took place at the AICPA Board of Directors' meeting Feb. 8–9:

- **President and CEO Barry Melancon briefed board members on a number of professional matters.** Among the issues covered were: establishment of the Center for Audit Quality ([www.thecaq.org](http://www.thecaq.org)) to address the needs of auditors of public companies; a renewed strategic planning process that will focus on such long-term issues as education, passing the CPA Exam, recruitment, succession and the effects of the baby boom generation's retirements; and the ongoing successful transitioning of positions and activities to the Durham, N.C., office.
- **A summit meeting with the National Association of State Boards of Accountancy was discussed.** Mobility was a major topic of that meeting, which reaffirmed that both organizations
- are on the same track and agree that the issue is a high priority (see Chair's Corner on page 4; [www.aicpa.org/download/states/UAA\\_Section\\_23\\_Exposure\\_Draft\\_2006.pdf](http://www.aicpa.org/download/states/UAA_Section_23_Exposure_Draft_2006.pdf)).
- **Board members were informed of developments with Congress and federal regulators concerning workload compression, patents for tax strategies (see page 3) and tort reform.**
- **Updates were provided on various initiatives.** Highlights included: the Auditing Standards Board's activities; the Enhanced Business Reporting Consortium progress and new opportunities provided by XBRL; a financial report showing continued success for CPA2Biz; and developments in the international arena on technical and professional issues.

## AICPA Honored for Effective Employee Training Programs

The AICPA last month was selected as a winner of a Business Champion Award from *Business Leader Magazine* in Raleigh-Durham, N.C. The award recognizes the quality of the AICPA's training and orientation programs designed to help employees understand and support members, and to respond effectively to a wide range of professional issues. Extensive employee communications through electronic newsletters, videos and informational meetings with senior management contributed to the AICPA earning the distinction.

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# The CPA Letter

May 2007 Vol. 87 No. 5  
A News Report to Members



## Repeal Alternative Minimum Tax, AICPA Urges Lawmakers

Last month the AICPA called on Congress to repeal the individual alternative minimum tax, saying that unless Congress acts, 23.4 million taxpayers are likely to be subject to the AMT in 2007. That represents about 26% of individuals paying federal income tax.

Joseph W. Walloch, the incoming chair of the AICPA Individual Income Tax Technical Resource Panel, told the House Ways and Means Subcommittee on Select Revenue Measures that “due to the increasing AMT complexity, increasing AMT impact on unintended taxpayers, and AMT compliance problems, the AICPA supports repealing the individual AMT altogether.”

However, he said the AICPA recognizes that “simply eliminating the AMT would generate a new set of problems given the large loss of tax revenue that would accompany such a move.” Consequently, Walloch urged Congress to consider the AICPA’s “baker’s dozen of alternative solutions that the AICPA believes would reduce or eliminate most of the complexity and unfair impact of the AMT as currently imposed.”

Walloch said, “Our recommendations include eliminating personal exemptions, state income taxes, medical expenses and miscellaneous itemized deductions, including job-related costs, as AMT preferences, as well as allowing all personal credits against the AMT.”

The AICPA’s 13 recommendations to relieve the AMT burden are:

- Increase and index for inflation the AMT brackets and exemption amounts, and eliminate phase-outs.
- Eliminate the standard deduction and personal and dependency exemptions as adjustments to regular taxable income in calculating AMT.
- Eliminate miscellaneous itemized deductions as an adjustment to regular

income tax so that middle-income taxpayers are able to deduct such items as employee business expenses for AMT.

- Eliminate the AMT medical expense adjustment so that middle-income taxpayers are allowed the same amount of medical expenses for both regular tax and AMT.
- Eliminate state and local income and other taxes as an adjustment.
- Allow tax credits enacted to promote important public goals – such as the low-income tax credit, tuition tax credits, etc. – to be credited against AMT liabilities.
- Exempt all taxpayers with regular tax adjusted gross incomes under \$100,000 from AMT.
- Have only one AMT tax rate and set that rate to below the third lowest regular tax rate of 25%.
- Require the impact of AMT on future tax legislation, i.e., whether the intended tax benefits of any change are negated by the AMT regime, to be reported with the revenue impact of proposed legislation.
- Allow a minimum tax credit for all AMT, not just AMT attributable to deferral preferences, to place the individual AMT on parity with the corporate AMT.
- Liberalize the capital loss limitation rules when calculating AMT associated with incentive stock option (ISO) transactions (e.g., specifically allow a negative basis adjustment for ISO differences to be ordinary rather than capital loss).
- Eliminate the definition of “qualified housing interest,” such as interest on home equity loans, and allow all deductible residence interest as a deduction for AMT.
- Exclude AMT from the estimated tax penalty.

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legislation

This issue of *The CPA Letter* has been published exclusively in electronic format. Next month’s issue will be published both electronically and in print.



## CPA Letter Online Now Offers HTML Articles, Article Index by Topic

In response to member feedback, *The CPA Letter* now offers two enhancements to the newsletter's existing online version. Both enhancements, articles in Web-page format and an article index by topic, are now available through [www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter).

Newer technologies have enabled the Institute to provide each issue's major articles in easily accessible HTML format. Members short on time, commuting or traveling no longer have to open the large PDF file, and scroll through vertical columns, for their important news. In addition, hyperlinks to those HTML articles are now provided in the e-mail notice sent each month to AICPA members (with e-mail addresses on file) informing them of the latest issue's online posting.

Another new feature that began with the Mar. issue is an archive of the HTML-format articles. Organized by topic, the index covers accounting and auditing news, CPA image reinforcement, ethics and professional issues, financial literacy, legislative activities/state licensing, member news, practice management, recruitment/retention of CPAs, regulatory matters, tax, technology and workplace issues/career growth. Each headline listed links to the article on *The CPA Letter* Web space. Articles will be listed alphabetically within each topic; the specific issue of the newsletter will be cited for reference. The article archive can be accessed through both *The CPA Letter* main home page and a link on each issue's index page.

*The CPA Letter* hopes members take full advantage of these Web-oriented improvements and find them useful. Additional developments to further enhance the newsletter's value for members are being considered. Comments or suggestions may be sent to:

 [cpaletter@aicpa.org](mailto:cpaletter@aicpa.org)

## Help Shape the Profession – Join an AICPA Volunteer Group

The AICPA has nearly 90 volunteer groups (committees, boards, panels and centers) that continue to provide a means for its members to contribute to the profession as well as allow members to network with peers. If you are interested in one or more of these volunteer groups for the upcoming Oct. 2007–2008 time period, you are encouraged to apply via the <http://volunteers.aicpa.org> Web site.

Applications originally were due May 1, but the deadline has been extended to May 15 to accommodate tax season. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, call David Ray at 212/596–6030 or e-mail [VolunteerServices@aicpa.org](mailto:VolunteerServices@aicpa.org).

## Business and Promotional Merchandise in Accessories Collection Proudly Sport “CPA” Logo

Tens of thousands of members visibly display the “CPA” logo on their business cards, letterhead, promotional literature, signage, and even on lapel pins (for the AICPA's logo/tagline artwork and usage guidelines, visit [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)). In addition, many members use business gifts and giveaway merchandise that also tastefully feature the “CPA” logo. The AICPA's accessory collection includes such items as travel mugs, sweatshirts, golf balls and a Cross Creek cotton golf shirt, all of which carry the “CPA” logo.

To purchase these or other logo products, use the CPA Accessories Collection order form that appeared on page 7 of the printed Apr. *CPA Letter* (the form may be photocopied). Be advised that the distribution company does not have copies of

the order form. You may also obtain the form through:



[www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html)

## How to Obtain Permission to Reprint CPA Letter Articles

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## CPA Letter Supplements Available

To obtain the public accounting, business and industry, government or education member-segment supplements produced this month with *The CPA Letter*, visit:



[www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/May+2007/Supplements.htm](http://www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/May+2007/Supplements.htm)

## PUBLIC MEETING NOTICES

**Accounting & Review Services Committee:** June 13–15, New York  
**Accounting Standards Executive Committee:** May 15–16, New York  
**Auditing Standards Board:** May 15–17, New York  
**Council:** May 20–22, Washington, D.C.

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Janice M. Maiman, Vice President – Communications

Ellen J. Goldstein, Editor e-mail: [egoldstein@aicpa.org](mailto:egoldstein@aicpa.org)

## Auditing Standards Board Issues Discussion Paper on Clarity of Standards

The AICPA's Auditing Standards Board has issued a discussion paper entitled *Improving the Clarity of ASB Standards*. The discussion paper, for which comments are due June 15, seeks feedback on these issues the ASB is considering:

- Establishing objectives for each of the standards that provide a conceptual framework for the application of professional judgment, and the obligation related to the objective.
- Making structural and drafting improvements to make the standards easier to read and understand.
- Including special considerations in the

audits of public sector entities and small entities in the explanatory material of a statement on auditing standards.

- Establishing a glossary of terms that would be presented in a separate sec-

tion of the *Codification of Statements on Auditing Standards*.

The discussion paper is available for download from [www.aicpa.org/download/auditstd/Clarity\\_of\\_ASB\\_Standards\\_Discussion\\_Memo.pdf](http://www.aicpa.org/download/auditstd/Clarity_of_ASB_Standards_Discussion_Memo.pdf).

### ASB Issues Interpretation on Electronic Confirmations

The Auditing Standards Board has issued Interpretation No. 1 to AR section 330. That interpretation, "Use of Electronic Confirmations," provides accountants with guidance as to whether electronic confirmations can be considered to be reliable audit evidence. The interpretation is available at [www.aicpa.org/download/auditstd/announce/Edited\\_Draft\\_Interpretation-Electronic\\_Confirmations.pdf](http://www.aicpa.org/download/auditstd/announce/Edited_Draft_Interpretation-Electronic_Confirmations.pdf).

## GASB Proposes Standards for Reporting Land, Other Real Estate Held as Investments; Adds SEA Project to Agenda

The Governmental Accounting Standards Board has issued a proposal related to the reporting of land and other real estate investments by endowments. Current accounting standards require endowments to report those investments at historical cost, although other entities that exist for the purpose of generating income — such as pension plans — report them at their fair value. Comments on the proposal are due June 29.

The requirements of the proposed statement would be effective for financial statements for periods beginning after June 15, 2008. A copy of the proposal, titled *Land and Other Real Estate Held as Investments by Endowments*, may be downloaded from the GASB's Web site at [www.gasb.org](http://www.gasb.org).

In another action, the GASB last month announced it has added a project to its current agenda that could result in suggested guidelines for governments to help them effectively communicate their accomplishments to the public. Specifically, the project, known as Service Efforts and Accomplishments (SEA) Reporting, will help governments report the measures they develop and use to gauge the outcomes they achieve in pursuit of their public policy goals. For example, if a government has a goal of increasing high school graduation rates, SEA reporting could help the government to inform the public about its progress toward that goal.

## AICPA Participates in High-Level Capital Markets Meetings

At two meetings in Mar. the AICPA presented members' perspectives on the competitiveness of the capital markets and the accounting profession's role to ensure the markets' effectiveness.

In addition to AICPA President and CEO Barry Melancon, more than 40 of the nation's top business executives and investor advocates participated in the U.S. Department of the Treasury Conference on U.S. Capital Markets Competitiveness held in Washington, D.C. Secretary of the Treasury Henry M. Paulson Jr. opened the summit and said, "Throughout the day, the fundamental question we must ask is: Have we struck the right balance between investor protection and market competitiveness?" The three areas on which discussion focused were our regulatory

structure, the accounting profession and our legal and corporate governance environment. The AICPA said the discussion at the conference made it clear that America's financial leaders see the need for a balanced regulatory environment that trusts, rather than second guesses, an auditor's judgment. Warren E. Buffet, Charles Schwab, New York Mayor Michael R. Bloomberg, former Federal Reserve Chairmen Alan Greenspan and Paul A. Volcker, and former Treasury Secretary Robert E. Rubin, were among the participants.

Melancon also participated in the U.S. Chamber of Commerce's First Annual Capital Markets Summit: Securing America's Competitiveness. Participants, including Securities and Exchange

Commission Chairman Christopher Cox, Public Company Accounting Oversight Board Chairman Mark Olson, and the chairmen of the Senate Banking Committee and House Financial Services Committee, discussed legal and regulatory obstacles to competitiveness and the recommendations in the Chamber's report. The AICPA was on a panel with the heads of other financial associations — the Securities Industry and Financial Markets Association, Investment Company Institute and Council of Institutional Investors — and emphasized to the group that the capital markets and regulatory structures should support a broad choice of audit firms.

## AICPA Comments On Tax Gap Options

Jeffrey R. Hoops, chair of the AICPA's Tax Executive Committee, recently commended the U.S. Department of the Treasury for its 2006 report on the tax gap at a roundtable discussion on the topic sponsored by the Treasury Department and the Internal Revenue Service. He said the AICPA strongly supports Treasury's comprehensive, multi-year

strategy to reduce the tax gap and also emphasized the importance of full funding of the IRS's budget citing it as a central component of any tax gap strategy.

He noted that the Institute's specific comments were organized around the seven components of the Treasury report — reducing opportunities for evasion; making a

multi-year commitment to research; continuing improvements in information technology; improving compliance activities; enhancing taxpayer service; reforming and simplifying the tax law; and coordinating with partners and stakeholders.

To read the letter sent to Treasury, visit:



[www.aicpa.org/tax](http://www.aicpa.org/tax)

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

—*Terminated* following disciplinary action imposed by the Public Company Accounting Oversight Board:

- [Armando C. Ibarra Sr.](#) of Chula Vista, Calif., effective Feb. 5, 2007.
- [Armando C. Ibarra Jr.](#) of Chula Vista, Calif., effective Feb. 5, 2007.

—*Terminated* following revocation of his CPA certificate by the Texas State Board of Public Accountancy:

- [Richard A. Causey](#) of The Woodlands, Texas, effective Feb. 5, 2007.

—*Suspended* following suspension of their CPA certificate, license and/or permit to practice by their state boards of accountancy:

- [Mark A. Dorr](#) of Gillette, Wyo., suspended coincident with the duration of the suspension period imposed by the state board of accountancy.

- [Nevanna Sacks](#) of San Diego, suspended coincident with the duration of the suspension period imposed by the state board of accountancy.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)

### Help Protect the Public Interest

Members who notice, suspect or are aware of significant deficiencies in the work of another member should seriously consider referring the matter to the Professional Ethics Division. Prior to referral, consider your responsibilities under Rule 301 of the Code of Professional Conduct if the member is affiliated with a client (e.g., CFO of an audit client). If you are unsure of the applicability of Rule 301, call the Ethics Hotline at 888/777-7077 for guidance.

## AICPA Looking for Talented People Wanting New Career Opportunities

As the leading national professional organization for CPAs serving 350,000 members across the country, the AICPA is looking for qualified candidates in its Washington, D.C., New York and Durham, N.C., offices for positions in Ethics, Peer Review, Taxation, Publications, Audit, Government Accounting and Auditing, and Business Reporting. From

advocacy, certification and licensing, to communications, recruiting, education, standards and performance, the AICPA's mission is to benefit the public as well as employers and clients served by CPAs. Members who know someone who may be ready to make a career move to join the Institute should refer them to [www.aicpa.org/careers](http://www.aicpa.org/careers) for more information. Résumés also may be e-mailed to [careers@aicpa.org](mailto:careers@aicpa.org). All résumés will be responded to promptly.

## Nominate a CPA for Business & Industry Hall of Fame

Help the AICPA honor CPAs practicing in business and industry by nominating a CPA for the AICPA Business & Industry Hall of Fame. While the world is full of talented CPAs, there are some who simply stand out by virtue of their talent, skills and contributions to business and the profession. The Institute is looking for such CPAs with vision, CPAs who inspire others to excellence and promote new methods and solutions.

Each year, Ajilon Finance and the AICPA take a close look

at the nominees and select up to five individuals who best represent the intrepid spirit of today's strategic CPAs. Your colleague could be one of them. The award will be given to the winners at the AICPA Summer Controllers Conference, July 19–20, in Las Vegas.

Nominations are due May 15. For a nomination form, visit:



[www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter) (go to "Community")



Nancy-Anne Potts, AICPA Project Manager, 919/402-4870

**Employee Benefit Plans—Audit and Accounting Guide** (No. 012597CPA05).

Created for auditors of financial statements for all types of employee benefit plans, this must-have guide is updated with conforming changes as of Mar. 1, 2007.

Updates include FASB Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-contribution Health and Welfare and Pension Plans*; SAS No. 103, *Audit*

*Documentation*; and SAS No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. \$69 member/\$86.25 non-member.

now  
available

**Employee Benefit Plans Industry Developments—2007 Audit Risk Alert** (No. 022417CPA05).

Recent industry, regulatory and professional developments may affect your clients and your audits. The new Audit Risk Alert covers the Pension Protection Act of 2006, as well as guidance on implementing FASB Staff Position AAG INV-1 and SOP 94-4-1, and

a summary of the latest modifications to the 2006 Form 5500 instructions. \$29 member/\$36.25 non-member.

**Compensation as a Strategic Asset** (No. 090493CPA05). Successful firms find ways to hire the best. The authors take you step-by-step through a process that brings together mission, vision, values, strategy, leadership, goal-setting, performance management and compensation. \$57 member/\$71.25 non-member.

To purchase these products, see order information below.

**FIN 48—Uncertainty in Income Taxes: A Must Know for Tax CPAs and Accountants/Auditors!** (Text, No. 733410CPA05; DVD/Manual, No. 183410CPA05).

Real-world case studies and examples reinforce guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Video format is ideal for on-site staff training or individual self-study. Recommended CPE credit: Text, 4; DVD/Manual, 5. Level: Intermediate/Advanced. Prerequisite: Knowledge of FAS 109, *Accounting for Income Taxes*. Formats and price: Text, \$95 member/\$118.75 non-member; DVD/Manual, \$145/\$181.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Section 199: Benefiting From the Production Activities Deduction** (No. 186492CPA05). This new edition provides

guidance on advising your employer or clients on taking advantage of the Section 199 deduction. Ideal for on-site staff training or individual self-study. Recommended CPE Credit: 16. Level: Intermediate. Prerequisite: Knowledge of corporate taxation. Format: DVD/Manual, \$199 member/\$248.75 non-member.

Additional low-cost manuals available for group training. Save even more with volume discounts.

**Annual Update for Accountants and Auditors, 2007–2008** (No. 730093CPA05). Keep abreast with fast-paced changes in the accounting, auditing, compilation and review arenas with this new edition. Recommended CPE Credit: 16. Level: Update. Prerequisite: Experience in accounting and auditing. Format: Text. \$149 member/\$186.25 non-member.

**Internal Control Deficiencies: Assessment and Reporting Under SAS 112** (Text, No. 733290CPA05; DVD/Manual, No. 183290CPA05). Earn CPE credit and learn how to evaluate the severity of control deficiencies and communicate them to those charged with governance in accordance with SAS 112. Video format is ideal for on-site staff training or individual self-study. Recommended CPE credit: Text, 8; DVD/Manual, 10. Level: Intermediate. Prerequisite: None. Formats and price: Text, \$139 member/\$173.75 non-member; DVD/Manual, \$189/\$236.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

**Business Solutions Workshop Brings Large-Firm Resources to All Firms**

The successful introduction in Jan. of the new **AICPA Business Solutions Workshop: Delivering on Your Trusted Advisor Status** has resulted in five additional workshops scheduled this spring in locations throughout the country. Practitioners in Mass. (5/10), Colo. (6/11), Minn. (6/14), Mo. (6/18), and Tex. (6/19) can learn practical tools, techniques and skills for strategic client planning that will help enhance their practices — and keep clients from switching CPA firms.

Developed by nationally recognized CPA firm consultants, the affordable one-day program packages course content and training typically available only to CPAs in the largest of firms. Recom-

mended CPE credit is 8 hours. For more information, visit:



[www.cpa2biz.com](http://www.cpa2biz.com)

**Accounting Among Top Jobs for 2006–2007 Graduates**

According to the Winter 2007 Salary Survey conducted by the National Association of Colleges and Employers, accounting was among the majors most in demand for bachelor's degree candidates. Of the 10 top jobs, based on the number of offers reported, accounting in private industry and public accounting each made a showing. Non-public accounting had an average salary offer of \$46,614; public accounting salary offers averaged \$46,290.

## AICPA Polls Show Many Adults Believe Home Ownership Is Out Of Reach, Workers Relying on Pensions for Retirement

Forty-one percent of Americans feel they cannot afford to buy a home, according to a new poll conducted by Harris Interactive for the AICPA. Of that number, just over half (51%) cite lack of money as the primary reason. Moreover, 16% of the U.S. adult population is looking for a second or part-time job to meet current expenses. Three in 10 U.S. adults (29%) are not able to save any of their money. More information on this poll is available from this month's *CPA Letter* public accounting supplements (see page 2 for access instructions).

Another poll found nearly half (48%) of all non-retired adult Americans expect to retire with a pension. "Despite all evidence to the contrary, pensions are still regarded as a safety net for retirement," said Carl George, CPA, chair of the National CPA Financial Literacy Commission. "Americans have to understand that many of the entitlements of their predecessors are not guaranteed. It is up to them as individuals to prepare for retirement."

The safety net of a pension plan may not be there for many American workers, as more and more companies shift from defined benefit plans to defined contribution plans, such as a 401(k). Yet, the AICPA/Harris survey found that only 14% of American adults mentioned their company's 401(k) plan when asked about ways they save.

In fact, the study found only 11% of workers under 35 years of age indicate they are participating in their company's 401(k).

By waiting to take advantage of the tax-deferred savings and compound interest offered by vehicles such as 401(k)s, younger workers are missing out on the advantages of starting early and saving over time.

The AICPA's 360 Degrees of Financial Literacy program features a consumer Web site, [www.360FinancialLiteracy.org](http://www.360FinancialLiteracy.org), with hundreds of free tools and resources to help educate consumers about personal finance matters, including buying a home and retirement.

### AICPA Endorses Congressional Resolution Supporting April as "Financial Literacy Month"

The AICPA endorsed a bi-partisan congressional resolution (H.R. 273) supporting Apr. as "Financial Literacy Month." The Institute believes government and the private sector must collaborate to increase public awareness of the need for financial education in the United States.

"The CPA profession is dedicated to improving the financial literacy of all Americans," said AICPA President and CEO Barry C. Melancon. "The AICPA applauds Reps. Hinojosa and Biggert and the more than 100 co-sponsors of this resolution for their concern and recognition that a financially educated citizenry is a necessary essential to the strength of our country."

# The CPA Letter

June 2007 Vol. 87 No. 6  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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This issue of *The CPA Letter* has been published in both electronic and print formats. Next month’s issue also will be published electronically and in print.

## Highlights of Board of Directors’ April Meeting

Here are some of the more significant actions and events that took place at the AICPA Board of Directors’ meeting Apr. 19–20:

- **Board members were informed that most positions in the Durham, N.C., office are filled.** In addition, the transfer of intellectual knowledge is virtually completed and has been successful.
- **The board was apprised of the Professional Ethics Executive Committee’s comments regarding the International Federation of Accountants’ proposal to revise its independence standards** (*The CPA Letter*, Apr.). The committee has recommended that IFAC not mandate that all of the listed entity requirements be applied to non-listed “entities of significant public interest” and to allow IFAC member bodies to work with their regulators to determine whether any such requirements would be appropriate.



- **A detailed report was given on legislative/regulatory activities.** Among the key topics covered were the AICPA’s urging Congress to restrict the issuance of patents for tax strategies (*The CPA Letter*, Apr.), the Institute’s proposed plan to relieve workload compression and issues surrounding the Sarbanes-Oxley Act.
- **CPA2Biz reported that it is on track to meet its revenue growth targets and that it will be profitable for the third consecutive year.** In addition, CPA2Biz’s Next Generation Web Site, which has been under development for the past two years, is in the final quality assurance stage and will be launched shortly. CPA2Biz’s new Web site will provide the AICPA membership with a number of new capabilities, and this significant upgrade has been supported by CPA2Biz ([www.cpa2biz.com](http://www.cpa2biz.com)) at no cost to the AICPA.

## AICPA Announces 2007–2008 Management Accounting Research Grant Awards

In collaboration with the American Accounting Association’s Management Accounting Section, the AICPA has awarded three management accounting research grants. Grants were awarded to the following researchers to study specific business topics critical to the accounting profession:

- **Management Control of Foreign Sourcing Relationships** - Frank H. Selto and Ramiro Montealegre of the Leeds School of Business at the University of Colorado-Boulder and Thomas L.C.M. Groot of Vrije University, Amsterdam, Netherlands.
- **ERM: Critical Success Factors in the Value Creation Process** - Mark Beasley, Bonnie Hancock and Bruce Branson of the North Carolina State University College of Management’s Enterprise Risk Management Initiative.

- **Strategic Change, Incentive Systems and Firm Performance: Evidence from Corporate Turnarounds** - Xiaoling Chen and Jianxin Gong of the University of Illinois at Urbana – Champaign.  
“For 2008 we increased our budget from \$50,000 to \$75,000 and expanded our scope of topics, identifying strategic management, performance management and risk management as key areas of interest reflecting the challenges faced by our members in business and industry,” said John Morrow, AICPA Vice President—Business, Industry and Government. “We are excited to be able to fund these three outstanding projects.”  
The researchers are expected to complete their work by July 2008 and publish the results in a major academic journal as well as in the *Journal of Accountancy*.

## Remember to Renew Your AICPA Membership

It is time to renew your AICPA membership for 2007–2008. Look for your AICPA annual dues statement via U.S. mail this month. For your convenience, you can pay your dues online at [dues.aicpa.org](http://dues.aicpa.org). This method is the easiest way to pay and will ensure prompt posting to your account.

CPAs can depend on the AICPA to provide time-saving tools, information and support. The profession has experienced tremendous regulatory changes in recent years, and understanding those changes and complying with standards is easier when you have the latest and most reliable guidance at your fingertips.

As a member, you are entitled to significant discounts on publications, conferences, products, services and top-flight insurance programs. You will find that membership pays for itself in savings throughout the year. Your dues also help support the many AICPA efforts that benefit the profession, the public and the various environments in which CPAs work. See pages 5–12 for a comprehensive rundown of membership benefits and AICPA activities. Page 13 features an updated directory of AICPA services.

The dues statement also provides an easy way for members to make a contribution to the AICPA Foundation, AICPA Benevolent Fund or Political Action Committee (see related article on page 3).

If you have any questions, contact the AICPA Service Center at 888/777-7077 or e-mail [service@aicpa.org](mailto:service@aicpa.org). We look forward to another year of serving you.

## Report of Nominations Committee Available

The full Report of the Nominations Committee for the 2007–2008 committee year is available online at [www.aicpa.org/download/members/report\\_Nominations\\_Committee.pdf](http://www.aicpa.org/download/members/report_Nominations_Committee.pdf). The report will be presented to the AICPA's governing Council at its

Fall 2007 meeting for consideration and voting. If the AICPA has your e-mail address on file, you should have received an e-mail announcement with a live link to the report as part of an *AICPA News Update* late last month.

## Business and Promotional Merchandise in Accessories Collection Proudly Sport "CPA" Logo

Tens of thousands of members visibly display the "CPA" logo on their business cards, letterhead, promotional literature, signage, and even on lapel pins (for the AICPA's logo/tagline artwork and usage guidelines, visit [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)). In addition, many members use business gifts and giveaway merchandise that also tastefully feature the "CPA" logo. The AICPA's accessory collection includes such items as travel mugs, sweatshirts, golf balls and a Cross Creek cotton golf shirt, all of which carry the "CPA" logo.

To purchase these or other logo products, use the CPA Accessories Collection order form that appeared on page 7 of the printed Apr. *CPA Letter* (the form may be photocopied). Be advised that the distribution company does not have copies of the order form. You may also obtain the form through:

 [www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html)


## Send in Nominations for Individual, Firm Public Service Awards

The AICPA Individual and Firm Public Service Awards help recognize individual CPAs and firms who have distinguished themselves in the area of community service. Eligible candidates for the Public Service Awards are submitted by individual members of the AICPA, state CPA societies, or associations of CPA firms.

Often, award recipients have been involved in less traditional areas, such as

urban development initiatives, housing, education, youth programs, cultural activities and health care and disabilities. Almost any public-service related activity will count, except for professional services related to accounting organizations, which are not considered in determining the award winner. In evaluating the Public Service Award for Firms, consideration will be given to the size of the firm in relation to its contribution to the community it serves.

**Submissions are due Sept. 28, 2007.** For more information regarding the AICPA's Public Service Awards, contact Jay Rothberg (212/596-6005; [jrothberg@aicpa.org](mailto:jrothberg@aicpa.org)). You also may download the Overview & Guidelines and the Nominations Form from our Web site at:

 [www.aicpa.org/About+the+AICPA/Membership+Information/Public+Service+Award+Nomination+Forms.htm](http://www.aicpa.org/About+the+AICPA/Membership+Information/Public+Service+Award+Nomination+Forms.htm)

## How to Obtain Permission to Reprint CPA Letter Articles

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### PUBLIC MEETING NOTICES

**Accounting & Review Services Committee:** June 13–15, New York

**Accounting Standards Executive Committee:** July 10–11, Washington, D.C.

**Professional Ethics Executive Committee:** July 19–20, Costa Mesa, Calif.

**Tax Executive Committee:** June 4–5, Denver

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## Consider Giving Back to Your Profession for CPAs Now and in the Future

As a member of the AICPA, you are likely well aware of the professional and advocacy activities of the AICPA. However, what you may not be aware of are the programs and services the AICPA offers its members and the profession through the AICPA Foundation, AICPA Benevolent Fund and the AICPA Political Action Committee.

### Foundation

The AICPA Foundation was established in 1922 to advance the science of accountancy and accounting education. It continues to support programs and services that impact the profession and the public it serves. Currently the AICPA Foundation is focusing on three major initiatives:

- **Accounting Faculty Shortage** - The growing shortage of accounting faculty threatens the future of the accounting profession. The AICPA Foundation is initiating an effort to increase the supply of accounting Ph.D.s and facilitates the transition of seasoned accounting professionals to the college classroom.
- **Diversity** - Minorities continue to be underrepresented within the accounting

profession. The Foundation provides direct assistance and specialized programs to encourage qualified minority students to enter the profession.

- **Financial Literacy** – The Foundation is committed to funding programs to help overcome the financial illiteracy epidemic plaguing the American public. The Foundation seeks to further the reach of successful state and local programs offered as part of the 360 Degrees of Financial Literacy effort.

### Benevolent Fund

Since 1933 the AICPA Benevolent Fund has been helping members and members' families through difficult financial times. Whether it is due to an illness, accident or death, the Fund has been able to help members and their families get back on their feet. Typically the Fund is approached when a colleague has fallen through their personal safety net and when government assistance is either very limited or unavailable. It represents a way for CPAs to support those who have gone before them in the profession and to reach out to "take care of their own."

### PAC

Your personal contribution to the AICPA's PAC will help ensure the accounting profession has a strong voice in our nation's capital. By joining forces with your fellow AICPA members through the PAC, you can maximize the profession's political clout and help ensure that what is being legislated is productive to your business interests. Contributions go directly to helping pro-business candidates win elections to Congress. Last election cycle, AICPA members serving as legislative contacts across the country personally delivered checks to their members of Congress, and the bi-partisan PAC was able to help elect 11 new House representatives and 1 new Senator.

Suggested voluntary contribution amounts have been added to your upcoming dues bill and your support is greatly appreciated. While you are under no obligation to make these contributions, it is through the generosity of our members that the Institute is able to continue with these initiatives.

## AICPA Vice President-Small Firm Interests Receives Financial Services Champion of the Year Award from Small Business Administration

Jim Metzler, Vice President of Small Firm Interests, has received the U.S. Small Business Administration's New York District Office 2007 Financial Services Champion of the Year Award. Metzler was cited for his significant contributions in helping small businesses obtain the accounting services they need to succeed.

Metzler serves as the AICPA's advocate for small firms on practice, regulatory, legislative and professional matters and is the chief liaison for member firms, helping them deliver high-quality services to clients. He also oversees the AICPA Private Companies Practice Section and the Management of an Accounting Practice Committee along with specialized

practice communities, including personal financial planning, business valuation, information technology and forensic and litigation support.

### Second Annual BVFLS Call for Papers; Free Conference Attendance to Winners

Now is your opportunity to gain recognition from your peers and demonstrate your expertise – and get a free trip to the BV or FLS Conference to present your winning paper. Submit your paper on either a Business Valuation or Forensic &

Litigation Services topic. Submissions will be reviewed by the BVFLS Editorial Advisory Board.

The top submissions in BV and FLS will be presented by their authors at the 2007 AICPA National BV Conference and 2007 AICPA Conference on Fraud & Litigation Services, respectively. Winners receive gratis travel, hotel and conference registration. **Deadline for submissions is June 30.** Submissions must be from current BVFLS Section members. More information on submission guidelines is available at:



[www.aicpa.org/bvfls](http://www.aicpa.org/bvfls)

member  
news





By Jimmy L. Williamson, CPA, Cr.FA,  
DABFA  
Chairman, AICPA Board of Directors

When problems arise that affect CPAs and the public interest, it's our responsibility to speak out. One troubling example is the tax gap — the difference between what taxpayers legally owe and what is actually collected. It is now estimated, based on 2001 tax returns, at \$290 billion annually on a net basis. This clearly is an area in which the profession can help to make a difference for the national good.

The Institute recently offered the profession's insights on the tax gap at a public hearing of the IRS Oversight Board, an independent group that oversees IRS administration and management and provides input. The Oversight Board has said the tax gap can best be addressed through a

### Chair's corner

collective effort that would include Congress, the administration and other stakeholders, including the AICPA. While the Institute did not endorse any specific recommendations in its comments on options for closing the tax gap, we are ready to play a pivotal role in solving this pressing public interest problem.

The Oversight Board has proposed six strategies for reducing the tax gap:

- Simplifying the tax code.
- Improving information reporting and enforcement.
- Enhancing customer service, including additional funding for IRS collection and examination personnel.
- Developing a long-range plan for research.
- Ensuring a more productive partnership between the IRS and the tax administration community.
- Placing more emphasis on personal integrity in making tax decisions.

We believe that all of these steps are critical elements in any attempt to narrow the tax gap. In fact, the profession has long been an outspoken advocate of improvements to the tax system that would benefit the public. For example, we are on record saying that the complexity of the tax code hinders compliance and that tax simplification should be a high priority of any government action in the tax area. A 1995 AICPA study focused on flat taxes and consumption taxes. In 2005, our update report on the nation's tax system,

*Understanding Tax Reform: A Guide to 21<sup>st</sup> Century Alternatives* ([www.aicpa.org/taxreform](http://www.aicpa.org/taxreform)), included a number of simplification recommendations. Here are some of them:

- Repealing the individual and corporate alternative minimum taxes.
- Consolidating education and retirement savings incentives.
- Simplifying the earned income tax credit.
- Eliminating phase-outs and temporary provisions when drafting tax legislation.

We recognize that accomplishing any real reform or improvement takes money and manpower. Providing the IRS with the necessary resources must be a key component of any tax gap strategy that ensures the tax laws are followed and the tax revenues are collected. We have urged the Oversight Board to maintain its support of a fully funded IRS budget as Congress and the administration consider the fiscal year 2008 budget.

The Institute is committed to continuing to work with the IRS and the Oversight Board, offering technical expertise and comments as needed, and to serve as a resource of information. The CPA profession represents a tremendous wealth of knowledge and experience in the tax area. We are eager to work with government to share this expertise as just one of the ways the profession works in the public interest.



[jimmyw@mdacpa.com](mailto:jimmyw@mdacpa.com)

## AICPA Co-Sponsoring Tax Gap Conference in D.C. this Month

The **National Conference on the Tax Gap** on June 21–22 on Capitol Hill will bring together leading experts and government officials to discuss the appropriate definition and measurement of the tax gap, causes and behavioral issues underlying compliance and non-compliance with the tax law, and possible practical solutions to those issues. Other organizations joining the AICPA as co-sponsors are the American Bar Association Section of Taxation, American Tax Policy Institute, Tax Executives Institute and American College of Tax Counsel. Look to an upcoming *CPA Letter* for a post-event report.

As a result of an investigation of alleged violations of the Codes of Professional Conduct of the AICPA and state CPA societies, the following ethics case has been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Wayne R. Sulak** of Fort Worth, Texas, suspended from membership in the AICPA and the Texas Society of CPAs for a period of one year, effective Mar. 26, 2007.

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

—*Terminated* following revocation of his CPA certificate by the

### disciplinary actions

North Carolina State Board of Certified Public Accountant Examiners:

- **Clark A. Clifford** of Raleigh, N.C., effective Mar. 16, 2007. —*Suspended* following suspension of his license to practice by the Washington State Board of Accountancy.
- **Henry Chi Yin Lam** of Hong Kong, suspended coincident with the duration of the suspension period imposed by the state board of accountancy.

Details on these disciplinary actions can be accessed through:






[www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)

## Special Feature: HOW YOUR AICPA MEMBERSHIP WORKS FOR YOU

Membership in the AICPA offers a wide range of resources, information, tools and initiatives designed to help CPAs succeed professionally and personally. What exactly are some of the most significant AICPA efforts to improve the various environments in which CPAs work? Read this special feature to *The CPA Letter* to find out.

### Professional Information, Tools and Assistance

- Get immediate access to news and special features about the latest developments affecting the accounting profession through **AICPA Online** ([www.aicpa.org](http://www.aicpa.org)). Members can obtain valuable information on standards and other professional and technical matters and news releases, as well as access online newsletters and magazines. In addition to providing a spotlight on important new AICPA initiatives and the latest hot issues for the CPA profession, the site has a wealth of archival content on professional and Institute activities.

- Members can connect to   **Tax Section**  **Service. Ethics. Advocacy.** valuable resources and important advocacy efforts for their specialized areas through several online community Web sites. They are the **Accounting Education Center** ([www.aicpa.org/ceae](http://www.aicpa.org/ceae)); the **Business Valuation and Forensic & Litigation Services Center** ([www.aicpa.org/bvfls](http://www.aicpa.org/bvfls)); the **Financial Management Center** ([www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter)); the **Information Technology Center** ([www.aicpa.org/infotech](http://www.aicpa.org/infotech)); the **PCPS Firm Practice Center** ([www.aicpa.org/PCPS](http://www.aicpa.org/PCPS)); the **Personal Financial Planning Center** ([www.aicpa.org/pfp](http://www.aicpa.org/pfp)); and the **Tax Center** ([www.aicpa.org/tax](http://www.aicpa.org/tax)).

- The **Technical Information Hotline** offers valuable assistance with difficult technical questions. It provides non-authoritative responses to member queries about accounting, financial reporting, auditing, attestation and accounting and review services. The hotline encourages members to submit questions in writing electronically. Questions may be sent to the hotline online at [www.aicpa.org/members/div/infhot/index.htm](http://www.aicpa.org/members/div/infhot/index.htm). Members may still access this free service by calling 888/777-7077 or faxing 212/596-6233. Under newly expanded hours, the toll-free number will be staffed till 6:00 p.m., ET, throughout the year. During busy season (Jan. 15 through Apr. 15), hotline staff answer e-mail until 7:00 p.m., ET.

- The **Professional Ethics Division's Ethics Hotline** offers valuable information and can act as an ethics sounding board for members in all areas of employment. In addition, members who notice, suspect or are aware of significant deficiencies in the work of another member should contact the hotline for guidance. The hotline's e-mail address is [ethics@aicpa.org](mailto:ethics@aicpa.org) and its toll-free number is 888/777-7077.

- The **AICPA library service**, located at the University of Mississippi, gives members access to a comprehensive collection of literature related to all aspects of the CPA profession. The staff provides valuable reference and research assistance to AICPA members. Call 866/806-2133 or e-mail [aicpalib@olemiss.edu](mailto:aicpalib@olemiss.edu). Or, search the library catalog online at [www.olemiss.edu/depts/general\\_library/aicpa](http://www.olemiss.edu/depts/general_library/aicpa).

### Valuable Publications with News You Can Use

- The **Journal of Accountancy**, the leading accounting publication for CPAs, business executives, accounting professionals and educators, covers the latest news, industry trends, compliance standards and official releases. As part of its new format, it now offers more tax and technology coverage, interviews with high-level compliance and government officials and articles from distinguished business writers. It is sent free to members and is available online at [www.aicpa.org/Magazines+and+Newsletters/Journal+of+Accountancy](http://www.aicpa.org/Magazines+and+Newsletters/Journal+of+Accountancy).



- In response to member feedback, **The CPA Letter** ([www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)) now offers two enhancements to the newsletter's existing online version: **articles in Web-page format and an article index by topic**. These improvements mean members have easier, faster access to the articles of greatest interest to them.

### Small Firm and Private Company Issues

- Are one-size-fits-all GAAP accounting standards always appropriate for private businesses? To address that question, the **Financial Accounting Standards Board and the AICPA**

embarked on an initiative to adapt the FASB's current standard-setting process to better meet the financial reporting needs of private company financial statement users. The most recent step in that process has been creating the Private Company Financial Reporting Committee ([www.pcfrr.org](http://www.pcfrr.org)) to examine the issues. The committee, which held its first meeting in May, consists of four CPA practitioners, four financial statement preparers and four users of private company financial statements.

- **The PCPS Technical Issues Committee continues to act as an advocate for small firms and their clients in the standard-setting process.** In 2006, TIC wrote 14 comment letters to groups including the Financial Accounting Standards Board, Auditing Standards Board, Professional Ethics Executive Committee and Governmental Accounting Standards Board. Standard setters seek out TIC's input and carefully consider or implement TIC's suggestions. For more information on TIC, go to <http://pcps.aicpa.org/Resources/Technical+Issues+Committee+and+Communications>.
- To help members with the challenge of implementing a significant new standard, **PCPS created a SAS 112 Toolkit.** This resource, which centers around Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, not only provides information for members but also contains letters and presentations CPAs can use in explaining the SAS to clients. It can be found at <http://pcps.aicpa.org/Resources/Keeping+Up+With+Standards/SAS+No+112+Toolkit.htm>.
- While CPA firm partners believe compensation is the main element in a new recruit's decision to join and stay with an organization, young professionals say growth opportunities are the principal factor when they pick a firm. Those differing perspectives were among the key findings of **the PCPS Top Talent Study, which unveiled the differences and agreements in firm and staff expectations** ([www.aicpa.org/pcps](http://www.aicpa.org/pcps)).

- **The Small Firm Corner** ([www.aicpa.org/pcps](http://www.aicpa.org/pcps)) offers insights into emerging issues affecting practitioners and practical advice on tackling tough practice problems. Each column highlights free AICPA resources specially designed for small practitioners.



- **PCPS launched new benefits to help its member firms address practice management challenges.** The online **Practice Management Forums** feature a live PowerPoint presentation and question-and-answer session led by a well-

known speaker discussing common practice or technical problems. *Seasonality Success, Winning Strategies for Profitable Firms* is a quarterly electronic newsletter that contains practical tips to help practitioners achieve profitable busy seasons.

## Fraud Prevention and Detection

- The **AICPA Antifraud & Corporate Responsibility Resource Center** provides the tools, technical information and guidance CPAs need to combat fraud, whether they serve as auditors or in business or the academic community. This center ([www.aicpa.org/antifraud](http://www.aicpa.org/antifraud)) has resources to help educate the profession, investors and others about fraud, promote ethics and integrity in the workplace and establish clarity in reporting procedures.
- If you work with audit committees or serve on them, you can benefit from several AICPA resources. The **Audit Committee Matching System** provides members with opportunities to serve on boards of directors and, as a public service, matches qualified, credentialed candidates with boards and their audit committees. Three **Audit Committee Toolkits**—corporate, not-for-profit and government—contain a broad sampling of checklists, questions, reports and guidelines developed to help audit committees achieve best practices in managing their role. These and other resources can be found in the AICPA Audit Committee Effectiveness Center at [www.aicpa.org/audcommctr/homepage.htm](http://www.aicpa.org/audcommctr/homepage.htm).
- In response to members' requests, **the AICPA Business, Industry and Government team is working to create a private company version of the AICPA Audit Committee Toolkit.**

## Audit and Accounting Enhancement Efforts

- **The Institute regularly monitors and comments on developments of importance to members. One example is an exposure draft on auditor independence standards from the International Federation of Accountants** (<http://www.ifac.org/Guidance/EXD-Details.php?EDID=0075>). Under the ED, the independence restrictions applicable to auditors of listed entities would be extended to a potentially broad group of "entities of significant public interest." Among other requirements, all firms would be required to rotate partners on audits of these entities. The AICPA expressed its concerns about these requirements in its comment letter.
- **The Institute continues to create resources to help with implementation of the Risk Assessment Suite of auditing standards** (Statement on Auditing Standards Nos. 104 through 111). They include an audit guide, *Assessing and Responding to Audit Risk in a Financial Statement Audit*; Technical

Practice Aid TIS 8100.01, “Determining the Effective Date of a New Statement on Auditing Standards for Audits of a Single Financial Statement,” and TIS 8100.02, “Determining the Effective Date of a New Statement on Auditing Standards for Audits of Interim Periods”; two *Journal of Accountancy* articles; and tracks on implementation of the standards planned for several upcoming conferences. To learn more, go to [www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Risk+Assessment](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Risk+Assessment).

- To foster a more efficient and effective peer review process, **an exposure draft proposes one set of standards and interpretations within the AICPA Peer Review Program for all AICPA members subject to peer review.** The proposed revisions to the AICPA *Standards for Performing and Reporting on Peer Reviews (Standards)* and Interpretations to the *Standards* include a reengineered reporting process, changes to engagement and report reviews, and more principles-based *Standards*. For more information, go to [www.aicpa.org/members/div/practmon/index.htm](http://www.aicpa.org/members/div/practmon/index.htm).
- As international audit and attest standards gain greater worldwide acceptance, **the Auditing Standards Board is actively working with international standard setters to foster cooperation and maintain the profession’s leadership in financial reporting and assurance.** In one example of that effort, ASB members have served as representatives to the International Auditing and Assurance Standards Board and to international committees focusing on small company auditing issues.

## Audit Quality Centers

- **The Center for Audit Quality was established this year to better address the issues surrounding public company audits** ([www.thecaq.org](http://www.thecaq.org)). It is an expansion and replacement of the AICPA’s Center for Public Company Audit Firms.
- The AICPA is committed to helping its members achieve the highest standards in performing quality governmental audits. The **Governmental Audit Quality Center** ([www.aicpa.org/gaqc](http://www.aicpa.org/gaqc)) promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services, as well as provides CPAs with resources, events and community activities to enhance the quality of a firm’s governmental audits.
- The **Employee Benefit Plan Audit Quality Center** ([www.aicpa.org/ebpaqc](http://www.aicpa.org/ebpaqc)) helps member firms conduct high-

quality ERISA audits through timely, comprehensive technical and educational resources as well as represents firms in advocacy initiatives.

## CPAs on the Corporate Side

- **CPAs can now download Management Accounting Guidelines free from the AICPA Financial Management Center.** The action-oriented MAGs, developed by the AICPA, CMA-Canada and the Chartered Institute of Management Accountants, help CPAs in business and industry address current challenges. In addition, **the AICPA MAG Infocast Series, offered in collaboration with CMA-Canada and CIMA, offers a valuable overview of the guidance in the underlying MAGs.** For more information about these benefits, visit [www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter).
- **In its Business and Industry Economic Outlook Survey, the AICPA surveys CPA decision makers in executive functions about their views on the economy.** The survey, which is conducted quarterly, gathers information on the decision maker’s overall outlook for the economy, overall outlook for his or her organization, growth expectations and other projections and expectations as well as current challenges. The results of the surveys are disseminated to the media, positioning CPAs as economic thought leaders.
- CPAs are equipped to assist their organizations with a wide variety of business concerns. To help businesses get a better handle on privacy issues, **the AICPA and the Canadian Institute of Chartered Accountants published *Generally Accepted Privacy Principles (GAPP)—a Global Privacy Framework*** (<http://infotech.aicpa.org/Resources/Privacy/Generally+Accepted+Privacy+Principles/>). GAPP was developed to help businesses address the challenges of disparate privacy laws by referencing significant domestic and international privacy regulations. It incorporates them into a single privacy objective supported by 10 privacy principles as an aid to businesses with international transactions and CPAs in private practice.

## Financial Literacy Across America

- **The 360 Degrees of Financial Literacy CPA Resource Center** enables CPAs to access free information and tools for educating consumers on key financial issues. To help CPAs organize and conduct financial literacy presentations, the Resource Center features a free online two-hour CPE course on financial literacy issues to ensure CPAs are prepared to be successful volunteers; a user guide featuring sample invitations, flyers and timeline for planning an event; and 11 mobilization kits that focus on specific life events and include a PowerPoint presentation with speaker’s notes and handouts.

Visit [www.aicpa.org/financialliteracy/index.asp](http://www.aicpa.org/financialliteracy/index.asp) for these free resources. **CPAs who want to get involved in the profession's financial literacy effort** can add a 360 Degrees of Financial Literacy Web banner (available in the "Resources for all Volunteers" section) with a link to the 360 consumer site ([www.360financialliteracy.org](http://www.360financialliteracy.org)) to their firm or company Web site.

- The profession's **efforts to promote financial literacy** have met with tremendous success, bringing needed information to the public and promoting CPAs as trusted financial advisers. The AICPA was selected as one of six sponsors when Congress proclaimed Apr. as National Financial Literacy Month and held a special day on Capitol Hill to raise awareness of the need for financial education.
- **Mar. 1 was the first annual National Pig Day, part of the AICPA's well-received new Feed the Pig campaign** to raise financial awareness among career builders (25–34 year olds). The first Feed the Pig podcasts—addressing issues such as man-



aging student loans, buying your first home and curbing compulsive spending—also have been released. On MySpace, Benjamin Bankes ([www.myspace.com/benjaminbankes](http://www.myspace.com/benjaminbankes)), the campaign's piggy-bank icon, has more than 350 approved friends and a nationwide network of 155 million. In Nov. and Apr. **a Feed the Pig Web banner was spotlighted on the homepage of [www.msnbc.com](http://www.msnbc.com)**, encouraging visitors to click through to the Feed the Pig Web site and sign-up for bi-weekly Feed The Pig text message savings reminders. For more information, go to [www.aicpa.org/financialliteracy](http://www.aicpa.org/financialliteracy) and [www.feedthepig.org](http://www.feedthepig.org).

## Improving Your Career

- The **AICPA Competency Self-Assessment Tool** ([www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT)) helps current and aspiring CPAs manage their own professional advancement. Use it to recognize the need for new skills and to ensure core competencies continue to meet current marketplace needs. CAT's personal-

ized gap analysis—free to members—enables CPAs to confirm their strengths to determine their current value; identify learning opportunities; determine where growth is needed; and gain insights and strategies to plan a new career or make a career move. Once members assess their proficiencies, they can compare them against the highest and most valued in a specific area.

- **Take Charge of Your Career**, a free five-step guide to help current and aspiring CPAs plan for a successful future, can be downloaded from the AICPA Financial Management Center ([fmcenter.aicpa.org/Resources/Professional+Development/Take+Charge+of+Your+Career+Path/](http://fmcenter.aicpa.org/Resources/Professional+Development/Take+Charge+of+Your+Career+Path/)). CPAs at any point in their career can use the guide to avoid stagnation and chart a path to achieve their career goals. The guide can be used in conjunction with the AICPA Competency Self-Assessment Tool to map out development needs.
- Retention of newer CPAs is essential to the continued success of the profession. **To address the needs of young professionals, the Institute created the Young CPA Network to inspire the profession's future leaders.** The network includes a



monthly e-newsletter, *The Edge*, as well as a dedicated Web site ([www.aicpa.org/YoungCPANetwork](http://www.aicpa.org/YoungCPANetwork)).

- Members can network with their peers and make a difference to the profession through one of the **AICPA's nearly 90 volunteer groups** (committees, boards, panels and centers). The application period generally runs from Dec. to May. Direct questions to David Ray at 212/596–6030 or to [VolunteerServices@aicpa.org](mailto:VolunteerServices@aicpa.org).
- To attract the most talented young people to the profession, the AICPA engages in numerous student recruitment efforts. The largest of them, a multi-year campaign called **Start Here. Go Places.**, **received the prestigious Gold Quill Excellence Award in business communication** presented by the International Association of Business Communicators and sponsored by Towers Perrin.

## Marketing Tools to Help Grow Your Practice

- Two client-service newsletters are available for members who want to keep clients up to date on important business news and expand their firms' marketing opportunities. The monthly *CPA*

*Client Bulletin* contains articles on tax and financial planning ideas for individuals and businesses as well as stories on general business matters. The quarterly *CPA Client Tax Letter* focuses solely on tax issues for individuals and businesses, including articles on compliance and tax planning, and roundups on how tax law changes affect your clients.

The monthly and quarterly issues of each publication are accompanied by a Resource and Citation Guide for the CPA's further research into the topics in the newsletter, as well as practice development tips and new service ideas to use with clients. Your name/firm's logo can be imprinted on all copies. For more information, call 888/777-7077.

- The **CPA Marketing Toolkit** is available free to all members at [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing). The toolkit **provides small firms and sole practitioners with a comprehensive marketing resource**, including tools to help promote a firm's practice and services and increase its visibility. **The toolkit also features the CPA logo and tagline in various formats, as well as usage guidelines.** CPAs are encouraged to use the toolkit's resources to promote their practices and services and raise their firm's visibility.
- To promote the visibility of their credential, members can employ "CPA" logo merchandise in a variety of uses. Items in the **CPA Accessories Collection** include shirts, golf balls, caps, travel bags and watches. CPAs can use this merchandise themselves or as business gifts and giveaway merchandise. Visit [www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html).



America Counts on CPAs®

## Promoting Members' Skills and Opportunities

- **The annual list of AICPA Top Technology Initiatives provides members, their clients or employers with valuable insights into the current technology universe.** Compiling this list helps to show that CPAs are on the cutting edge of current and emerging technologies. For more information, go to [www.aicpa.org/topotech](http://www.aicpa.org/topotech).
- **Members in business and industry and in public practice will benefit from networking, information and education on issues in the global marketplace at an international conference being planned by the AICPA International Issues Committee.** The conference, scheduled for Jan. 9–11, 2008, in Washington, D.C., will cover many practical subjects as well as feature sessions on doing business in India, China, Europe and other regions. The conference was created in response to

member requests for help in dealing with clients' or employers' international challenges with new international vendors, as well as the implications of converging international standards and the expanding globalization of business.

- **The AICPA continues to bring media attention to the outstanding work of CPAs.** In the first four months of this year, AICPA media outreach resulted in CPAs being quoted in more than 300 media outlets, including national and regional publications, radio and television programs and Web sites, in addition to business and accounting trades. Hundreds of millions of media impressions were generated on various topics important to the profession and the public.

## Legislative and Regulatory Advocacy

- CPAs increasingly face unnecessary barriers that prevent them from serving clients across geographic boundaries. **The AICPA Special Committee on Mobility is advocating greater emphasis on the adoption and implementation of proposed revisions to Section 23** (substantial equivalency) of the Uniform Accountancy Act. Those changes would eliminate a notification provision that was creating unnecessary mobility barriers. Currently there are nine states moving forward to enact the new proposed revisions to the UAA section 23. In addition, Tenn. passed the "No Notification" provision on Apr. 11. For more information on state licensing issues, go to [www.aicpa.org/Legislative+Activities+and+state+licensing+Issues/State+Licensing+Issues](http://www.aicpa.org/Legislative+Activities+and+state+licensing+Issues/State+Licensing+Issues).
- To offer the profession's perspective on key issues, **AICPA President and CEO Barry Melancon was among 45 of the nation's top business executives and investor advocates who participated in the U.S. Department of the Treasury Conference on U.S. Capital Markets Competitiveness.** He also participated in the U.S. Chamber of Commerce's First Annual Capital Markets Summit: Securing America's Competitiveness, along with such participants as SEC Chairman Christopher Cox, PCAOB Chairman Mark Olson, and the chairmen of the Senate Banking Committee and House Financial Services Committee.
- **The AICPA called on Congress to repeal the individual alternative minimum tax**, saying that unless Congress acts, 23.4 million taxpayers are likely to be subject to the AMT in 2007. That represents about 26% of individuals paying federal income tax. Given the challenges that would be created by outright elimination of the tax, the Institute offered 13 recommendations to "reduce or eliminate most of the complexity and unfair impact of the AMT as currently imposed."
- **The AICPA sent a paper outlining its concerns about tax**

strategy patents to the House and Senate Judiciary Committees and the House Ways and Means and Senate Finance Committees and urged Congress to limit the issuance of patents for tax strategies. Among its concerns were that the “growing number of such patents will interfere with the voluntary tax compliance system.” The Institute offered to work with Congress on legislation. Resources intended to help members better understand the issue and its ramifications can be found at <http://tax.aicpa.org/Resources/Tax+Patents>.

- **The AICPA supports the IRS Oversight Board’s strategy for closing the estimated \$290 billion net tax gap, as well as the Department of the Treasury’s comprehensive, multi-year strategy.** The AICPA emphasized in its comments to the Oversight Board that it is “committed to this common effort of mitigating the tax gap and fostering fair and efficient tax administration.” The AICPA Tax Section is also surveying its members for their perspectives on ways to address the tax gap.

## Valuable Benefits for All Members All the Time

Below is a comprehensive, but not exhaustive, list of the many ways in which the AICPA helps you save money and benefit from valuable programs. Taken together, these benefits make it possible for your AICPA membership to truly pay for itself. Maximize the value of your membership by referring to this useful directory throughout the year.

### Travel Discounts

Members attending AICPA meetings or conferences can take advantage of discounts on airline travel, car rental or Amtrak fares. Be sure to mention the appropriate reference number shown below to take advantage of deeply discounted “Zone Fares.” (Some restrictions may apply.) Discounts are valid for round-trip registered AICPA meetings or conferences only. Airline, car rental and train discounts are available only when you or your travel agent book through the 800 number. Members can also book through Maupin Travel, Inc. (800/345-5540).

*American Airlines:* 800/221-2255, Index #19330

*Delta Air Lines:* 800/221-1212, SkyBonus account #US723852916

*United Airlines:* 800/521-4041, Meeting ID #531SI

*Hertz Car Rental:* 800/654-2240, CV #021H0014

*AMTRAK (Northeast corridor):* 866/265-1974

### Special Assistance for Members in Need

The AICPA **Benevolent Fund** helps members and their families when they face financial difficulty caused by serious illness, acci-

dent, death or other major misfortunes. Call 919/419-4784 for assistance or to make a contribution.

### Insurance Programs that Protect You and Your Family

AICPA members receive attractive rates on a wide variety of programs, enjoying discounts on coverage and special arrangements that would not be available elsewhere for CPAs, their firms and their family members. More information is also available on the AICPA Insurance Program Web site at [www.cpai.com](http://www.cpai.com). There,

members can find a wealth of information about the insurance products offered, coverage features and benefits, and risk management practices.



### Insurance Programs

- **Term-Life Insurance.** Up to \$2 million in group term life coverage with an equal amount of accidental death and dismemberment benefits for individual members. Call 800/223-7473.
- **Spouse Life Insurance.** Up to \$2 million in term life coverage combined with an equal amount of accidental death and dismemberment coverage. Call 800/223-7473.
- **Group Variable Universal Life.** Up to \$2 million of coverage with fixed and equity investments of which earnings are tax deferred. Call 800/223-7473.
- **Long-Term Disability Income Plan.** Provides monthly benefits from \$1,000 to \$10,000, including a “your occupation” definition of disability with up to a lifetime benefit period. Call 800/223-7473.
- **Group Life for Firms.** Offers members and their firm personnel the opportunity to secure up to \$500,000 of life insurance with an equal amount of accidental death and dismemberment coverage. Call 800/223-7473.
- **Long-Term Care Insurance Program.** Up to \$300 per day is available to eligible members, spouses, parents and parents-in-law and other family members. Call 800/223-7473.
- **Personal Liability Umbrella Security.** Provides up to \$5 million in coverage for injury and property damage claims that exceed primary automobile, homeowners or renters coverage. Call 800/223-7473.
- **Medicare Supplement.** Provides coverage to members, spouses and eligible parents 65 years and older without regard to past or present health conditions at rates that are not available to the general public. Call 800/957-3195.

- **Catastrophe Major Medical.** Provides coverage for medical costs that supplement and complement the limits of Basic Health Insurance Plans, with a lifetime maximum benefit of up to \$2 million. Call 888/294-0028.
- **Auto Insurance.** Competitive auto insurance rates available for AICPA members from GMAC Insurance. Call 877/999-3626.
- **Homeowners Insurance.** Comprehensive homeowners coverage for AICPA members through Homesite Insurance. Call 866/366-4607.
- **Commercial Property and Liability.** Offers firms and sole practitioners a choice of carriers and coverage, including business owner's insurance, workers compensation, commercial auto coverage, commercial liability umbrella, international coverages for international businesses, plus kidnap, ransom and extortion coverage. Call 866/283-7127.
- **Professional Liability Insurance.** Protection of \$100,000 to \$10 million for members in public practice against liability claims related to professional services. Call 800/221-3023.
- **Employment Practices Liability Insurance.** CPA EmployerGard provides broad protection against employment-related claims, such as wrongful termination, age, race or gender discrimination and other workplace-related lawsuits. Call 800/221-3023.

## Retirement Programs

**Nationwide Financial** provides a variety of fund choices and special low administrative and recordkeeping rates for AICPA member firm plans that qualify under IRC Section 401. Call 888/401-5272. IRA-based plans are available from **T. Rowe Price** at 800/382-4272.

## Save Hundreds of Dollars Through Group Buying Power

The Elite Values Program makes it possible for members to enjoy exclusive offers and substantial discounts from leading manufacturers and service providers—thanks to the AICPA's group buying power. For updates on offerings and discounts, visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite).

**AICPA member**  
**elite values**

- **AICPA Checks and Forms.** Members can save up to 35% on business checks and forms. The AICPA has partnered with Harland, one of the industry's largest and most respected check

printers, to bring members a full array of computer and manual checks and forms, including a selection of personal checks and tax forms. Call 800/873-9313 or visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on AICPA Checks and Forms for more details.

- **AICPA Visa Card** (consumer and business credit cards). Chase is the exclusive authorized issuer of the AICPA Platinum Visa credit card, which offers excellent savings opportunities with a low introductory rate for purchases and balance transfers. Call 866/CPA-VISA (866/272-8472) or go to [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on AICPA Visa Card to learn more or to apply for the card. Chase's AICPA business credit card features a Free Flexible Rewards Program, low introductory rate and online tracking of card activity, among other benefits. Call 888/729-1406.
- **BizFilings** (incorporations). AICPA members receive 10% off BizFilings' incorporation services for themselves or their clients. Items that may be involved include registered agent service; corporate or LLC kit and seal; tax ID number obtainment; S corporation election filing with the IRS; important post-formation forms on CD; instructional compliance DVD; and certified copy of formation document. Visit BizFilings at <http://aicpa.bizfilings.com> or call 800/981-7183.
- **BlackBerry** (wireless e-mail solution). The AICPA and Research in Motion together with eAccess have teamed up to bring members the best available BlackBerry pricing and support services. Visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on BlackBerry.
- **Chase Paymentech Solutions** (credit/debit card processing). Save money on every credit card transaction and receive fast, efficient and cost-effective processing of both credit and debit cards. AICPA members enjoy MasterCard/Visa discount rates as low as 1.8%; no application, enrollment or conversion fees; free supplies and 24-hour, seven-day-a-week technical support. With the introduction of Orbital Virtual Terminal, members can now process card payments with just a PC, an Internet connection and a Web browser. For more information or a no-obligation, free competitive analysis, call 800/824-4313.
- **Dell** (computer systems and services). AICPA members receive discounts on all Dell product lines. Save 3% on Dell™ Dimension™ desktops and Dell™ Inspiron™ notebooks. Save 6% on Dell OptiPlex™ desktops, Dell Latitude™ notebooks, Dell PowerEdge™ servers, Dell Precision™ workstations and DellWare™ software, accessories and peripherals. To shop technology solutions for your firm, visit the [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) site and click on Dell. To purchase, call 877/945-8364.



- **DHL** (express shipping). AICPA members receive up to 25% off the competition's published rates and receive at least 10% off DHL Standard Rates. Call 800/MEMBERS (800/636-2377) for more information and for your free DHL Starter Kit. Or, enroll online at [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on DHL.
- **Genesys Conferencing** (audio and Web conferencing). Genesys Conferencing's reservationless meeting centers provide on-demand 24/7 conferencing opportunities with toll-free and international access numbers. They can be used for presentations, marketing seminars, training programs, departmental meetings, document collaboration and more. For more information, contact Paula Wharton at [Paula.Whartonagent@genesys.com](mailto:Paula.Whartonagent@genesys.com) or 800/399-3942.
- **Hertz** (car rentals). Hertz #1 Club Gold Membership (a \$50 value) is free for AICPA members. Special service is available at over 600 locations worldwide. To join or for more details, visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on Hertz. To receive a discount of up to 20%, always mention the discount program number CDP #12353 when calling your travel agent or Hertz at 800/654-2200 to make a reservation.
- **Lenovo** (computer system and services). AICPA members save 5% to 20% on a wide range of select Lenovo PCs and related PC products, including ThinkPad notebooks and ThinkCentre desktops. There is a 20% discount on select X and T series ThinkPad notebooks and M and S series ThinkCentre desktops (excluding ThinkExpress notebook and desktop models) and a 5% discount on select specially priced ThinkExpress desktop and notebook models. Additional promotional specials are available each month. To order, go to [lenovo.com/businesscenter/AICPA](http://lenovo.com/businesscenter/AICPA), or call 888/426-7235, option 1, ext. 3373.
- **Office Depot** (office solutions, products, technology, print services, furniture). AICPA members save up to 35% on office products, print, Tech Depot and furniture from Office Depot. Members can save with online or in-store purchasing. Visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on Office Depot for more details.
- **RIA** (tax accounting/research). RIA, the leading authority on tax and accounting research, offers 10% discounts on new purchases and 5% on renewal purchases of its renowned RIA and WG&L tax and accounting information products. RIA can provide information to suit your particular needs, delivered in print, CD-ROM or on the only integrated online tax and accounting information system, CHECKPOINT. Call 800/950-1216.
- **Robert Half** (financial staffing/placement). Receive exclusive savings on specialized staffing services, including \$25 savings on each 40 hours reached on a new Accountemps assignment (up to a maximum of \$100 for 160 hours or more), 10% savings on each new Robert Half full-time placement fee, and \$50 savings on each 40 hours reached on a new RH Management Resources engagement (up to a maximum of \$200 for 160 hours or more). Discounts cannot be used in conjunction with any other discounts. Call 888/744-4089 and have your AICPA membership number ready.
- **Starwood Hotels and Resorts Worldwide** (lodging). AICPA members are eligible to enroll in the Corporate Preferred Level of Starwood Preferred Guest Program (SPG) and can enjoy room upgrades, late checkout and bonus Starpoints, and can accrue points for free hotel stays. To enroll, call 888/625-5144 and identify yourself as an AICPA member. When making reservations, always provide your SPG account number to ensure that you receive your points to take advantage of these benefits. In addition, the AICPA Corporate Account number (69569) offers best rates on the day you book your hotel stay, automatically booking your reservation at the lowest cost. Visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on Starwood Hotels for more details.
- **Wells Fargo** (mortgages, home equity loans). Members can take advantage of the many convenient features and benefits of the AICPA-sponsored Home Mortgage Program provided by Wells Fargo Home Mortgage, Inc. Receive a complimentary "Getaway" vacation package after closing on a new home purchase or refinance loan through this program. To learn more, go to [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on Wells Fargo or call 800/272-1210.
- **Xerox** (copiers, faxes, printers). AICPA members save up to 20% on most Xerox products (excluding service contracts, supplies and personal line copiers). For more information on Xerox products and services or the AICPA/Xerox Partnership, visit [www.cpa2biz.com/elite](http://www.cpa2biz.com/elite) and click on Xerox or call 800/ASK-XEROX (800/275-9376), extension "CPA," or contact your local Xerox sales representative or authorized sales agent. Be sure to reference contact #0706109 to receive special AICPA pricing.

# AICPA... Where to Turn

You can change your address and employment information online through [www.aicpa.org/about/dues.htm](http://www.aicpa.org/about/dues.htm). Or, e-mail, mail or fax the information to the Member Service Center. In either case, *The CPA Letter* and *Journal of Accountancy* will automatically be updated. You can also update your e-mail address account information online at [www.cpa2biz.com](http://www.cpa2biz.com).

## AICPA/CPA Logo Contacts

AICPA Logo	919/402-4440
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## 2007 Audit Guides Being Updated for New Risk Assessment Standards

The 2007 editions of the AICPA Audit and Accounting Guides include application guidance on the new Risk Assessment Standards (Statements on Auditing Standards Nos. 104–111), which create significant new requirements for auditors. The Risk Assessment Standards, issued in Mar. 2006, are effective for audits of financial statements for periods beginning on or after Dec. 15, 2006, with early application permitted.

Practitioners must understand how to apply the new Risk Assessment Standards, and the guides assist practitioners in doing so both accurately and efficiently. The guides explain how to apply the audit risk model to form an opinion on client financial statements and present key concepts of the standards, including:

- Planning considerations.
- Audit risk.
- Materiality and tolerable misstatement.
- Financial statement assertions.

- Risk assessment procedures.
- Understanding the entity and its environment, including its internal control.
- Assessing the risk of material misstatement.
- Designing and performing further audit procedures that effectively respond to the assessed risks.
- Evaluating misstatements.

Each industry-specific guide presents a valuable appendix that highlights key provisions of the standards and how they differ from former audit standards. The 2007 Audit and Accounting Guides provide invaluable information on the new Risk Assessment Standards and can assist in improving the quality and effectiveness of audit engagements.

### First Guide Available

*Not-for-Profit Organizations* (No. 012647CPA06) is the first industry-specific

now  
available

Audit and Accounting Guide that reflects what is new in the standards. Highlights include: guidance on performing audits under the new Risk Assessment Standards (SAS Nos. 104–111); how SAS 112 has re-defined internal control deficiencies — and what auditors need to report; updates on FASB Statements Nos. 157 and 159 on Fair Value; and what FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, means to the industry. Reflects all the recently issued accounting and auditing standards as of May 1, 2007, that affect the non-profit sector. \$69 member/\$86.25 non-member. For order information, see below.

**Coming soon:** *Construction Contractors* (No. 012587CPA06), *Depository and Lending* (No. 012737CPA06) and *Investment Companies* (No. 012627CPA06).

**Accounting for Income Taxes—Applying SFAS No. 109/FIN 48: A Whole New Ballgame!** (Text, No. 732793CPA06; DVD/Manual, No. 182792CP06, available 6/15). This updated edition provides the latest guidance in applying the complex rules of SFAS No. 109. Video format is ideal for on-site staff training or individual self-study. Recommended CPE credit: Text, 15; DVD/Manual, 17. Level: Intermediate. Prerequisite: Experience in financial reporting. Formats and prices: Text, \$159 member/\$198.75 non-member; DVD/Manual, \$209/\$261.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Basis/Distributions for Pass-Through Entities: An IRS Hot Spot** (No. 733330CPA06). Learn the crucial rules for computing the adjusted basis and the tax treatment of distributions of pass-through entities, such as partnerships and S corporations. Recommended CPE Credit: 10. Level: Intermediate. Prerequisite: Experience in business taxation. Format: Text. \$135 member/\$168.75 non-member.

**Fair Value Accounting: A Critical New Skill for All CPAs** (Text, No. 733300CPA06; DVD/Manual, No. 183300CPA06, available 6/15). Gain insights into the conceptual and practical reasons for using fair value as the required (or optional) measurement attribute for a number of new and existing accounting standards. Video format is ideal for on-site staff training or individual self-study. Recommended CPE credit: Text, 8; DVD/Manual, 10. Level: Intermediate. Prerequisite: None. Formats and prices: Text,

\$139 member/\$173.75 non-member; DVD/Manual, \$189/\$236.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Ready-Aim-Fire: The Role of the Financial Professional in a Competitive Environment** (No. 733240CPA06). Discover ways to gain and maintain an edge on your competitors by developing a step-by-step strategy of navigating a business for the entrepreneur in all of us. Recommended CPE Credit: 4. Level: Intermediate. Prerequisite: Experience in financial management of a medium or small company. Format: Text. \$85 member/\$106.25 non-member.

**Not-for-Profit Accounting & Reporting: From Start to Finish** (No. 732981CPA06). Updated for 2007, this self-study course examines the unique not-for-profit accounting and reporting requirements and explains their application. Recommended CPE Credit: 12. Level: Intermediate. Prerequisite: Experience in the not-for-profit environment. Format: Text. \$139 member/\$173.75 non-member.

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

CPE  
news

## Audit Quality Center Members Get New Professional Liability Premium Credit

The AICPA Professional Liability Insurance Program, in support of AICPA initiatives to improve the quality of government and employee benefit plan audits, is awarding a new premium credit to firms that are members of the AICPA Governmental Audit or Employee Benefit Plan Audit Quality Centers. The new Audit Quality Center credit is available in addition to premium credits currently available for program policyholders — participation in risk management training, use of engagement letters, receipt of an unqualified peer review, and remaining claim-free.

The program will award a 5% premium credit for membership in either Audit Quality Center. Firms that are members of both Audit Quality Centers will receive a premium credit of 5% for each — for a total of 10%. The maximum amount of the credits is \$400 per policy.

Availability of the premium credit is based on approval by each state's department of insurance, as well as underwriting

guidelines. Member firms with questions about the credit should call Aon Insurance Services at 800/221-3023.

accounting  
& auditing  
news

## FASB Issues Proposal on Financial Guarantee Insurance Contracts

The Financial Accounting Standards Board recently issued a proposal to improve the accounting for financial guarantee insurance contracts. According to the FASB, the proposal, *Accounting for Financial Guarantee Insurance Contracts, an Interpretation of FASB Statement No. 60*, reduces diversity in practice and provides financial statement users with clearer, more comparable information and expanded disclosures.

In keeping with the FASB's mission to help reduce complexity in the financial reporting system, the proposal was written in a new format intended to improve its understandability. Notable changes from formats used in previous statements issued include the use of bold text at the beginning of each section to convey the account-

ing principle for that section and the inclusion of examples in the body of the standard to illustrate the proposed accounting guidance for certain paragraphs.

Comments are due June 18. Obtain the proposal from [www.fasb.org](http://www.fasb.org).

## Toolkit to Help Members with SAS No. 112 Available

The AICPA's Private Companies Practice Section has developed an online toolkit to help members understand and implement Statement on Auditing Standards No. 112, *Communication of Internal Control Related Matters Identified in an Audit*. SAS No. 112 is effective for audits performed on or after Dec. 15, 2006.

The complete toolkit, accessible to PCPS Member Firms, is available at <http://pcps.aicpa.org/Resources/Keeping+Up+With+Standards/SAS+No+112+Toolkit.htm>. It includes talking points, a newsletter template and a client communication letter, among other resources. For interested parties, a free FAQ sheet and SAS No. 112 Web Forum Archive are available on that Web site.



[www.aicpa.org/pcps](http://www.aicpa.org/pcps)

## Tax Talk Today® Web Cast Showcased Education, Issue Resolution Options

In the May 8 Web cast of Tax Talk Today, an expert panel of Internal Revenue Service officials and tax practitioners reviewed the various options tax professionals have for interaction with the IRS, including e-services, issue resolution systems, and small business education and outreach opportunities.

E-services continue to be a popular tool, and the recent reduction in the filing requirement for access to e-services — now reduced to only five returns filed per year — has given more tax professionals the opportunity to use this suite of self-assisted applications. Future plans for additional e-services capabilities include a self-administered password reset and a natural language search. IRS officials also encouraged practitioners to make suggestions for other improvements.

Issue resolution systems available from the IRS are administered by the Taxpayer Advocate Service, which operates independently of the IRS. There are two distinct options for issue resolution with the Taxpayer Advocate Service:

- Case advocacy, in which local taxpayer advocates work with the tax practitioner to resolve individual cases, usually involves cases with an economic burden (limited income under levy, for exam-

ple) or a systemic burden (such as unusual processing delays).

- Systemic advocacy, which addresses larger problems reported to the IRS from multiple sources, has an Internet-based system in place for reporting systemic problems.

Panelists noted that the IRS has ramped up its small business outreach to include more partnerships with industry organizations, outreach events, new interaction options for small businesses on the IRS Web site, workshops, and local and nationwide phone forums.

Tax practitioners on the panel, which included a representative from the AICPA Tax Team, agreed the different interaction options available from the IRS work very well for the tax professional community by addressing the three things tax professionals look for: access, service and knowledge.

A full transcript of the May Web cast, "We're Working for You!," can be accessed at [www.taxtalktoday.tv/index.cfm?page=5.73](http://www.taxtalktoday.tv/index.cfm?page=5.73). The next Web cast, "IRS Efforts to Enhance Compliance," will take place on Tuesday, June 12, from 2:00 p.m. — 3:00 p.m., ET. Visit [www.taxtalktoday.tv](http://www.taxtalktoday.tv) for more information.

tax  
info

## GAO Issues Summary of Major Changes, Comprehensive Slide Presentation

The Government Accountability Office has issued a list of major changes in the Jan. 2007 revisions of *Government Auditing Standards*. It highlights key revisions overall and related to (1) ethics and independence, (2) professional judgment and competence, (3) all types of GAGAS audits and attestation engagements, (4) internal auditors, (5) financial audits, (6) attestation engagements, (7) performance audits, and (8) guidance material.

The GAO also is issuing a comprehensive set of annotated slides to assist the government audit community. In addition to highlighting the major revisions, the slides contain information about the process used to issue the 2007 Yellow Book, the reasons for the

changes, what the changes will mean for government auditors and effective dates. The slides also outline proposed revisions to quality control and peer review standards, which will be finalized shortly. Electronic versions of the documents can be accessed at [www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm).

When the final 2007 *Revision of Government Auditing Standards* is issued (i.e., the version that will incorporate final changes to quality control and assurance and peer review standards), the GAO will issue a Professional Requirements Tool that will list the professional responsibilities from the Revision that are specifically identified in the standards by the words “must” and “should.”

## AICPA in the Media — Recent Highlights

The AICPA’s ongoing media relations efforts work to keep the national and business press informed about the profession’s perspectives on a wide range of issues affecting the public and the outstanding work of CPAs. In Mar. and Apr., AICPA media outreach resulted in CPAs being quoted in approximately 270 media outlets, including national and regional publications, radio and television programs and Web sites, in addition to business and accounting trades. These outlets generated an estimated 480 million media

impressions. *USA Today*, *Forbes*, *Money* magazine, *Self* magazine, the *Wall Street Journal*, Good Morning America, Nightly Business Report and the Reuters sign in Times Square were among the outlets. Topics included the AICPA’s Feed the Pig campaign, Financial Literacy Month, the AICPA/Harris financial literacy poll, the Sarbanes-Oxley Act, tax issues such as the alternative minimum tax, and CPA recruits and diversity in the profession.

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# The CPA Letter

July 2007 Vol. 87 No. 7  
A News Report to Members



## New Preparer Penalty Legislation Affects Taxpayers, Practitioners

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- 7 CITP Credential Helps CPAs Distinguish Their Technology Skills
- 8 2007 OMB Circular A-133 Compliance Supplement Issued

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

The Small Business and Work Opportunity Tax Act of 2007 signed into law on May 25 contains return preparer penalty changes that will affect taxpayers and practitioners. Briefly described here are some of the more significant changes among those highlighted in two recent Tax Membership Section E-Alerts:


- **Preparer penalty standard raised.** The act modifies the standards for avoiding preparer penalties for an understatement of tax. The current law realistic possibility standard for undisclosed positions is replaced with a requirement that the preparer have a reasonable belief that a position to be taken on a return would more likely than not be sustained on its merits. For disclosed positions, the provision replaces the non-frivolous standard with the requirement that there be a reasonable basis for the tax treatment of the position. The AICPA has opposed these changes and will continue to seek a remedy for this inconsistency in the penalty standards.
- **Penalty applies to more returns.** The act broadens the penalties to cover the preparation of estate and gift tax, employment tax, excise tax and exempt organization returns.
- **Penalty level increased.** Penalty amounts are dramatically increased. The bill increases the section 6694(a) penalty (understatements due to unreasonable positions) from \$250 to the greater of \$1,000 or 50% of the income derived (or to be derived) from preparing the return or claim for refund. It also increases the section 6694(b) penalty (willful or reckless conduct) from \$1,000 to the greater of \$5,000 or 50% of the income derived (or to be derived) from preparing the return or claim.
- **Analysis required to reach MLTN standard.** Because of the more clearly defined percentage test of the MLTN standard (more than 50% likely to succeed), practitioners may find the need for more analy-

sis to reach an appropriate level of comfort for the MLTN standard. Return preparation expenses and client fees may increase as a result.

- **Effective date issues.** In response to higher standards and penalties slated for returns prepared on or after May 25, the AICPA engaged in extensive discussions with the IRS and sent Treasury a letter regarding effective date issues. Subsequently, on June 11, the IRS granted broad relief in its Notice 2007-54 ([www.irs.gov](http://www.irs.gov)) regarding effective date issues and adequate disclosures. This prompt and generous transitional relief will help practitioners comply, and the AICPA will continue to work with Congress to provide relief from unfair preparer penalties.
- **Different standards for taxpayers and practitioners.** In the past, the standard for undisclosed positions for return preparers (realistic possibility of success) was lower than the standard for taxpayers (substantial authority). Now, the preparer standard is higher.

Other provisions address e-filing and disclosures, and forms and instructions not yet updated. Regarding SSTS No. 1, the AICPA's ethical standard for tax practice, practitioners should also follow the higher federal standard, where applicable, to avoid preparer penalties.

To access the Tax Section E-Alerts, visit:

 [tax.aicpa.org/Resources/Publications/AICPA+Tax+E-Alerts.htm](http://tax.aicpa.org/Resources/Publications/AICPA+Tax+E-Alerts.htm)

just in...

### Member Ballot Coming this Fall

In Sept., members will be sent a ballot to vote on several proposed bylaw amendments. The proposals are described briefly on [page 4](#). Members also are invited to submit their views on the changes.

This issue of *The CPA Letter* has been published both electronically and in print. Next month's issue will be published exclusively in electronic format.

## AICPA Annual Members' Meeting to Be Held October 23 in Florida

The AICPA's Annual Members' Meeting will be held on Tuesday, Oct. 23, at the Marriott Waterside Hotel & Marina in Tampa, Fla. Members also are invited to observe Council's deliberations, which will take place Oct. 21–23. CPE will be provided, as appropriate, depending upon the content of the final agenda. For general Council or Annual Meeting information, contact Jay Rothberg ([jrothberg@aicpa.org](mailto:jrothberg@aicpa.org); 212/596–6005) or Jo DeLosReyes ([jdelosreyes@aicpa.org](mailto:jdelosreyes@aicpa.org); 212/596–6216). For hotel information, contact John Torrillo ([jtorrillo@aicpa.org](mailto:jtorrillo@aicpa.org); 212/596–6161).

## Remember to Renew Your AICPA Membership

It is time to renew your AICPA membership for 2007–2008. Look for your AICPA annual dues statement that was mailed recently. For your convenience, you can pay your dues online at [dues.aicpa.org](http://dues.aicpa.org). This method is the easiest way to pay and will ensure prompt posting to your account.

As a member, you are entitled to significant discounts on publications, conferences, products, services and top-flight insurance programs. You will find that membership pays for itself in savings throughout the year. Your dues also help support the many AICPA efforts that benefit the profession, the public and the various environments in which CPAs work. See pages 5–12 of the June *CPA Letter* ([www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)) for a comprehensive rundown of membership benefits and AICPA activities.

The dues statement also provides an easy way for members to make a contribution to the AICPA Foundation, AICPA Benevolent Fund or Political Action Committee.

If you have any questions, contact the AICPA Service Center at 888/777–7077 or

e-mail [service@aicpa.org](mailto:service@aicpa.org). We look forward to another year of serving you.

## AICPA Looking for Talented People Wanting New Career Opportunities

As the leading national professional organization for CPAs serving 350,000 members across the country, the AICPA is looking for qualified candidates in its Washington, D.C., New York and Durham, N.C., offices for positions in Ethics, Peer Review, Taxation, Publications, Audit, Government Accounting and Auditing, and Business Reporting. From advocacy, certification and licensing, to communications, recruiting, education, standards and performance, the AICPA's mission is to benefit the public as well as employers and clients served by CPAs. Members who know someone who may be ready to make a career move to join the Institute should refer them to [www.aicpa.org/careers](http://www.aicpa.org/careers) for more information. Résumés also may be e-mailed to [careers@aicpa.org](mailto:careers@aicpa.org). All résumés will be responded to promptly.

## AAA Offers Session on Teaching as Alternate Career Path

As the AICPA has previously reported, there is a shortage of accounting faculty and doctoral professors at U.S. colleges and universities. As part of its outreach efforts, the American Accounting Association is offering a special educational session for accounting professionals considering teaching as an alternate career path. The session will take place on Aug. 4, prior to the AAA's Annual Meeting on Aug. 5–8 in Chicago.

Accounting professionals with practical experience, but limited or no teaching experience in a university setting, have the opportunity to learn more about moving toward a full-time career in education. The full-day

session consists of Orientation for Aspiring Profession-Centered Faculty and Teaching Tips from Master Teachers.

The registration fee for AAA's Aug. 4 session is \$250 and also includes full AAA membership for the 2007–2008 member year, electronic access to one journal, and an early Saturday evening reception. Participants also will have the option of registering for Sunday CPE sessions at a discounted rate of \$150. Complimentary registration to the AAA Annual Meeting is offered to participants attending both the Saturday and Sunday sessions.

For more information, visit <http://aaahq.org> or contact Kevin Stocks at [Kevin\\_stocks@byu.edu](mailto:Kevin_stocks@byu.edu) or Susan Crosson at [Susan.Crosson@sfcc.edu](mailto:Susan.Crosson@sfcc.edu).

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### PUBLIC MEETING NOTICES

**Accounting Standards Executive Committee:** July 10–11, Washington, D.C.

**Auditing Standards Board:** Aug. 14–16, Minneapolis

**Peer Review Board:** Aug. 27–28, Minneapolis

**Professional Ethics Executive Committee:** July 19–20, Costa Mesa, Calif.

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## Highlights of May Council Meeting

Following are some of the more significant actions and events that took place at the AICPA governing Council meeting in Washington, D.C., on May 20–22:

- **Council authorized a member ballot on several proposed bylaw amendments.** (See details of ballot proposals on page 4.)
- **A wide variety of guest speakers shared thoughts on the 2008 elections and on political issues pertinent to the profession.** Among them were Deputy Chief of Staff to the President of the United States Karl Rove; Terry McAuliffe and Ed Gillespie, Immediate Past Chairs of the Democratic and Republican National Committees; Paul Begala, political analyst and CNN commentator; George F. Will, America's foremost political commentator; and Rep. John Campbell (R-Calif.), CPA.
- **Council members conducted visits to legislators' offices on Capitol Hill.** Beforehand, they were offered briefings on various topics affecting the profession and the public, including tax strategy patents and financial literacy.
- **Robert F. Kevane, CPA, of La Mesa, Calif., was given the 2006 AICPA Public Service Award for Individuals.** Cited for his deep commitment to his

community, Kevane has served on the boards of more than 40 local organizations, including Saint Augustine Catholic High School, the San Diego Blood Bank, the Boys and Girls Clubs of East County Foundation and the City of San Diego Affordable Housing Task Force.

- **Mountjoy & Bressler, LLP, of Louisville, Ky., received the 2006 AICPA Public Service Award for Firms.** It was recognized for its dedication to corporate citizenship. Since its founding in 1980, the firm's partners and employees have served in pivotal roles in non-profits throughout Kentucky. The firm encourages employee volunteerism and supports organizations such as the Special Olympics of Kentucky, Junior Achievement, American Cancer Society, Cystic Fibrosis Foundation, Gilda's Club and dozens of other notable charities.
- **The 2007 Distinguished Achievement in Accounting Education Award was presented to Dan S. Deines, CPA, Ph.D.,** the Ralph Crouch KPMG Chair in Accounting at Kansas State University. Deines, who is actively

engaged in developing innovative teaching practices, recently received a grant from the Kansas Society of Certified Public Accountants to develop a high school Pre-Advanced Placement accounting course. He has received numerous honors for teaching excellence, curriculum development and service to accounting academia and practice.

- **Council approved the Institute's proposed operating budget for fiscal year 2007–2008.**



### Members' Comments Sought on Mobility; Survey Responses Due July 30

The AICPA has developed an online survey to gauge members' awareness of the complexities associated with gaining interstate practice privileges. The survey aligns with the profession's goal to enact a uniform mobility system for CPAs and will assist efforts in communicating and educating members about this important issue. To access the AICPA Survey on CPA Interstate Mobility, go to <http://vovici.com/wsb.dll/s/4e5ag27cbb>.

## AICPA Applauds Tax Strategy Patent Bill Introduced in Congress

The AICPA applauded the introduction of legislation to protect taxpayers and tax practitioners who use patented tax strategies. H.R. 2365, introduced on May 17 by Rep. Rick Boucher (D-Va.) with co-sponsors Reps. Bob Goodlatte (R-Va.) and Steve Chabot (R-Ohio), would limit damages and other legal remedies available to holders of patents for tax planning methods. H.R. 2365 was referred to the House Judiciary Committee, which has jurisdiction over patent issues.

"Tax strategy patents may make it impossible for the U.S. Tax Code to be applied equally to all taxpayers," said AICPA President and CEO Barry Melancon. "With 60 tax strategy patents already granted and 86 applications pending, this is a growing problem. The patents do not pertain to just esoteric portions of the tax code affecting a handful of taxpayers; the patents cover a broad range of areas." He also noted that tax preparation software is exempt from H.R. 2365's limits on damages and remedies for patents on tax planning methods.

The AICPA opposes tax strategy patents because they:

- Violate the core principle of equity that under girds the entire tax system — namely, that people in similar situations ought to

pay a similar amount of taxes.

- May cause some taxpayers to pay more tax than Congress intended.
- Complicate the provision of tax advice by professionals.
- Make compliance by taxpayers more difficult.
- Mislead taxpayers into believing that a patented strategy is valid under the tax law.



### AICPA-Encouraged S Corp Provisions Enacted

The Small Business and Work Opportunity Tax Act of 2007 passed in May contains several improvements to S Corp provisions that the AICPA has long advocated. Capital gains from the sale of securities, including S corporation stock, are no longer passive investment income; selling a partial interest in a QSub will now trigger tax on only the percentage of assets sold to an unrelated party; all pre-1983 earnings and profits of S corporations are now eliminated; and interest deductions are now permitted for electing small business trusts that borrow money to acquire S corporation stock.



## Members to Vote on Proposals to Amend Bylaws

At its spring meeting, Council authorized a member ballot on a series of housekeeping and administrative changes that require amendments to the AICPA bylaws. The ballot, which will be sent to members in Sept., will contain 11 measures, ranging from single word clarifications to revising the date associated with the 150-hour education requirement. For AICPA bylaw changes to pass, they must be approved by at least two-thirds of those members voting. Here are the proposals:

- The 150-hour education requirement for AICPA membership was enacted in 1988 and assumed all states would have the requirement by Jan. 1, 2001. While most states have enacted it, several jurisdictions have effective dates that extend past Jan. 1, 2001. To ensure all CPAs are eligible for membership, the proposed amendment to the bylaw provides for a new 2012 date, and an automatic provision applies once the remaining states pass the requirement.
- Delete the term “equity” in the phrase “other equity owners” in the definition section so that any type of owner is covered and to recognize the possibility of other legal forms of ownership.
- Replace the term “participation” in a peer review program with “enrolled” or “enrollment” in certain bylaw sections so that consistent terms are used throughout the bylaws.
- Delete the section requiring membership in the SEC Practice Section because the Section has been eliminated.
- Revise the section concerning voting by the Council which allows for the use of a mail ballot in lieu of a special meeting to allow measures to be passed by two-thirds of those voting, rather than two thirds of Council’s whole membership, provided that at least a majority of Council members have cast ballots on the measure. This will not only conform this section to the bylaw which requires approval by 2/3 of those voting with regard to member ballots, but also will facilitate Council mail ballots while ensuring that a significant number of Council members have participated in the vote.
- Grant the AICPA Board of Directors, rather than the Council, the authority to prescribe the day-to-day functions and procedures of senior committees and charge Council with determining the overall scope of responsibility for such committees because it is impractical and inefficient for committees to have to go to Council to approve changes in their duties, powers and procedures.
- Change the number of members needed to nominate an individual for Council from “any 20” members from a state to “five percent, but in no event less than 20,” members from a state, in recognition of the fact that an existing candidate will have already gone through a state society and Nominating Committee vetting process and to provide some assurance that any other nominee has significant support from members of that state before the cost and effort associated with an election is incurred.
- Change the number of votes needed to elect an individual to a contested Council seat from a majority to a plurality of the votes received from the jurisdiction to avoid having to continually stage run-off elections.
- Impose a term limit of seven consecutive years for Council members (not counting any period served as an ex officio Council member) because currently there is no overall limit and members may serve in perpetuity by moving among the categories of at-large, designated and directly-elected members of Council.
- Prohibit members from resigning from membership while a practice review is pending so that the practice review cannot be terminated prior to its completion.
- Eliminate the current requirement that prohibits submitting a ballot to the members until at least 90 days after Council has authorized the member ballot, to provide more flexibility for such balloting.

### Members Invited to Express Views on Bylaw Changes

The Institute invites members to express their views on these proposals. Representative letters and/or a summary of views will be published by the Institute. Send letters of 100 words or less (type or print) to: Donna Wolf, AICPA, 1211 Avenue of the Americas, New York, NY, 10036-8775, fax 212/596-6104 or e-mail [dwolf@aicpa.org](mailto:dwolf@aicpa.org). The deadline for comments is July 31, 2007. Members will receive additional information on the referendum in future issues of *The CPA Letter* and on [www.aicpa.org](http://www.aicpa.org).

## AICPA Member Benefits Brochure Online for Quick, Easy Reference

In keeping with the AICPA’s ongoing efforts to make membership benefits quick and easy to access, the Institute has put on its Web site a downloadable copy of a new membership benefits guide ([www.aicpa.org/download/member\\_benefits/memborguide.pdf](http://www.aicpa.org/download/member_benefits/memborguide.pdf)). This completely remodeled tool is divided into member-friendly sections:

- “Lead” highlights how the AICPA, through its members, is championing efforts to shape its environment by addressing today’s hottest topics.
- “Inform” helps you stay up-to-date on leading AICPA CPE and publications.
- “Save” details a comprehensive list of our Member Elite Values and Insurance Programs.

The guide is easy to navigate and serves as a prime source for membership information. Be sure to download your copy and keep it as a handy reference to take advantage of the myriad ways your AICPA membership works for you.



By Jimmy L. Williamson, CPA, Cr.FA, DABFA  
Chairman, AICPA Board of Directors

When I began my term as AICPA chairman last fall, I set several goals for the coming year. I want to update you this month on the progress we've made in two of those areas.

I have long been convinced that it's important for the profession to address the financial reporting needs of private companies and those who do business with them. These vibrant companies and their financial statement users may have distinctly different needs from large, public corporations, and it is sometimes not cost beneficial to expect them to report the same level of detailed information. As a result, I'm pleased to report that the Private Company Financial Reporting Committee held its first meeting in May. The PCFRC is chaired by CPA

## Chair's corner

Judith O'Dell. It will make formal recommendations to the Financial Accounting Standards Board on proposed and existing standards, which the FASB will consider as part of its deliberations. I think this development is a very encouraging step, one that will ensure greater consideration for the needs of private company financial statement users. The PCFRC will meet again this month in Denver. For more information on their work, go to the committee's Web site at [www.pcfrc.org](http://www.pcfrc.org).

As we broaden our thinking about financial reporting, we should also embrace new ideas about staffing issues. In my inaugural speech as chairman, I said I wanted to "open the doors of our profession to all who aspire to meet its challenges and share its commitments." That's why I'm pleased to tell you about a great new resource: *The AICPA Guide to Building a Successful Off-Ramping Program*.

Statistics show that a large percentage of women professionals will "off-ramp," or take time away from the workforce during their careers. At the same time, as practitioners know, the pool of available professionals is not rising fast enough to meet demand, and recruitment and retention are critical issues for our firms and other employers.

Since women make up the majority of the available pool of candidates, it's important that firms develop strategic initiatives to help talented staff members balance their personal and professional lives. Firms are also real-

izing that women who leave the workforce may represent a great source of future full- or part-time employees or contract workers. The new AICPA brochure explains in practical detail the best practices in building loyalty through a strategic off-ramping initiative. This guide, which is part of the ongoing work of the AICPA Work-Life & Women's Initiatives Executive Committee, can be found at [www.aicpa.org/Career+Development+and+Workplace+Issues/Women+in+the+Profession/](http://www.aicpa.org/Career+Development+and+Workplace+Issues/Women+in+the+Profession/).

These are just two of the steps we're taking to enhance members' professional lives. Because these initiatives and so many others are very important to me as a member of this great profession, I value my membership in the AICPA. As someone from a small firm in Alabama, I see the profession as a vast family of strong, skilled and very able professionals. When we pool our energies through our Institute membership, we benefit from the kinds of opportunities and resources I've described here. You'll find more information on some of the benefits of AICPA membership in the Special Feature in last month's *CPA Letter* ([www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)) and in a new online membership brochure that can be found at [www.aicpa.org/download/member\\_benefits/member\\_guide.pdf](http://www.aicpa.org/download/member_benefits/member_guide.pdf) [see article on page 4]. I hope you will take advantage of all that your AICPA membership has to offer.

 [jimmyw@mdacpa.com](mailto:jimmyw@mdacpa.com)

As a result of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Scott A. Adkins** of Martinez, Ga., admonished by the AICPA and the Georgia Society of CPAs, effective May 17, 2007.
- **Mark D. Anderson** of Martinez, Ga., admonished by the AICPA and the Georgia Society of CPAs, effective May 17, 2007.
- **Thomas R. Ehmman II** of Skokie, Ill., suspended from membership in the AICPA and the Illinois CPA Society for a period of two years, effective May 25, 2007.

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

- Terminated because of a final judgment of conviction for a crime punishable by imprisonment for more than one year:
  - **Martin Goldstein** of Chestnut Ridge, N.Y., effective May 4, 2007.

## disciplinary actions

- **Lloyd Silverstein** of Melville, N.Y., effective Apr. 24, 2007.
- **Robert E. Vigil** of Ribera, N.M., effective Apr. 3, 2007.
- **Paul Weiner** of Wayne, N.J., effective Apr. 24, 2007.
- Terminated following revocation of their CPA certificate, license and/or permit to practice by their state boards of accountancy:
  - **John R. Buck** of Dallas, effective Apr. 24, 2007.
  - **Michael R. Repoli** of Fort Pierce, Fla., effective May 30, 2007.
- Terminated following disciplinary action imposed by the Public Company Accounting Oversight Board:
  - **Edward L. Turner** of Dallas, effective May 30, 2007.
- Terminated following disciplinary action imposed by the Internal Revenue Service:
  - **John M. Sacco** of Pound Ridge, N.Y., effective May 30, 2007.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)

## GASB Reconciles Disclosure Requirements for Governmental Pensions, Retiree Healthcare

The Governmental Accounting Standards Board has issued Statement No. 50, *Pension Disclosures*, which more closely aligns current pension disclosure requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits. Specifically, several provisions in Statement 50 amend GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

The requirements of Statement 50 generally are effective for periods beginning after June 15, 2007, with early implementation encouraged. The requirements relating to governments using the aggregate actuarial cost method are effective for financial statements and required supplementary information that contains information from actuarial valuations as of June 15, 2007, or later. Statement 50 (Product Code GS50) can be ordered from the GASB:

 800/748-0659

 [www.gasb.org](http://www.gasb.org)

## AICPA Issues Technical Practice Aids on Employee Benefit Plans

The AICPA recently issued three employee benefit plan related Technical Practice Aids to provide guidance in implementing FASB Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*.

- TPA 6931.08, *Types of Investments Subject to SOP 94-4, as Amended by FSP AAG INV-1 and SOP 94-4-1*.

- TPA 6931.09, *Financial Statement Presentation When a Plan Invests in a Common Collective Trust Fund or in a Master Trust That Holds Fully Benefit-Responsive Investment Contracts*.
- TPA 6931.10, *Financial Statement Disclosure Requirements When a Plan Invests in a Common Collective Trust Fund or in a Master Trust That Holds Fully Benefit-Responsive Investment Contracts*.

accounting  
& auditing  
news

The TPAs address the types of investments covered by the FSP, financial statement presentation of investments in common collective trust funds and master trusts, and related disclosure requirements. The TPAs are available on the AICPA's Web site at [www.aicpa.org/download/acctstd/TIS6931.08.pdf](http://www.aicpa.org/download/acctstd/TIS6931.08.pdf).


## Audit and Attest Standards Staff Issues Technical Practice Aids in Response to Questions on SAS No. 103

The Audit and Attest Standards staff has issued these two Technical Practice Aids regarding Statement on Auditing Standards No. 103:

- TPA 8350.01, "Current Year Audit Documentation Contained in the Permanent File." The TPA provides auditors with guidance as to how the documentation, completion and retention provisions of SAS No. 103 apply to current-year audit documentation maintained in the permanent file. The TPA is available at [www.aicpa.org/download/auditstd/TIS8350.pdf](http://www.aicpa.org/download/auditstd/TIS8350.pdf).
- TPA 9100.06, "The Effect of Obtaining the Management Representation Letter on Dating the Auditor's Report." The TPA provides guidance to auditors as to whether the auditor is required to have the signed management representation in hand as of the date of the auditor's report. The TPA is available at [www.aicpa.org/download/auditstd/TIS9100.pdf](http://www.aicpa.org/download/auditstd/TIS9100.pdf).

The Audit and Attest Standards Team encourages members to contact the AICPA Accounting and Auditing Technical

Hotline with any questions they may encounter while performing their engagements. The Hotline can be contacted by calling 888/777-7077 or going online to:

 [www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+and+Auditing+Technical+Help/](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Accounting+and+Auditing+Technical+Help/)

## Revision of Practice Alert 2003-1, *Audit Confirmations*, Issued

In 2003, the Professional Issues Task Force issued Practice Alert 2003-1, *Audit Confirmations*. The PITF has updated and revised the guidance in the Practice Alert, the result being a non-authoritative document that responds to practitioners' current concerns with respect to audit confirmations. The revised Practice Alert provides guidance to auditors of non-issuers and their firms regarding the following:

- Improving confirmation response rates.
- Negative vs. positive confirmation requests.
- Non-responses to positive confirmations.
- Responses to positive confirmation requests indicating exceptions.
- Use of electronic confirmations.
- Confirmations received via fax or electronically.
- Management requests not to confirm.
- Alternative procedures.
- Use of client personnel.
- Confirmation of accounts receivable.
- Confirmation of terms of unusual or complex agreements or transactions.
- Confirmation of accounts payable.
- Confirmation of related-party transactions.
- Evolving alternatives to confirmation.

The Professional Issues Task Force encourages practitioners and AICPA member firms to incorporate the guidance contained in the alert as soon as practicable. The alert is currently available on the AICPA's Web site at:

 [www.aicpa.org/download/secps/pralert\\_03\\_01.pdf](http://www.aicpa.org/download/secps/pralert_03_01.pdf)

**Management of an Accounting Practice Handbook** (No. 090407CPA07). Created by top CPA practitioners and just updated, this three-binder set offers a vast collection of practice management guidance and tools in an easy-to-use format. Covers sensitive topics such as employee benefits and compensation, staffing, disaster recovery, firm organization and more. Plus, there are answers to the kinds of questions that come up as a practice grows, including best practices for starting or dissolving a firm, selling or merging a firm, and reducing a firm's exposure to malpractice litigation. \$138 member/\$172.50 non-member.

**Employee Benefit Plans Industry Developments — 2007 Audit Risk Alert** (No.

022417CPA07). Recent industry, regulatory and professional developments may affect your clients and your audits. The new Audit Risk Alert covers the Pension Protection Act of 2006, as well as guidance on implementing FASB Staff Position AAG INV-1 and SOP 94-4-1, and a summary of the latest modifications to the 2006 Form 5500 instructions. \$29 member/\$36.25 non-member.

**Compensation as a Strategic Asset** (No. 090493CPA07). Successful firms find ways to hire the best. The authors take you step-by-step through a process that brings mission, vision, values, strategy, leadership, goal-setting, performance management and

now  
available

compensation together. \$57 member/\$71.25 non-member.

To purchase these products, see order information below.

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

**Annual Update for Accountants and Auditors, 2007–2008 Edition** (No. 730093CPA07). Keep abreast of the recently issued pronouncements, exposure drafts and consensus reports in the accounting, auditing, compilation and review arenas. Prerequisite: Experience in accounting and auditing. Recommended CPE credit: 21. \$159 member/\$198.75 non-member.

**Internal Control Essentials for Financial Managers, Accountants and Auditors** (No. 731853CPA07). Gain a solid understanding for interpreting basic documentation of a significant accounting process, identifying the significant risks of frauds and errors, locating the presence or absence of compensating controls, and identifying key controls and control weaknesses. Prerequisite: None. Recommended CPE credit: 12. \$139 member/\$173.75 non-member.

**Advanced Planning for S Corporations** (No. 733250CPA07). Gain a solid understanding of the intricacies of the ever-popular S corporation form of doing business. Prerequisite: Completion of the AICPA's course *S Corporations: The Ins and Outs of Tax Reporting and Planning* or equivalent knowledge and experience. Recommended CPE credit: 12. \$139 member/\$173.75 non-member.

**Annual Public Company Update: SEC, PCAOB and Other Developments** (No. 731883CPA07). CPAs in industry involved in SEC accounting as well as independent auditors will keep up with the latest non-accounting pronouncements, regulations and guidance issued by the SEC, PCAOB, AICPA, COSO and others as they apply to the filings and audits of this reporting cycle. Prerequisite: Moderate experience in SEC accounting, reporting or auditing. Recommended CPE credit: 10. \$159 member/\$198.75 non-member.

**Advanced Controller and CFO Skills** (No. 733260CPA07). Display best practices of leading-edge controllers and CFOs. Prerequisite: Basic or beginning controller's course in lieu of experience. Recommended CPE credit: 9. \$139 member/\$173.75 non-member.

**FASB Review for Industry, 2007–2008 Edition** (No. 730564CPA07). Find comprehensive coverage of recent FASB, AcSEC, IASB and EITF pronouncements geared to the specific interests of CPAs in corporate management. Recommended CPE credit: 14. Prerequisite: Experience in financial reporting. \$149 member/\$186.25 non-member.



## CITP Credential Helps CPAs Distinguish Their Technology Skills

The AICPA's Certified Information Technology Professional credential was designed specifically for CPAs who specialize in the field of information technology. The CITP credential is unique in that it is only available to CPAs, and the CPAs who qualify are recognized for their combined achievement of IT-related certifications, degrees, continuing education and business experience providing them with a wide range of documented IT competency.

A CITP provides an organization with someone who can translate technical information into results-oriented business language that key decision makers can understand. CPA.CITPs are also

working in any number of roles, from public accounting to business and industry and government.

CPAs who just want to stay abreast of technology issues may want to join the IT Membership Section. Benefits include exclusive articles, tools and resources that address the Top Technology Initiatives and a TECH+ Conference discount.

Apply by July 31 and take advantage of CITP or IT Section Membership discounts: CITP for \$350 (a savings of \$200) or section membership for \$100 (a savings of \$100). For additional information, visit [www.aicpa.org/infotech](http://www.aicpa.org/infotech) or e-mail [infotech@aicpa.org](mailto:infotech@aicpa.org).

## 2007 OMB Circular A-133 Compliance Supplement Issued

In May, the Office of Management and Budget issued the 2007 OMB Circular A-133 *Compliance Supplement*. The supplement, which is updated each year, identifies important compliance requirements that the federal government expects to be considered as part of an audit in accordance with the Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Appendix V, *List of Changes for the 2007 Compliance Supplement* ([www.whitehouse.gov/omb/circulars/a133\\_compliance/07/app\\_5.pdf](http://www.whitehouse.gov/omb/circulars/a133_compliance/07/app_5.pdf)), is a key piece of guidance that identifies the changes that OMB has made to the supplement.

The 2007 supplement ([www.whitehouse.gov/omb/circulars/a133\\_compliance/07/07toc.html](http://www.whitehouse.gov/omb/circulars/a133_compliance/07/07toc.html)) is effective for audits of fiscal years beginning after June 30, 2006, and supersedes the 2006 supplement. To purchase a print copy of the supplement, contact the Government Printing Office at 202/512-1800. The stock number is 041-001-00643-5.

## HUD Updates Chapter 7 of Consolidated Audit Guide

The U.S. Department of Housing and Urban Development ([www.hud.gov](http://www.hud.gov)) is going through the process of updating its Consolidated Audit Guide for Audits of HUD Programs, Handbook 2000.04 REV-2 CHG-1, on a chapter-by-chapter basis. HUD recently issued an update to Chapter 7 of the guide titled, *HUD-Approved Title II Nonsupervised Mortgagees and Loan Correspondents*. Per the related HUD transmittal to the chapter, the guidance in revised Chapter 7 is effective and can be used upon issuance. The HUD transmittal also provides a summary of the significant changes made to the Chapter 7. The issuance of Chapter 7 brings the number of chapters in the guide that have been revised by HUD to four, which also include Chapter 5 on Insured Development Cost Certification

Audits, Chapter 6 on Ginnie Mae Issuers, and Chapter 8 on HUD Title I Program (Property Improvement and Manufactured Home Loans).

HUD also recently issued revisions to the illustrative internal control reporting in Chapter 2 of the guide for the impact of SAS No. 112, *Communicating Internal Control Matters Identified in an Audit*. The reports and all updated chapters to the guide can be accessed by visiting [www.hud.gov/offices/oig/reports/auditguide/](http://www.hud.gov/offices/oig/reports/auditguide/). Watch the AICPA Governmental Audit Quality Center Web site for updates on future HUD actions to update other chapters in the guide.



[www.aicpa.org/GAQC](http://www.aicpa.org/GAQC)

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# The CPA Letter

August 2007 Vol. 87 No. 8  
A News Report to Members



## AICPA Issues First Statement on Standards for Valuation Services

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

The AICPA's Consulting Services Executive Committee has released the first new professional standard on valuation services, *Statement on Standards for Valuation Services No. 1, "Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset."* The standard provides guidelines to CPAs for developing estimates of value and reporting on the results. It applies to AICPA members who perform an engagement that estimates the value of a business, business interest, security or intangible asset for numerous purposes, including sales transactions, financing, taxation, financial reporting, mergers and acquisitions, management and financial planning and litigation. SSVS No. 1 is effective for engagements accepted on or after Jan. 1, 2008.

"The AICPA developed the valuation standard to improve the consistency and quality of practice among its members who perform engagements that estimate values for various reasons," said AICPA President and CEO Barry Melancon. "Congress, government agencies and accounting regulators have recently focused their attention on appraisal issues — such activity shows the importance of valuation to the business community and individuals. The standard promotes greater transparency and provides our members with a set of guidelines in the unique context of a CPA practice."

SSVS No. 1 specifies two types of engagements: valuation engagements and calculation engagements. For valuation engagements, two types of written reports are permitted — detailed reports and summary reports. For calculation engagements, one type of written report is permitted — calculation reports. Oral reports are allowed for all engagements under the standard.

SSVS No. 1 was issued after members' input on earlier exposure drafts was incorporated. While the effective date is not until Jan. 1, 2008, the AICPA is urging firms and CPAs to begin earlier implementation.

A copy of the standard is available from [www.aicpa.org/bvstandard](http://www.aicpa.org/bvstandard), as is a toolkit for members and state CPA societies to help them understand and implement the new standard. It includes a fact sheet, frequently asked questions and various slide decks. New resources will be added periodically.

More than 25,000 CPAs currently provide business valuation and forensic & litigation services, and more than 2,500 CPAs hold the AICPA's Accredited in Business Valuation credential demonstrating their expertise as preferred valuation professionals. For information about ABV, visit:



[www.aicpa.org/bvfls](http://www.aicpa.org/bvfls)



[www.aicpa.org/bvstandard](http://www.aicpa.org/bvstandard)



## AICPA Annual Members' Meeting to Be Held October 23 in Florida

This issue of *The CPA Letter* has been published exclusively in electronic format. Next month's issue will be published both electronically and in print.

The AICPA's Annual Members' Meeting will be held on Tuesday, Oct. 23, at the Marriott Waterside Hotel & Marina in Tampa, Fla. Members also are invited to observe Council's deliberations, which will take place Oct. 21–23. CPE will be provided, as appropriate, depending upon the content of the final

agenda. For general Council or Annual Meeting information, contact Jay Rothberg ([jrothberg@aicpa.org](mailto:jrothberg@aicpa.org); 212/596–6005) or Jo DeLosReyes ([jdelosreyes@aicpa.org](mailto:jdelosreyes@aicpa.org); 212/596–6216). For hotel information, contact John Torrillo ([jtorrillo@aicpa.org](mailto:jtorrillo@aicpa.org); 212/596–6161).

## Financial Literacy Campaign Being Promoted to Children in Summer Mall Tour

The AICPA and state CPA societies are joining in a new opportunity to promote Feed the Pig, an arm of the profession's financial literacy effort, to younger children throughout communities this summer. The campaign was selected as one of seven Ad Council campaigns to participate in Radio Disney's Move It! summer mall tour.

The Move It! tour celebrates music and movement to encourage children to adopt a healthy lifestyle, including being financially fit. Radio Disney is hosting a one-day Move It! event in 42 malls in 29 states on Saturdays in July and Aug. 2007. Expected to attract over 200,000 families nationwide, these highly interactive events feature activity stations and promotional materials, such as posters, newsletters, flyers and local radio broadcasts. The AICPA is donating piggy banks and other items to be given as prizes. In addition, a handout on "How to Talk to Your Children about Money" will be available.

## AICPA Member Benefits Brochure Online for Quick, Easy Reference

In keeping with the AICPA's ongoing efforts to make membership benefits quick and easy to access, the Institute has put on its Web site a downloadable copy of a new membership benefits guide ([www.aicpa.org/download/member\\_benefits/member-guide.pdf](http://www.aicpa.org/download/member_benefits/member-guide.pdf)). This completely remodeled tool is divided into member-friendly sections:

- "Lead" highlights how the AICPA, through its members, is championing efforts to shape its environment by addressing today's hottest topics.
- "Inform" helps you stay up-to-date on leading AICPA CPE and publications.

- "Save" details a comprehensive list of our Member Elite Values and Insurance Programs.

The guide is easy to navigate and serves as a prime source for membership information. Be sure to download your copy and keep it as a handy reference to take advantage of the myriad ways your AICPA membership works for you.

## Companies Needed for Management Accounting Research

U.S. and European firms with existing Latin-American sourcing relationships are sought to participate in a research effort the AICPA is funding. The researchers, from Vrije University in Amsterdam and University of Colorado-Boulder, want to interview key individuals at participating U.S. and European firms and their Latin-American counterparts about sourcing practices. This effort is part of the AICPA's joint research program with the American Accounting Association's Management Accounting Section.

The interviews will take place between Sept. and Nov. 2007. The resulting analyses will be included in a final research paper disseminated among our members, other financial executives, academics and students in 2008. Participating companies may also use the final report internally or request a formal presentation of research results.

For more information, go to the AICPA Financial Management Center at <http://fmcenter.aicpa.org/NR/rdonlyres/401EC172-7378-4E47-8AFD-0A45081C15AF/0/SeltoProposalSummary.pdf>.

## AICPA Looking for Talented People Wanting New Career Opportunities

As the leading national professional organization for CPAs serving 350,000 mem-

bers across the country, the AICPA is looking for qualified candidates in its Washington, D.C., New York and Durham, N.C., offices for positions in Ethics, Peer Review, Taxation, Publications, Audit, Government Accounting and Auditing, and Business Reporting. From advocacy, certification and licensing, to communications, recruiting, education, standards and performance, the AICPA's mission is to benefit the public as well as employers and clients served by CPAs. Members who know someone who may be ready to make a career move to join the Institute should refer them to [www.aicpa.org/careers](http://www.aicpa.org/careers) for more information. Résumés also may be e-mailed to [careers@aicpa.org](mailto:careers@aicpa.org). All résumés will be responded to promptly.

## How to Obtain Permission to Reprint CPA Letter Articles

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## PUBLIC MEETING NOTICES

**Accounting & Review Services Committee:** Sept. 24-26, Washington, D.C.

**Accounting Standards Executive Committee:** Sept. 18-19, New York

**Auditing Standards Board:** Aug. 14-16, Minneapolis

**Peer Review Board:** Aug. 27-28, Minneapolis

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## CPA2Biz Launches Next Generation Web Site to Support CPAs' Expanding Online Needs

In June, CPA2Biz Inc. launched the next generation version of its e-commerce site, [www.cpa2biz.com](http://www.cpa2biz.com). Built on a powerful new Web platform, incorporating the latest technology from best-in-class partners, the next generation site provides users with many new capabilities, beginning with a prominent left-navigation area that allows CPAs to browse by Topic, Job Area and Product Type.

The overarching goal of the re-engineered site was to make it more user-friendly to accounting and finance professionals

who rely on it as a critical resource. Customer feedback, industry best practices and extensive usability testing were the key drivers of the new site strategy. CPA2Biz paid particularly close attention to feedback received from CPAs at smaller firms, whose businesses are especially impacted when they are unable to find the content and resources they seek quickly and efficiently.

Users are now presented with point-of-purchase features that help them make more informed purchasing decisions. The look-inside-the-book feature allows CPAs to view

tables of contents and key page excerpts, video clips allow for previews of CPE courses and search results include detailed comparison charts.

The launch of the next generation site coincided with CPA2Biz being named to *Internet Retailer's Guide to Top 500 Retail Web Sites* for the second consecutive year. The site was serving CPAs effectively but the new platform promises to help CPA2Biz keep pace with the accounting profession's expanding Web-based needs and expectations.

## National Tax Gap Conference Draws Key Policymakers; AICPA Members Sound Off in Tax Gap Survey

The National Conference on the Tax Gap held in June on Capitol Hill drew key legislative and regulatory policymakers to examine what is the tax gap and key determinants of compliance and non-compliance, as well as to explore options for closing the tax gap. The event was sponsored by the AICPA Federal Tax Division, American Bar Association Section of Taxation, American Tax Policy Institute, Tax Executives Institute and American College of Tax Counsel. The materials presented and discussed at the Tax Gap Conference are available at <http://www.abanet.org/tax/nosearch/taxgap/home.html>.

In a related action, nearly 1,300 AICPA members responded to an Internet-based survey on the tax gap. The June 11 survey provides a number of interesting statistics. For example, nearly 49% of those responding believe small business and the self-employed are responsible for the tax gap, and over 48% of the CPA respondents believe taxpayers may fail to file returns due to experiencing a traumatic event in their lives. The survey was developed, in part, in response to the current congressional debate over the tax gap and the need to close the federal budget deficit. The survey results can be found at [www.aicpa.org/tax](http://www.aicpa.org/tax) (click on Resources tab).

## Federal Single Audit Quality Study Released

A federal study on the quality of audits performed under Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, was issued June 22, 2007. The report, titled *Report on National Single Audit Sampling Project* (the PCIE report), was issued by the President's Council on Integrity and Efficiency and addressed to the OMB. Overall, the study had two goals: (1)

regulatory matters

to determine the quality of single audits and establish a statistically based measure of audit quality; and (2) to recommend changes in single audit requirements, standards and procedures to improve the quality of single audits. The PCIE report shows improvements are needed in many areas. To view the report, go to [www.ignet.gov/pande/audit/NatSamProjRptFINAL2.pdf](http://www.ignet.gov/pande/audit/NatSamProjRptFINAL2.pdf).

The AICPA Governmental Audit Quality Center Executive Committee will form a special task force to study in detail the PCIE report findings and recommendations and to work with the OMB, the Inspectors General and other interested parties to provide additional guidance to help members achieve the highest standards in performing quality governmental audits. For more information about the Governmental Audit Quality Center, go to [www.aicpa.org/gaqc](http://www.aicpa.org/gaqc).

## OMB Issues Revision to Circular A-133 Addressing SAS No. 112; Illustrative Reports, Other Related Guidance Available

The Governmental Audit Quality Center staff and a volunteer task force have been working closely with the U.S. Office of Management and Budget and several other federal agencies to determine how SAS No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, internal control terminology and definitions will be implemented in single audit reporting. As a result, on June 26, the OMB issued a *Federal Register* notice, *Revisions to*

*OMB Circular A-133*, which can be accessed at [www.whitehouse.gov/omb/fedreg/2007/062607\\_audits.pdf](http://www.whitehouse.gov/omb/fedreg/2007/062607_audits.pdf). The notice revises the Circular to, among other things, adopt updated terminology consistent with SAS No. 112 requirements effective for single audits of periods ending on or after Dec. 15, 2006. Concurrent with this notice, the GAQC has finalized single audit illustrative

*continued on page 5*



## Statement of Position 07-1 Issued on Scope of AICPA Investment Companies Guide

In June 2007, The AICPA's Accounting Standards Executive Committee issued Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* (No. 014945CPA08). The SOP provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide *Investment Companies*. For those entities that are investment companies under the SOP, the SOP also addresses whether the specialized industry accounting principles of the guide (referred to as *investment company accounting*) should be retained by a parent company in consolidation or by an investor that has the ability to exercise significant influence over the investment company and applies the equity method of accounting to its investment in the entity (referred to as an *equity method investor*).

In addition, the SOP includes certain disclosure requirements for parent companies and equity method investors in investment companies that retain investment company accounting in the parent company's consolidated financial statements or the financial statements of an equity method investor.

The SOP is effective for fiscal years beginning on or after Dec. 15, 2007, with earlier application encouraged.

To order a copy of SOP 07-1, see information on page 5 (price: \$14/\$17.50).

### TPAs Released on Not-for-Profit Fundraising Activities

AICPA staff recently issued three Technical Practice Aids pertaining to not-for-profit organizations' reporting fundraising activities: 6140.20, *NPOs Reporting No Fundraising Expenses*; 6140.21, *Should an NPO Report Amounts Charged to the NPO by a Professional Fund-raiser Gross, as Fund-raising Expenses, or Net, as a Reduction of Contributions*; and 6140.22, *In Circumstances in Which the Reporting NPO Undertakes a Transaction in Which Another NPO (Fund-raising NPO) Raises Contributions on Behalf of the Reporting NPO, and the Reporting NPO Compensates the Fundraising NPO for Raising Those Contributions (Compensation Including, but not Limited to, an Administrative Fee), Should the Reporting NPO Report the Fund-raising NPO's Compensation Gross, as Fund-raising Expenses, or Net, as a Reduction of Contributions?*

The TPAs note it would be unusual for an NPO to have contributions but have minimal or no fund-raising expense, but provide examples of circumstances in which an NPO typically could have contributions but have minimal or no fund-raising expense. In addition, the TPAs explain that in circumstances in which a professional fund-raiser charges an NPO for soliciting contributions on the NPO's behalf, the NPO should report the amounts charged to the NPO by the professional fund-raiser gross, as fundraising expense. Similarly, the TPAs explain that in circumstances in which a reporting NPO compensates a fund-raising NPO acting as an agent or intermediary for raising contributions on behalf of the reporting NPO (including, but not limited to, the fund-raising NPO acting as an agent or intermediary retaining an administrative fee that will be deducted from all contributions that are to be transferred to the donor's chosen organization), the reporting NPO should report such compensation as fund-raising expenses.

To access, the TPAs, visit:

 [www.aicpa.org/download/acctstd/TIS6100\\_21\\_22.pdf](http://www.aicpa.org/download/acctstd/TIS6100_21_22.pdf)

## International Financial Executives Forum to Address Future of Business in Changing Global Economy

In today's interconnected financial business environment, CPAs and financial executives must constantly tackle an array of new and emerging issues. Whether it is capitalizing on globalization, shaping a future finance function, managing risk or sustaining development in the face of unprecedented change, financial leaders require not only skill and business savvy, but vision, passion and direction.

Those qualities comprise the theme of an upcoming international financial executive forum developed by the AICPA, CMA-Canada and the UK-based Chartered Institute of Management Accountants. To help CPAs and other financial leaders navigate during times of global change, the 2007 International Financial Executives Leadership Forum, being held Oct. 3-5 in Montréal, Canada, offers an opportunity to capitalize on the first-hand experience of experts from the United States, Canada and the United Kingdom. This one-of-a-kind forum will feature outstanding speakers and panelists from around the world, including Patricia Cochran,

chair of the AICPA's Business and Industry Executive Committee, and Robert Bunting, former AICPA Chair of the Board and current Deputy President of the International Federation of Accountants.

"Today's financial executives do much more than just financial reporting. They need to manage and grow their businesses, and successfully meet the challenges and capitalize on the opportunities presented by the expanding global economy. We created this conference to provide members with an opportunity to learn about sustainable strategies that not only drive the bottom line, but also strengthen their organizations," said John Morrow, AICPA vice president for members in business, industry and government. "We believe it will be a valuable experience for any financial executive, whether you are a CFO, director, vice president, controller or treasurer."

To learn more about conference topics or to register, go to:

 [www.ifelf.com](http://www.ifelf.com)

The new crop of industry-specific **Audit and Accounting Guides**, publishing with updates as of May 1, 2007, reflects what is new in the standards. Highlights include: guidance on performing audits under the new Risk Assessment Statements on Auditing Standards (SAS Nos. 104–111); how SAS 112 has redefined internal control deficiencies — and what you as an auditor need to report; updates on FASB Statements Nos. 157 and 159 on Fair Value; and what FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, means to your industry. New Audit

now  
available

and Accounting Guides now available are:

- *Construction Contractors* (No. 012587CPA08). \$59 member/\$73.75 non-member.
- *Depository and Lending* (No. 012737CPA08). \$69 member/\$86.25 non-member.
- *Investment Companies* (No. 012627CPA08). \$69 member/\$86.25 non-member.
- *State and Local Governments* (No. 012667CPA08). \$59 member/\$73.75 non-member.
- *Not-for-Profit Organizations* (No. 012647CPA08). \$69 member/\$86.25 non-member.

**Auditing Internal Control Over Financial Reporting** (Text, No. 732481CPA08; DVD/Manual, No. 181426CPA08). Based on the latest guidance from the SEC, PCAOB and COSO, this course takes auditors of both large and small public companies through the requirements of each major phase of an internal control audit. Recommended CPE credit: Text, 11; DVD/Manual, 14. Prerequisite: Knowledge of accounting systems and auditing standards; knowledge of COSO and AS No. 2 is helpful. Formats and prices: Text, \$139 member/\$173.75 non-member; DVD/manual, \$180/\$236.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

CPE  
news

reporting. Recommended CPE credit: 4. Format: Text. \$85 member/\$106.25 non-member.

**Real World Business Ethics for CPAs in A&A: How Will You React?** (No. 733600CPA08). Explore ethical issues in the context of actual regulatory and court proceedings that were resolved both in favor of and against A&A professionals in public practice. Prerequisite: Experience in accounting and auditing. Recommended CPE credit: 4. Format: Text. \$85 member/\$106.25 non-member.

**Real World Business Ethics for CPAs in Business & Industry: How Will You React?** (No. 733590CPA08). Case studies drawn from “real-life” situations help you take a proactive, risk-avoidance stance by pointing out common pitfalls and presenting alternative courses of action. Prerequisite: Experience in financial

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362–5066; call 888/777–7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

*continued from page 3* — **OMB Issues Revision**

reports updated for SAS No. 112 that can be found at <http://gaqc.aicpa.org/Resources/Illustrative+Auditors+Reports/>. In addition, the AICPA Auditing Standards Board has issued a related

auditing interpretation ([www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/Recently+Issued+Audit+and+Attestation+Interpretations.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/Recently+Issued+Audit+and+Attestation+Interpretations.htm)).

# The CPA Letter

September 2007 Vol. 87 No. 9  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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## AICPA Supports Tax Strategy Patent Amendment Added to Patent Reform Bill

The AICPA supports recent legislation that would make tax planning methods not patentable. On July 18, the House Judiciary Committee voted to include such a provision in H.R. 1908, Patent Reform Act of 2007. It would not include tax preparation software or other tools used solely to perform or model mathematical calculations or prepare tax or information returns.

The House Judiciary Committee voted the bill out of committee, so it will proceed for consideration on the House floor. A similar patent reform bill, S. 1145, Patent Reform Act of 2007, has been considered by the Senate Judiciary Committee and is awaiting Senate floor action. Any differences in the House and Senate bills would need to be reconciled before a final bill could be sent to President Bush for signature.

## Member Ballot Coming this Month; Members Comment on Bylaw Proposals

Proposed amendments to the bylaws have been endorsed by the AICPA's governing Council and board of directors, and both those governing bodies urge members to approve the proposals (*The CPA Letter*, July). The proposals are described in detail in the booklet that accompanies the ballot, which is being mailed to members this month. The booklet also sets out the text of each proposed amendment.

For proposed bylaw amendments to pass, they must be approved by at least two-thirds of those members voting. Ballots will be counted by an independent tabulator, IVS Associates. Ballots must be returned by mail to IVS and must be received by IVS during the 60-day voting period, which is prescribed in the bylaws. Members who have not received their ballot packet by Sept. 24 should call 888/637-3277 for a replacement. Additional information on the ballot will appear in future editions of *The CPA Letter* and on [www.aicpa.org](http://www.aicpa.org).

In the July *CPA Letter*, members were invited to express their views on the proposed bylaw amendments. By the July 31 comment deadline, comments had been received from three members. Two were in favor of all the proposals and one expressed disagreement with one of the proposals, which is discussed below. One of the comments, which expressed support for all 11 of the proposals, urged members to vote yes on

the bylaw changes. The other member who commented on all of the proposals stated that it is important that any professional association periodically review its governance and bylaws and that the proposals reflect an appropriate level of revisions to help keep the AICPA membership and governance frameworks operating efficiently. The comment also noted that the proposals represent the same kinds of suggestions CPAs make to their clients and employers and that members should do the same thing for their own professional association.

Two comments specifically related to the 150-hour education membership requirement proposal. One member opposed the change and commented that though some states do not require 150 hours of education, that should have no effect on AICPA requirements, that states set licensing requirements based on political and other considerations, that AICPA is a membership organization and should set its own requirements and that to defer the 150-hour requirement would weaken the Institute's reputation. Another member supported the proposal and noted that not all states have implemented the 150-hour licensing requirement and that the proposal would provide more time for states to make the change and thus would provide a fair way to allow all licensees the ability to continue to be a part of the national professional association.

## AICPA Announces Business & Industry and Government Awards

During the summer, the AICPA honored three members in business and industry with induction into its Business and Industry Hall of Fame and conferred awards for outstanding achievements for government members in local, state and federal government.

The AICPA Business and Industry Hall of Fame, sponsored by Ajilon Finance, honors CPAs who provide insight and vision to their organizations, understand all facets of their enterprise, and demonstrate the leadership, commitment and strategic ability necessary to help their organizations meet the challenges of today's dynamic market conditions. The three winners of the Ninth Annual Business and Industry Hall of Fame Awards are: Arthur V. Neis, former vice president, treasurer/CFO of LCS Holdings, Inc., Des Moines, Iowa; James W. Noyce, CEO of FBL Financial Group, West Des Moines, Iowa; and Peggy Scott, executive vice president, Blue Cross and Blue Shield of Louisiana, Baton Rouge. See this month's Business and Industry member-segment supplement for details (access instructions appear at right).

The Outstanding CPA in Government Awards recognize CPAs working in the federal, state and local levels of government who have made significant contributions to the increased efficiency and effectiveness of government organizations and to the growth and enhancement of the profession.

Ian Dingwall, winner of the federal award, is chief accountant of the United States Department of Labor's Employee Benefits Security Administration (EBSA). State level winner Walter Kucharski is the auditor of public accounts for the Commonwealth of Virginia. Max Stephanie Duplant, the local level winner, is chief financial officer of the City of Beaumont, Texas, and the president-elect of the Government Finance Officers Association

of Texas. For more information on these award recipients, see this month's supplement for members in government.

For more information about the AICPA Business and Industry Hall of Fame or the Outstanding CPA in Government Award, call the AICPA at 919/402-4870 or e-mail [fmcenter@aicpa.org](mailto:fmcenter@aicpa.org).

## International Financial Executives Forum to Address Global Economy

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## AICPA Looking for Talented People Wanting New Career Opportunities

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tions, recruiting, education, standards and performance, the AICPA's mission is to benefit the public as well as employers and clients served by CPAs. Members who know someone who may be ready to make a career move to join the Institute should refer them to [www.aicpa.org/careers](http://www.aicpa.org/careers) for more information. Résumés also may be e-mailed to [careers@aicpa.org](mailto:careers@aicpa.org). All résumés will be responded to promptly.

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[www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/September+2007/Supplements.htm](http://www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/September+2007/Supplements.htm)

## PUBLIC MEETING NOTICES

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By Jimmy L. Williamson, CPA, Cr.FA, DABFA  
Chairman, AICPA Board of Directors



I have been honored to serve as AICPA board chairman this past year. Here, in my final *CPA Letter* column, I want to highlight some developments that can make us all proud. I set forth several goals to accomplish during my term and I'm pleased to tell you that, with the help of many talented and dedicated members of the profession and the Institute team, we have made real progress in all of them.

A year ago, many practitioners were struggling to cope with numerous regulatory barriers that prevented them from providing services across state lines but that did not protect the public interest. So, one of my goals was to encourage efforts to improve practice mobility ([www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues](http://www.aicpa.org/Legislative+Activities+and+State+Licensing+Issues)). The AICPA and the National Association of State Boards of Accountancy recently approved a new edition of the AICPA/NASBA Uniform Accountancy Act that includes revisions to the Act's substan-

tial equivalency provisions. The notification requirement that was in the prior UAA's Section 23 had stood in the way of uniform mobility. The UAA now gives practice privileges to qualified individuals who meet the substantial equivalency provisions of Section 23 within certain guidelines. That's a big step forward, and it's not the only accomplishment in this area. We are also seeing further momentum among the individual states, and 10 have already taken the initiative to adopt the substantial equivalency concept.

Another promising development has occurred in the area of private company financial reporting ([www.pcf.org](http://www.pcf.org)), which has been the subject of a joint initiative by the Institute and the Financial Accounting Standards Board. The needs of private companies and their financial statement users may be different from those of public companies, and those differences should be reflected in standard setting. The new Private Company Financial Reporting Committee held meetings in May and July. The committee immediately began making formal recommendations to the FASB on proposed and existing standards that will have an impact on private companies. It is hoped that their work will lead to more cost-beneficial financial reporting for our non-public business clients.

In addition, our profession enjoys the reputation and respect it has precisely because it is made up of committed, capable people. To maintain that level of excellence, we must expand the opportunities to become a CPA and remain a part of the profession. Many women who become CPAs "off-ramp" at some point in their work lives, taking time away from their jobs, a

step that might set them back in their careers or prevent re-entry into the workforce. An AICPA brochure developed this year, *Guide to Building a Successful Off-Ramping Program*, examines best practices for building loyalty and holding on to these talented CPAs. It is one of many resources created by AICPA Work/Life & Women's Initiatives Executive Committee ([www.aicpa.org/worklife](http://www.aicpa.org/worklife); "What's New").

Finally, I believe we should use our expertise to raise the level of financial understanding in this country. Last fall, the profession extended the reach of its award-winning 360 Degrees of Financial Literacy campaign ([www.360financialliteracy.org](http://www.360financialliteracy.org)) by joining with the Ad Council to create Feed the Pig™, a national public service announcement campaign aimed at educating Americans aged 25-34 about the importance of making wise financial decisions. This highly successful program attracts about 1,400 visitors each day to its Web site ([www.feedthepig.org](http://www.feedthepig.org)) and has generated more than 340 million media impressions since Oct. 2006. In addition, on Apr. 26 as part of Congress's Financial Literacy Month event, the AICPA was one of six selected sponsors. Legislators, regulators, the media and others attended, giving extensive visibility to the CPA profession's 360 Degrees of Financial Literacy campaign.

In my inaugural speech, I said I believed in the power of ordinary people to achieve extraordinary results. These accomplishments prove that, working together, we in the CPA profession are capable of doing great things. I am very grateful for the opportunity to work with you to achieve these and other worthy goals.

 [jimmyw@mdacpa.com](mailto:jimmyw@mdacpa.com)

## New Internal Controls Software Developed by Lyn Graham

*ControlsDoc—For Documenting and Assessing Internal Controls* is a new flexible software tool designed for PC use that helps to more efficiently and effectively document internal controls. Lyn Graham, CPA, a former member of the AICPA Auditing Standards Board and the "404" Implementation Task Force, is a major contributor to its development.

"Companies and auditors will spend significant time and effort documenting and assessing internal controls," says Graham, a venture partner with The Cobre Group, developer of ControlsDoc. "ControlsDoc is an affordable software product that helps ensure compliance with ASB requirements, provides a safe and secure

environment for development and archival of that documentation, and facilitates the easy update of the documentation each year going forward."

ControlsDoc is designed for both public and non-public companies. Users can tailor the defaulted control objectives, attributes and sample flowcharts to reflect company-specific circumstances and adapt the application to user needs. For more information and to take a look at a ControlsDoc demo to see how the software can work for members, visit:



[www.cpa2biz.com](http://www.cpa2biz.com)

## FAQ on Independence Impact of Providing FIN 48 Services to Attest Clients

Periodically, the staff of the Professional Ethics Division issues non-authoritative guidance in the form of “Frequently Asked Questions and Answers” on ethics and independence questions raised by AICPA members. Recently, the division’s staff was asked whether under Interpretation 101-3—*Performance of Nonattest Services*, members could assist an attest client in applying FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, without impairing independence, given the potential complexity of the judgments that the client must make or approve in connection with such services.

Although the degree of complexity involved in the subject matter of any service would be a factor to consider in determining whether a client can meet the requirements of Interpretation 101-3, the Professional Ethics Executive Committee did not believe the complexities involved in applying FIN 48 would automatically preclude members from assisting clients

with its implementation. The PEEC agreed with the staff that a member could assist an attest client with its application of FIN 48 provided the member is satisfied that the client understands the reasons why a specific tax position does or does not meet the **more likely than not** (MLTN) threshold and the basis for the determination of the amount of related unrecognized tax benefits.

In reaching this conclusion, the PEEC noted that the requirement for the client’s designated individual to possess *suitable skill, knowledge and/or experience* to oversee the services does not require that the individual possess the technical expertise that the member possesses or the ability to perform or re-perform the services.

Accordingly, the Professional Ethics Division is adding the following FAQ to the non-authoritative listing of Bookkeeping FAQs that appear on the division’s Web site ([www.aicpa.org/download/ethics/nonattest\\_q\\_a.pdf](http://www.aicpa.org/download/ethics/nonattest_q_a.pdf)):

**Question –** *Would assisting a client in applying FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, such as identifying potential uncertain tax positions, advising the client whether those tax positions meet the more likely than not (MLTN) threshold, and calculating the related unrecognized tax benefits impair independence?*

**Answer –** *The provision of such services would not impair independence provided the client can make an informed judgment on the results of the member’s services and the other requirements of Interpretation 101-3 are met. In meeting the requirements of Interpretation 101-3, the member may assist the client in understanding why the tax positions do or do not meet the MLTN threshold and the basis for any unrecognized tax benefit so that the client can accept responsibility for the amounts reported and disclosed in the financial statements.*

## Accounting and Review Services Committee Issues New Standard

The AICPA’s Accounting and Review Services Committee has issued Statement on Standards for Accounting and Review Services No. 15, *Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services* (No. 060653CPA09).

The committee is aware that, in many instances, SSARSs referenced the practitioner to statements on auditing standards. The ARSC also is aware that, for many practitioners, compilations and reviews represent the highest level of service performed and, therefore, those practitioners may be unfamiliar with the auditing literature. SSARS No. 15 eliminates certain references to the auditing literature from the

SSARSs and, where deemed appropriate, incorporates guidance similar to that originally referenced.

To obtain copies of SSARS No. 15, go to [www.cpa2biz.com/AST/AICPA\\_CPA2BIZ\\_Browse/Store/Publications.jsp](http://www.cpa2biz.com/AST/AICPA_CPA2BIZ_Browse/Store/Publications.jsp) (price: \$19 member/\$23.75 non-member).

## GASB Issues Statement 51 on Intangible Assets

The Governmental Accounting Standards Board has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. According to the GASB, the statement provides needed guidance regarding how to identify, account for and report intangible assets. Statement 51 (Product Code GS51) can be ordered through the GASB’s order department at 800/748-0659 or via its Web site at [www.gasb.org](http://www.gasb.org).

## GAO Issues Final 2007 Revision to Government Auditing Standards

On July 27, the Government Accountability Office released *Government Auditing Standards, July 2007 Revision*. In Jan., the GAO announced the issuance of a revision to the “Yellow Book,” but at that time it indicated the revision would not be complete until final changes were made to chapter 3 regarding quality control and assurance.

The quality control and peer review section of chapter 3 had been re-exposed by the GAO based on comments they received from the due process review of the original draft revisions. The issuance of the July 2007 Yellow Book now completes the revision to the standards, including the sections on quality control and peer review and a number of technical changes to the Jan.

revision. More information appears in this month’s supplement for members in government (see page 2 for access instructions). To access the revised edition and a summary of the technical changes, go to:



[www.gao.gov/govaud/ybk01.htm](http://www.gao.gov/govaud/ybk01.htm)

tax  
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**AICPA Professional Standards** (No. 005107CPA09). This two-volume set offers a seamless source of professional standards applicable to non-public companies and contains pronouncements issued by the AICPA. Pronouncements are arranged by subject with amendments noted, superseded portions deleted, and necessary conforming changes reflected. This edition includes standards and interpretations issued through June 1, 2007. \$119 member/\$148.75 non-member.

**AICPA Technical Practice Aids** (No. 005147CPA09). This two-volume set contains all outstanding AICPA Statements of Position, Practice Bulletins and Practice Alerts issued through June 1, 2007, including PCAOB Release 2007-001 on auditors' responsibilities with respect to fraud, PCAOB Staff Audit Practice Alert No. 1, *Matters Related to Timing and Accounting for Option Grants*, as well as in-depth Q & A on industry-specific topics. \$119 member/\$148.75 non-member.

**Innovative Tax Planning for Small Businesses: Corporations, Partnerships & LLCs** (No. 745520CPA09). Author Bill Bischoff, CPA, covers the latest planning ideas and tax-saving techniques. Prerequisite: Basic knowledge of corporate income taxation. Recommended CPE credit: 16. Level: Intermediate. Format: Text. \$149 member/\$186.25 non-member.

**2007 Revised Yellow Book: Government Auditing Standards** (Text, No. 736116CPA09; DVD/Manual, No. 187196CPA09). Gain an understanding of GAO requirements for financial audits, attestation engagements and performance audits. Video format is ideal for on-site staff training or individual self-study. Prerequisite: Basic general audit knowledge and/or experience. Recommended CPE credit: Text, 20; DVD/Manual, 22. Level: Basic. Formats: Text, \$189 member/\$236.25 non-member; DVD/Manual, \$239/\$298.75. Additional low-cost manuals available for group training. Save even more with volume discounts.

**AICPA's Hottest Tax Topics for 2007** (No. 733130CPA09). Author Bill Bischof, CPA, highlights the developments that affect many individual, small business and corporate clients. Prerequisite: None. Recommended CPE credit: 12. Level: Intermediate. Format:

now  
available

**Accounting Trends & Techniques—Employee Benefit Plans, revised second edition** (No. 006651CPA09) provides more than 30 illustrative disclosures for financial statements of employee benefit plans. It includes new examples and illustrations of disclosures for audited plans specific to defined benefit pension plans, health and welfare benefit plans, defined contribution pension plans, and limited scope audits. \$65 member/\$81.25 non-member.

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

Text. \$145 member/\$181.25 non-member.

**Nonprofit Auditing and Accounting Update, 2007-2008 Edition** (Text, No. 732093CPA09; DVD/Manual, No. 182074CPA09). Gain a complete understanding of changes in the nonprofit environment, including the new Yellow Book, the risk assessment SASs and SAS No. 112. Video format is ideal for on-site staff training or individual self-study. Prerequisite: Knowledge of nonprofit auditing and accounting. Recommended CPE credit: Text, 15; DVD/Manual, 17. Level: Update. Formats: Text, \$149 member/\$186.25 non-member; DVD/Manual, \$199/\$248.75. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Managing Outsourcing Activities: Is It for You?** (No. 733270CPA09). Examine the potential benefits and pitfalls of outsourcing. Understand how to measure the rewards of outsourcing against the risks and develop guidelines for implementation. Prerequisite: Experience in financial management of a medium or small company. Recommended CPE credit: 4. Level: Basic. Format: Text. \$85 member/\$106.25 non-member.

CPE  
news

## AICPA in the Media – Recent Highlights

The AICPA's ongoing media relations efforts work to keep the national and business press informed about the profession's perspectives on a wide range of issues affecting the public and the outstanding work of CPAs. In May, June and July, AICPA media outreach resulted in CPAs being quoted in approximately 500 media outlets, including national and regional publications, radio and television programs and Web sites, in addition to business and accounting trades. These outlets generated an estimated 193 million media impressions. *The New York Times*, *Forbes*, *CNNMoney.com*, the *Wall Street Journal*, *Washington Post* and *USNews.com* were among the outlets. Topics included the AICPA's Feed the Pig campaign, the AICPA/Harris financial literacy poll, the Sarbanes-Oxley Act, tax issues such as the tax gap and tax patents, and CPA recruits and diversity in the profession.

## ABV Exam Provides Pathway to ABV Credential

Members looking to position themselves as premier business valuation providers pursue the Accredited in Business Valuation credential. The ABV credential helps CPAs differentiate themselves as experts who not only can make a determination of value, but apply that analysis strategically to create additional value for a client's business.

ABV credential holders automatically receive annual membership in the Business Valuation/Forensic & Litigation Services Section, a community of more than 5,000 AICPA members (visit [www.aicpa.org/bvfls](http://www.aicpa.org/bvfls) for more information).

### 2007 ABV Exam Details

Sitting for the ABV Exam is one of the pathways to becoming accredited. Registration for the 2007 exam is now open and will close Oct. 12. The exam can be taken between Nov. 12 and Dec. 15 and will be available in many cities across the United States. The testing centers are listed at [www.prometric.com/ABV](http://www.prometric.com/ABV). Registration may be completed either online or by filling in payment information on the ABV exam application form and mailing or faxing to

the address indicated. All details are available by going to [www.aicpa.org/bvfls](http://www.aicpa.org/bvfls) (click on "Become an ABV").

### Exam Preparation

The AICPA has developed a variety of tools and resources to help ABV candidates prepare for the exam. To assess your proficiencies and readiness to sit for the ABV exam, consider using the AICPA Competency Assessment Tool ([www.cpa2biz.com/CAT](http://www.cpa2biz.com/CAT)). In addition, you can download the *ABV Credential Handbook* for additional details on the ABV Exam process and the 2007 Content Specific Outline that details what information you will be responsible to know for the exam. These tools and other resources can be accessed on the BV/FLS Center Web site, by going to *Membership* and clicking on "Apply for the ABV Credential."

If you are getting ready to sit for the exam, you may want to consider attending a two-day ABV Examination Review Course. For a course listing and registration information, visit [www.aicpa.org/bvfls](http://www.aicpa.org/bvfls) and click on the *Events* tab.

*Note: CPAs who hold the Accredited Senior Appraiser (ASA) credential from the American Society of Appraisers in Business Valuation automatically qualify for the ABV*

*credential and do not need to fulfill the ABV exam requirement.*

## EDGAR® Online Now Offers Discounts to AICPA Members

AICPA members are now eligible for a discount to EDGAR® Online, Inc.'s award-winning I-Metrix subscription service. EDGAR Online's I-Metrix combines XBRL-enabled interactive data with Web and Microsoft Excel® analysis tools that will give CPAs a streamlined method of doing company and financial research.

I-Metrix will allow CPAs to work with XBRL-enabled public-company financial data through EDGAR Online's rich Web interface and Excel® add-in to perform multiple types of tracking and company analysis. This wealth of data on more than 12,000 companies includes historical information going back more than eight years, complete financial statement line items with direct links back to Securities and Exchange Commission source filings, ratios and industry comparisons, insider and institutional holdings, SEC filings, searching, screening and alerting among many other features. To utilize I-Metrix through this special arrangement, visit:



[www.aicpa.org/edgaronline](http://www.aicpa.org/edgaronline)

As a result of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program:

- **Gerald L. Bailey** of Atlanta admonished by the AICPA and the Georgia Society of CPAs, effective July 19, 2007.
- **Thomas D. Costello** of Evanston, Ill., expelled from membership in the AICPA, effective July 26, 2007.
- **Bruce F. Danoff** of New York, with the firm of Danoff Cooper, LLP, suspended from membership in the AICPA and the New York State Society of CPAs for a period of two years, effective July 13, 2007.

As a result of decisions by hearing panels of the Joint Trial Board, the following members have had their AICPA memberships:

—*Terminated:*

- **Robert E. Carlson** of Lakeland, Fla., effective June 29, 2007.
- **James N. Gailey** of Huntersville, N.C., effective June 29, 2007.
- **Robert F. Lewis** of Bella Vista, Ariz., formerly of Hart, Mich., effective June 29, 2007.

—*Admonished:*

- **John F. Foust** of Des Moines, Iowa, effective July 19, 2007.

As a result of acceptance of a guilty plea by the Joint Trial Board, in lieu of a hearing, the following member was admonished:

- **Ronald Wilcox** of Mt. Carmel, Ill., effective June 9, 2007. Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

—*Terminated* because of a final judgment of conviction for a crime punishable by imprisonment for more than one year:

- **Scott H. Beggs** of Osburn, Idaho, effective June 12, 2007.
- **Tara LaGrand** of Naples, Fla., effective June 12, 2007.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)

## Disciplinary Actions Now Also Being Published in Wall Street Journal

Consistent with the profession's quest to improve transparency to the public regarding the results of the AICPA's disciplinary process, the AICPA now will publish its disciplinary actions in the *Wall Street Journal* in the same month they are published in *The CPA Letter*. Beginning with this issue, disciplinary actions will be published every other month to streamline this simultaneous publication.

member news

disciplinary actions



## Highlights of Board of Directors' July Meeting

Here are some of the more significant actions and events that took place at the AICPA Board of Directors' meeting July 12–13:

- **Annual updates were provided on the Employee Benefit Plan and Governmental Audit Quality Centers.** The EBP AQC ([www.aicpa.org/ebpaqc](http://www.aicpa.org/ebpaqc)) has grown by 17% to more than 1,300 member firms in all 50 states plus Puerto Rico and has cultivated a strong working relationship with the Department of Labor. The GAQC ([www.aicpa.org/gaqc](http://www.aicpa.org/gaqc)) has more than 800 member firms, a growth of 42% over the prior year. As a result of a recent government report on audit quality regarding Single Audits, the GAQC will be working with the Auditing Standards Board, the Office of Management and Budget and other federal agencies on a go-forward basis in developing solutions to the issues identified in the report.
- **Regarding activities in the nation's**

**Capitol, board members heard of strong congressional support for the Institute's position on tax patents.**

Recent legislative efforts would serve to stop the issuance or enforceability of new tax planning method patents. In addition, the AICPA is working to equalize the tax return reporting standards for preparers with those that apply to taxpayers, limiting the application of the recently enacted "more likely than not" threshold to tax shelter items (*The CPA Letter*, July).

- **The board approved a resolution authorizing the release of a new edition of the AICPA/National Association of State Boards of Accountancy Uniform Accountancy Act, which includes the proposed revisions presented to the board.** NASBA approved the revised Act on July 27; this new version now represents the new official joint position of the AICPA and NASBA. A key provision of the new

UAA is the changes to "substantial equivalency," which should further accelerate legislative action to allow CPAs to practice across state lines.

- **Chairman Jimmy Williamson reported that since the Apr. board meeting he made 12 state CPA society presentations and that Vice Chair Randy Fletchall, former Chair Leslie Murphy and President and CEO Barry Melancon made another 16.** These presentations are part of the ongoing AICPA leadership's outreach efforts to the states, accountancy organizations and others.
- **Board members received an update on the 360 Degrees of Financial Literacy initiative.** Four new radio public service announcements, which state societies can co-brand with the AICPA, were demonstrated. Also mentioned was the AICPA's participation in the nationwide summer Move It! mall tour sponsored by Radio Disney (*The CPA Letter*, Aug.).

## CPA Financial Executives Remain Optimistic About Economy, Concerned About Rising Healthcare Costs

Optimism over the outlook for the U.S. economy remained extremely stable among the nation's CPA financial executives this past quarter. After improving in first quarter 2007, optimism about the U.S. economy dropped in the second quarter and remained consistent quarter-to-quarter from the second to third. According to the AICPA Business & Industry Economic Outlook survey for third quarter 2007, 47% of respondents said they were optimistic or very optimistic about the economic prospects for the country in the next 12 months, while 65% expressed optimism about the prospects for their own organization. When asked about their state's economic outlook, 45% expressed optimism.

Optimism for organizations was backed up again this quarter with continued expectations of business expansion. When asked whether they expected their business to expand or contract this year, 66% expected their business to expand with 16% expecting it to expand a lot. Only 15% expected contraction.

Concerns about the housing market remain and have expanded somewhat to include concerns about the mortgage market, however. Meanwhile, concerns about fuel prices, which were quite pronounced in the second quarter, have subsided somewhat. Joining housing at the top of the list this quarter were concerns about government and the political climate. Other factors mentioned included the war in Iraq, inflation and interest rates.

just  
in...

The survey was conducted during July and more than 1,400 CPAs responded. Half the respondents (50%) were CFOs, 20% were controllers and 15% were CEOs or COOs. Sixty-five percent were from privately owned entities, 16% from public companies, 11% from government, education and not-for-profits and 6% from foreign-owned companies. The full report is available from [www.aicpa.org/fmcenter](http://www.aicpa.org/fmcenter).

Separately, a poll on employee healthcare costs conducted at the AICPA's Summer Controllers Workshop showed 99% of financial executives who responded are concerned about rising expenses. Fully 81% of the respondents said their employee healthcare costs have risen in the past year, from as little as 5% to more than 20%.

While most of the executives said their organizations do not plan to reduce benefits, nearly a quarter indicated that employees would have to shoulder increased costs. Other tactics include offering high-deductible consumer driven plans and changing healthcare providers. Some will reduce the level of benefits.

Of the survey respondents, 86% are either controllers or chief financial officers. Twenty percent serve companies with more than a billion dollars in annual revenues, and 29% are with companies that have between \$100 million and a billion dollars in yearly revenues. The remainder work for companies with less than \$50 million in annual revenues.

## Center for Audit Quality Survey Finds Majority of Nation's Investors Support Sarbanes-Oxley Act

Expressing confidence in the capital markets and audited financial information, two-thirds of investors would be concerned by any easing of rules mandated by the Sarbanes-Oxley Act, according to a national survey conducted for the Center for Audit Quality ([www.thecaq.org](http://www.thecaq.org)). The CAQ was created earlier this year by the AICPA and the leading public company audit firms to serve investors, public company auditors and the markets.

The nationwide telephone survey of 1,000 investors explored opinions about the legislation and its various components, the strength of the U.S. capital markets and the impact of the Sarbanes-Oxley Act on investor confidence.

The findings were released in advance of a CAQ event at the National Press Club on July 30, the Act's fifth anniversary. The survey found that 84% of investors have confidence in the U.S. capital markets and 80% have confidence in the financial information provided by public companies, with 79% saying changes brought about by the Sarbanes-Oxley Act bolster their confidence in that information. Importantly, 62% of those participating in the survey believe the rules mandated by the Act should be left fundamentally as they are, with two-thirds saying they would be concerned by any easing of the rules.

### legislation

“Without question, the impact of the law has dramatically changed the landscape of today's U.S. capital markets,” said Cynthia Fornelli, executive director of the CAQ, in hosting the event. “While the Act draws some criticism, there is new evidence that it has had a favorable effect on investor confidence in

both our capital markets and audited financial information.” Among those in attendance were the bill's authors and current and former Securities and Exchange Commission chairmen. All agreed that the industry and investors were better off with the new law. Also speaking at the event were the past and present chairmen of the Public Company Accounting Oversight Board.

The CAQ's mission is to foster confidence in the audit process and to aid investors and the capital markets by advancing constructive suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust.

Dow Jones and Reuters covered the CAQ survey findings. A full report on the survey results can be found at:



<http://thecaq.org/events/sox/researchsummary.pdf>

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# The CPA Letter

October 2007 Vol. 87 No. 10  
A News Report to Members

**AICPA**<sup>®</sup>

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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## House of Representatives Passes Legislation to Prohibit Tax Strategy Patents

Thanks in large part to the AICPA’s exhaustive efforts against the issuance of patents for tax planning methods, on Sept. 7 the U. S. House of Representatives passed legislation that would prohibit such patents. The AICPA, which also worked with other organizations on the issue, congratulated House leaders on the legislation.

“The accounting profession appreciates the House’s swift action to protect taxpayers and tax practitioners from the growing problems presented by the granting of tax strategy patents,” said Barry C. Melancon, AICPA President and CEO.

Melancon noted that 60 tax strategy patents have already been granted and that 99

more are pending. “The patents are not limited to esoteric sections of the tax code,” he said. “They cover a broad array of areas, including estate and gift taxes and pension plans.”

The tax strategy patent prohibition language was included in H.R. 1908, the Patent

Reform Act of 2007, which was passed by the House by a vote of

220 to 175. This section of H.R.

1908 was an outgrowth of the

hard work on this issue by Reps.

Rick Boucher (D-VA), Bob Goodlatte (R-VA) and Steve Chabot (R-OH), who introduced legislation earlier this year to curb the growing problems of tax strategy patents.

legislation

## AICPA Commends Removal of Farm Bill Provision that Would Have Harmed Small Firms

The AICPA commended the U.S. House of Representatives’ removal of a provision in the Farm Bill Extension Act of 2007 that would have resulted in unfair competition to small CPA firms. The provision was part of a larger effort to expand the charter of the Farm Credit System so that the FCS would be able to offer not only loans, but also other financial services, such as accounting and tax services, to a large new class of non-farm borrowers. The bill passed without the measure in early Aug.

Because FCS institutions have lower costs as a result of their advantaged government-sponsored-entity status and because the pro-

vision would have allowed the FCS institutions to bundle services such as tax, lending, and book and record keeping to a broader group of non-farm businesses than they can at present, CPAs would have been at a competitive disadvantage. Likely types of businesses include hardware stores, truck and farm equipment dealers, transportation companies and small manufacturers and others who sell their goods and services to farmers.

The farm bill must still be considered by the Senate. At press time, congressional leaders were hoping final action on the farm bill would occur by the end of Sept., when the current Farm Act expires.

## Members Asked to Comment on Proposed Forensic Accounting Credential

The AICPA is considering establishing a new credential designed for practitioners of forensic accounting services. Member input into this process would be valuable and is important to the Institute. Forensic accounting services generally involve the application of specialized knowledge and investigative skills possessed by CPAs to collect, analyze and evaluate evidentiary matter and

to interpret and communicate findings in the courtroom, boardroom or other venue.

The Institute is very interested in your thoughts and would ask that you respond to a survey available at <http://vovici.com/wsb.dll/s/4e5ag2b5a2>. It would take just a few minutes of your time. Thank you for your effort and input.

This issue of *The CPA Letter* has been published exclusively in electronic format. Next month’s issue will be published both electronically and in print.

## Member Ballot Under Way

The member ballot containing 11 proposed amendments to the AICPA bylaws has been mailed to the members (*The CPA Letter*, Sept.). The proposals have been endorsed by the AICPA's Board of Directors and governing Council, both of which urge members to approve all the proposals.

The proposals were outlined in the July *CPA Letter*. Member comments on them were summarized in the Sept. *CPA Letter*. Additional information on the proposals is contained in the Referendum Booklet that accompanied the ballot.

For a member's ballot to be counted, it must be returned **by mail** to the independent tabulator, IVS Associates, and it must be received by IVS Associates by 5:00 p.m., Eastern Time, on **Nov. 6, 2007**.

Members who have not received their ballot packets should download the ballot material, including the cover letter, referendum booklet and the ballot, by following the link on [www.aicpa.org](http://www.aicpa.org) (at bottom of page). Or, call 888/637-3277 for a replacement ballot packet.

For a proposed amendment to be adopted, it must be approved by two-thirds of those members voting. Additional information on the member ballot will appear in future editions of *The CPA Letter*.

## Reminder: Renew Your AICPA Membership

It is time to renew your AICPA membership for 2007-08. If you have not yet paid, you should have received your second AICPA annual dues statement via U.S. mail last month. For your convenience, you can also pay your dues online at [www.aicpa.org/about/dues.htm](http://www.aicpa.org/about/dues.htm). This is the easiest way to renew and will ensure prompt posting to your account.

Today, more than ever, CPAs like you depend on the AICPA, their national professional organization, to provide time-saving tools, information and support as well as

preserve the credibility of the credential. The profession has experienced tremendous regulatory changes in recent years.

Understanding these changes and complying with standards is easier when you have the latest and most reliable guidance at your fingertips.

As a member, you get significant discounts on publications, conferences, products, services and a top-flight insurance program. You will find that your membership pays for itself in savings throughout the year.

To make sure you are receiving all of the benefits and relevant communications you are entitled to as an AICPA member, update your profile and contact information at [www.aicpa.org](http://www.aicpa.org). Click on the "Pay Your Membership Dues" hyperlink. It takes only a few minutes.

If you have any questions, contact the AICPA Service Center at 888/777-7077 or e-mail [service@aicpa.org](mailto:service@aicpa.org). We look forward to another year of serving you.

## Business and Promotional Merchandise in Accessories Collection Proudly Sport "CPA" Logo

Tens of thousands of members visibly display the "CPA" logo on their business cards, letterhead, promotional literature, signage, and even on lapel pins (for the AICPA's logo/tagline artwork and usage guidelines, visit [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)). In addition, many members use business gifts and giveaway merchandise that also tastefully feature the "CPA" logo. The AICPA's accessory collection includes such items as travel mugs, sweatshirts, golf balls and a Cross Creek cotton golf shirt, all of which carry the "CPA" logo.

To purchase these or other logo products, use the CPA Accessories Collection order form that appears on page 5 of this newsletter (the form may be photocopied). Be advised that the distribution company does not have copies of the order form.

You may also obtain the form through [www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html).

## How to Obtain Permission to Reprint CPA Letter Articles

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## CPA Letter Supplements Available

To obtain the public accounting, business and industry, and government member-segment supplements produced this month with *The CPA Letter*, visit:



[www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/October+2007/Supplements.htm](http://www.aicpa.org/Magazines+and+Newsletters/Newsletters/The+CPA+Letter/October+2007/Supplements.htm)

## PUBLIC MEETING NOTICES

**Accounting & Review Services Committee:** Nov. 8-9, New York

**Accounting Standards Executive Committee:** Nov. 6-7, Miami Beach; Jan. 8-9, 2008, New York

**Annual Members'/Council Meeting:** Oct. 21-23, Tampa

**Auditing Standards Board:** Oct. 23-25, Las Vegas

**Professional Ethics Executive Committee:** Nov. 8-9, Orlando

**Tax Executive Committee:** Nov. 5, Washington, D.C.

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news  
briefs

## AICPA Offers Guidance on Alternative Investments, Such as Hedge Funds and Investments Related to Subprime Loans

Over the past several years, certain not-for-profit organizations, healthcare entities, pension plans and investment companies – including hedge funds and funds of funds – have dramatically increased their investment in financial instruments that do not have a readily determinable market value. These investments are commonly referred to as alternative investments. Many entities report alternative investments at fair value and developing valuations, as well as obtaining sufficient appropriate audit evidence in support of the valuation assertion, can present challenges because of the lack of readily determinable fair value and the limited investment information generally provided by the fund managers. For example, the values of investments related to subprime loans (which may be either direct holdings of subprime loans or ownership of entities or investment vehicles, such as tranches, whose value is affected by the value of subprime loans) have reportedly declined significantly based on recent developments, including but not limited to

decreased liquidity for such investments. However, the existence of investments related to subprime loans within an alternative investment portfolio and the basis for their valuation may not be obvious.

To address the auditing challenges associated with all alternative investments, the Alternative Investments Task Force developed and issued a practice aid for auditors in 2006, “Alternative Investments – Audit Considerations.” The practice aid clarifies the responsibility of the client to have appropriate controls in place so that management can adequately address valuation assertions and the auditor can be comfortable with the valuation of investments. Specifically, the practice aid includes guidance on:

- 1) General considerations pertaining to auditing alternative investments.
- 2) Addressing management’s financial statement existence assertion.
- 3) Addressing management’s financial statement valuation assertion.
- 4) Management representations.

5) Disclosure of certain significant risks and uncertainties.

6) Reporting.

The practice aid also includes appendices on confirmations for alternative investments and illustrative examples of due diligence, ongoing monitoring and financial reporting controls.

Download the document from:



[www.aicpa.org/members/div/auditstd/alternative\\_investments.htm](http://www.aicpa.org/members/div/auditstd/alternative_investments.htm)

Many of the elements of the practice aid may assist auditors in addressing the audit issues related to recent subprime-related market developments.

In addition, auditors should consider AU 560, *Subsequent Events* ([www.aicpa.org/download/members/div/auditstd/AU-00560.PDF](http://www.aicpa.org/download/members/div/auditstd/AU-00560.PDF)), to determine the appropriate period in which to recognize any identified declines in value. Given the timing of some of the declines in investments related to subprime loans, this may be particularly relevant for entities with June 30 year ends, and may be a continuing consideration going forward.

accounting  
& auditing  
news

## SSARS Exposure Draft Issued on Defining Professional Requirements

The AICPA’s Accounting and Review Services Committee has issued an exposure draft of a proposed Statement on Standards for Accounting and Review Services, *Defining Professional Requirements in Statements on Standards for Accounting and Review Services*. Comments are due Oct. 25.

In serving the public interest, the ARSC aims to set high-quality standards for compilation and review engagements for nonissuers that are understandable, clear and capable of consistent application, thereby serving to enhance the quality and uniformity of practice. In doing so, the ARSC seeks to balance the needs of a wide range of users, including accountants, management, third-party users of compiled or reviewed financial statements, and the public in general.

In Dec. 2005, the Auditing Standards Board issued Statement on Auditing Standards No. 102, *Defining Professional Requirements in Statements on Auditing Standards* (AICPA, *Professional Standards*,

vol. 1, AU sec. 120). SAS No. 102 expressly defined imperatives used to describe different degrees of the auditor’s responsibility when conducting audit engagements in accordance with generally accepted auditing standards. The ARSC believes that by defining the levels of responsibilities that accountants have in compilation and review engagements in a fashion similar to SAS No. 102, standards for compilation and review engagements will be clarified, and the imperatives used in such standards will be consistent with the standards for audit engagements. The ARSC believes that this clarity and consistency will assist accountants in their work and improve the quality of compilation and review engagements.

The proposed statement would be effective immediately. The exposure draft is currently available on the AICPA’s Web site at:



[www.aicpa.org](http://www.aicpa.org); click on Professional Resources; Accounting and Auditing; Audit and Attest Standards

## Exposure Draft of Airline Guide Released

The Accounting Standards Executive Committee has issued an exposure draft of a proposed revised Audit and Accounting Guide, *Airlines*. The exposure draft has been posted to the AICPA Web site at

[www.aicpa.org/Professional+Resources/Exposure+Drafts/](http://www.aicpa.org/Professional+Resources/Exposure+Drafts/).

The proposed revised guide will address many new accounting issues that have emerged over the years. It also will include

chapters dedicated specifically to air cargo and regional carriers. Interested parties are encouraged to review the exposure draft and submit their comments, which are due Dec. 15, 2007.

## FASB Invites Comments on Adding Insurance Contracts to Agenda

The Financial Accounting Standards Board has issued an Invitation to Comment, *An FASB Agenda Proposal: Accounting for Insurance Contracts by Insurers and Policyholders, including the IASB Discussion Paper, Preliminary Views on Insurance Contracts*. The FASB issued the Invitation to Comment to gather information from its constituents to help decide whether there is a need for a project on accounting for insurance contracts. It also asks whether the FASB should undertake this project jointly with the International Accounting Standards Board.

Comments are due Nov. 16. Obtain the Invitation to Comment via [www.fasb.org](http://www.fasb.org).

## Department of Commerce Seeks CPAs

The Department of Commerce International Trade Administration is seeking CPAs with two or more years of public accounting experience to perform cost-of-production investigations of foreign manufacturers. Knowledge of GAAP, GAAS and cost accounting systems for manufacturing enterprises is required. Some international travel also is required. Starting salary range: \$66,767 to \$86,801. U.S. citizenship is mandatory to apply. E-mail résumé to [Theresa.Deeley@mail.doc.gov](mailto:Theresa.Deeley@mail.doc.gov).

## Small- to Medium-Size Companies Encouraged to Participate in IASB Field Test on International Reporting Standards

The AICPA encourages members to participate in the International Accounting Standards Board's Field Test on International Financial Reporting Standards for Small to Medium Size Entities ([www.iasb.org](http://www.iasb.org); "Current Projects"; "IASB Projects"). By sharing your views, help ensure the standards are easy to understand and comply with, do not cause undue burden, and identify any issues the IASB should consider.

## AICPA Offers Marketing Tool Kit for Peer Reviewers

Peer reviewers have found performing peer reviews has enhanced their knowledge of professional standards and improved their practices. They can provide better client service by observing and understanding the best practices of other accounting firms.

In its continuing efforts to recruit and retain peer reviewers, the AICPA has released a Peer Review *Practitioner's Tool Kit*. The tool kit provides samples and guidelines that both new and experienced peer reviewers can use to help them in promoting their peer review services and develop their practices.

The *Practitioner's Tool Kit*, available on the Peer Review Web site, [www.aicpa.org/members/div/practmon/practitioners\\_toolkit.asp](http://www.aicpa.org/members/div/practmon/practitioners_toolkit.asp), includes several documents to help peer reviewers market their practices. Following are brief descriptions:

- **Marketing Peer Review Services Prospect Q&A** — Provides answers to several questions that peer review prospects may have.
- **Introduction Letter to Prospect Firms** — This sample letter provides a guideline for reaching out and informing a CPA's net-

work of colleagues and prospects about his or her peer review practice and asks them for consideration when their firm engages a new reviewer.

- **Top Marketing and Sales Ideas** — This document provides potential marketing and sales strategies and tactics that can be implemented to help grow a peer review practice.
  - **Pipeline Tool** — This tool provides a mechanism to help in tracking and following up with potential prospects, especially given the long "lead cycle" between reviews.
  - **Internal Positioning Document** — This document provides answers to several anticipated questions that decision makers inside a firm may have about developing a peer review practice, and can help generate support for developing such a practice.
- For more information on becoming a peer reviewer, go to:



[www.aicpa.org/members/div/practmon/become\\_peer\\_reviewer.htm](http://www.aicpa.org/members/div/practmon/become_peer_reviewer.htm)

## Free Infocasts Help Solve Business Challenges

Join the AICPA for free interactive Infocasts. Presented in collaboration with CMA Canada and CIMA, the Chartered Institute of Management Accountants, these Web-based events use case examples to illustrate solutions to business challenges. In just over one hour, members can gain a greater understanding of today's business issues as well as the ability to implement real-time solutions.

All Infocasts run from 12:00 p.m. – 1:15 p.m., ET. Here are upcoming events:

- **Oct. 18 – Financing and Accounting Outsourcing** outlines best practices and highlights pitfalls in selecting and managing an outsourcing provider.
- **Nov. 15 – Managing Customer Value** provides guidance to help determine which customers are profitable and which are costly.

Infocasts are free, but pre-registration is required as space is limited. Participants may opt to receive one continuing professional education credit for each Infocast

attended. A fee of \$29.95 will be charged per CPE credit. To register, go to [www.cpa2biz.com](http://www.cpa2biz.com).

Access archived Infocasts from the Fall 2006 and Spring 2007 series at:



<http://fmcenter.aicpa.org/Resources/Management+Accounting+Guidelines>



**AICPA's Federal Tax Update, 2007–2008 Edition** (No. 731136CPA10). Identify planning strategies and compliance actions resulting from the latest changes to federal tax statutes, regulations, cases and rulings. Prerequisite: Familiarity with federal tax issues for various entities. Recommended CPE credit: 16. Level: Update. Format: Text. \$149 member/\$186.25 non-member.

**AICPA's 2007 Federal Income Tax "Workshop Update" by Sid Kess: Applying the Key Changes** (No. 733710CPA10). This new 8-hour self-study course focuses primarily on the current year tax changes. Prerequisite: Knowledge of individual and business income taxation and return preparation. Recommended CPE credit: 8. Level: Update. Format: Text. \$129 member/\$161.25 non-member.

**AICPA's Individual Tax Review & Update: Real World Applications!** (No. 733420CPA10). This new 4-hour tax review and update is a tour through the latest developments in individual taxation along with related analysis and planning strategies.

Prerequisite: Knowledge of individual income taxation and Form 1040 preparation. Recommended CPE credit: 4. Level: Update. Format: Text. \$85 member/\$106.25 non-member.

**AICPA's Corporate Tax Review & Update: Real World Applications!** (No. 733420CPA10). A new 4-hour tax review and update for applying the latest changes when preparing federal business income tax returns. Prerequisite: Knowledge of corporate income taxation. Recommended CPE credit: 4. Level: Update. Format: Text. \$85 member/\$106.25 non-member.

**Governmental Accounting and Auditing Update, 2007–2008 Edition** (Text, No. 736477CPA10; DVD/Manual, No. 186483CPA10). Gain a comprehensive understanding of new developments, including the new Yellow Book, risk assessment SASs, SAS No. 112 and more. Video format is ideal for on-site staff training or individual self-study. Prerequisite: Knowledge of government auditing and accounting. Recommended CPE credit: Text, 16;

DVD/Manual, 18. Level: Update. Formats: Text, \$149 member/\$186.25 non-member; DVD/Manual, \$199/\$248.75. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Compilation, Review and Accounting Service Update** (No. 733370CPA10). Highlights include what to know to plan, review and report on for these engagements in 2007 and deficiencies most commonly found by peer reviewers. Prerequisite: Experience managing accounting, compilation and review engagements. Recommended CPE credit: 4. Level: Update. Format: Text. \$85 member/\$106.25 non-member.

**To order,** write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362–5066; call 888/777–7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

**Life Cycle Planning for the CPA Practice: Practical Strategies and Forms** (No. 090496CPA10), by Martin M. Shenkman, CPA, MBA, JD. Before hiring a lawyer to draft your next business agreement, turn to this book to sort out the details so your business agreements can be drafted to fully reflect your intentions — in a process that is time and cost efficient. Each chapter covers a specific practice milestone, such as leasing or buying office space, merging with another practice or promoting staff to partner. A companion CD-ROM provides more than 700 pages of indexed, searchable, annotated sample forms and checklists. \$79 member/\$98.75 non-member.

**The CPA's Guide to Retirement Plans for Small Businesses** (No. 017257CPA10), by Gary S. Lesser, Esq. Designed to provide prac-

tioners with knowledge, understanding and the tools needed to offer strategic advice on retirement plans, this volume offers more than 500 pages of discussion on statutory requirements, the legal structure of various plan types, as well as detailed information on plan design, establishment, monitoring, administration, correction of failures and termination. \$89 member/\$11.25 non-member.

**Compensation as a Strategic Asset** (No. 090493CPA10), by August J. Aquila and Coral L. Rice. Successful firms find ways to hire the best. The authors take you step-by-step through a process that brings together mission, vision, values, strategy, leadership, goal-setting, performance management and compensation. \$57 member/\$71.25 non-member.

now  
available

## 16<sup>th</sup> Annual XBRL Conference to Be Held December 3–6

XBRL, or interactive data, makes it easier for individual investors, analysts, media, companies, regulators and stock exchanges to obtain and analyze the information they are considering to make investment decisions. At the 16<sup>th</sup> XBRL International Conference in Vancouver, British Columbia, on Dec. 3–6, leading regulators, financial service companies, software vendors, audi-

tors and financial analysts will meet to discuss global adoption and implementation of XBRL for business reporting. Tools and resources will be featured to help participants better manage mandates and improve investor transparency of financial information. Christian Tregillis, CPA/ABV, managing director of Kroll, member of the AICPA's Forensic and Litigation Services Committee

and chair of the AICPA's Economic Damages Task Force, will talk about XBRL use from a forensic, business valuation and corporate governance perspective.

For XBRL International Conference information and registration, go to:



<http://conference.xbrl.org>



## Ten Top Scorers of CPA Exam Announced

The winners of the 2006 Elijah Watt Sells Awards have been named. The award is presented annually to the 10 candidates earning the highest cumulative scores on the four sections of the Uniform CPA Examination. These candidates must have completed testing during the previous calendar year and passed each exam section on their first attempt.

The 2006 award winners (in alphabetical order, followed by their state board affiliation) are: Irene Altman, (Calif.); Jeffrey P. Barrows, (N.C.); Jonathan Patrick Booth, (La.); Lina Ginan Dimachkieh, (Tex.); Robert W. Hybiak, (Colo.); Jason B. Jiskoot, (Iowa); Keith A. Piwko, (Mich.); Kurt B. Piwko, (Mich.); Svetlana Rodinskaya,

(Ark.); Wendee Mariko Shinsato, (Calif.). Additional information on these recipients is available in an AICPA press release ([www.aicpa.org/mediacenter](http://www.aicpa.org/mediacenter)) and also will be included in next month's *CPA Letter* supplement for members in education.

The award was created to honor Elijah Watt Sells in 1923, the year prior to his death. Sells was one of the country's first CPAs under the provision of a New York State law enacted in 1896 and a leader in advancing professional education. He was active in the establishment of the AICPA and was a founder of New York University's School of Commerce, Accounts and Finance.

## Lands' End Business Outfitters Is Newest AICPA Elite Values Partner

The AICPA Elite Values Program has announced that Lands' End Business Outfitters has become its newest partner. Now, AICPA members will have one place to shop for incentive ideas, outfitting options and customer gifts at a discount rate. AICPA members and

their companies will save 10% on retail products and embroidery application fees each time they place an order. Call 800/864-2899 or visit:



[www.cpa2biz.com/AST/AICPA\\_CPA2BIZ\\_Browse/Member\\_Benefits/Programs/LandsEnd.jsp](http://www.cpa2biz.com/AST/AICPA_CPA2BIZ_Browse/Member_Benefits/Programs/LandsEnd.jsp)

## American Red Cross Seeks Volunteers for New Finance Disaster Response Team

The American Red Cross invites CPAs to join its new Finance Disaster Response Team to ensure proper stewardship of donor dollars during large-scale disasters. Current members of the FDRT include more than 90 Red Cross employees and partnership organization volunteers. These individuals are trained in the key internal control procedures that must be in place

during a disaster relief operation.

Volunteers decide when to deploy with the FDRT based on their professional and personal commitments at the time of a large-scale disaster. The Red Cross pays trip expenses including flight, hotel, rental car, food, etc. Training is provided.

CPAs have recently been deployed to the Calif. wildfires and the severe flooding

in Tex., Okla. and Kan. As members of the FDRT, these CPAs have helped set up and implement financial controls at Red Cross service centers where financial assistance was being disbursed to clients.

For more information, e-mail:



[Jacob Tudor, FDRT@usa.redcross.org](mailto:Jacob.Tudor@usa.redcross.org)

# The CPA Letter

November 2007 Vol. 87 No. 11  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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This issue of *The CPA Letter* has been published both electronically and in print. Next month’s issue will be produced exclusively in electronic format.

## Key Milestone Achieved in XBRL Project for SEC; AICPA Applauds SEC’s Support of Data Tagging

Last year, the Securities and Exchange Commission awarded XBRL U.S., Inc. ([www.xbrl.us](http://www.xbrl.us)) a \$5.5 million contract to develop U.S. generally accepted accounting principles financial reporting taxonomies. The work was part of a larger SEC project to reconfigure its Electronic Data Gathering and Retrieval system to accept interactive data.

The promise of investor-friendly financial reporting moved closer as SEC Chairman Christopher Cox in Sept. announced the completion of the work to develop data tags for the entire system of U.S. GAAP. This achievement means that public companies will be able to more easily tag their financials. Also, it brings automated financial reporting to the SEC — as well as increased usability of financial statements for investors — one step closer to reality.

The AICPA applauds SEC Chairman Cox for his vision, leadership and continued support of interactive data using XBRL. “With today’s announcement, the SEC has taken another critical step toward enhanced transparency in financial reporting,” said AICPA President and CEO Barry Melancon. “The roadmap set forth by the SEC and XBRL U.S. provides the opportunity for everyone involved in financial reporting to contribute to the evolution of this tool, which will help investors and other users of financial information access data more efficiently.”

## Interstate Mobility Enjoys Unprecedented Momentum

As the AICPA continues to seek uniform cross-border practice privileges for CPAs and CPA firms, here is an update on the progress and successes of the past 10 months.

Even prior to the end of the Uniform Accountancy Act exposure period, where the notification requirement was removed

from the substantial equivalency provision, states moved forward to enact this new language. At the beginning of 2007, four states had passed a no-notification or “mobility” provision: Ohio, Virginia, Missouri and Wisconsin. To date, six additional states have moved forward to implement mobility during their 2007 legislative sessions: Illinois, Indiana, Maine, Rhode Island, Tennessee and Texas. Additional states are expected to enact similar mobility provisions by the end of 2008.

This significant activity is a result of the collaborative efforts among the AICPA, the National Association of State Boards of Accountancy, state CPA societies, state boards and the Accountants Coalition. The AICPA continues to be dedicated to seeing this initiative be successful in all jurisdictions. For more information, send an e-mail to [statelicensingquestions@aicpa.org](mailto:statelicensingquestions@aicpa.org).

## Progress Continues on Private Company Financial Reporting

The Private Company Financial Reporting Committee ([www.pcfrc.org](http://www.pcfrc.org)), a joint effort of the AICPA and the Financial Accounting Standards Board, continues to work on providing recommendations that will help the FASB determine whether there should be differences in prospective and existing accounting standards for private companies. A third meeting of the committee took place in Sept., and among the issues covered were FIN No. 48, FIN No. 46R, GAAP look-back and a Securities and Exchange Commission Concept Release on International Financial Reporting Standards.

Highlights of the meeting are available on the Web at:



[www.pcfrc.org/downloads/09\\_07\\_Meeting\\_Materials/PCFRC\\_Sept%202007\\_meeting\\_highlights.pdf](http://www.pcfrc.org/downloads/09_07_Meeting_Materials/PCFRC_Sept%202007_meeting_highlights.pdf)



## AICPA Annual Report for 2006–2007 Posted to Web Site

The AICPA's annual report for the fiscal year Aug. 1, 2006, through July 31, 2007, has been posted to our Web site in PDF format ([www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm](http://www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm)). "Navigating Today and Tomorrow" focuses on how the AICPA helps guide CPAs to ensure high-quality services are provided to clients, employers and the capital markets. It also discusses the profession's activities to support the public good, including advocacy, financial literacy and federal policy.

The report includes:

- A letter to members from outgoing AICPA Chairman Jimmy Williamson and President & CEO Barry Melancon.
- A "Year in Review" section on the year's significant developments regarding technical and professional standards and regulation, recruitment and retention of CPAs, specialized services, and the profession's public service efforts.
- The AICPA's financial statements.

Members who wish to obtain a printed copy should send a 9" x 12" self-addressed envelope affixed with \$2.33 in postage to: AICPA, Communications Team, Annual Report 06–07, 1211 Avenue of the Americas, New York, NY 10036–8775 (available while supplies last).

## AICPA Distinguished Achievement in Accounting Education Award: Call for Nominations

The Pre-Certification Education Executive Committee welcomes nominations for the 2008 Distinguished Achievement in Accounting Education Award. The award is designed to recognize a full-time col-

lege accounting educator for excellence in teaching and for national prominence in the accounting profession. Nominations are due Jan. 18, 2008.

To be eligible for the award, the nominee must be a full-time or recently retired (within the past five years) accounting educator at a post-secondary educational institution; be distinguished for excellence in classroom teaching; be involved in curriculum development; be contributing to the accounting profession; and exemplify the philosophy of the CPA Vision, enabling individuals to shape their futures by communicating the total picture with clarity and objectivity, translating complex information into critical knowledge, anticipating and creating opportunities, and designing pathways that transform vision into reality. The nominee need not be a CPA nor hold a doctoral degree. Educators who are noted for their teaching abilities, but are primarily involved in administration or research are eligible for the award. Self-nominations will not be accepted.

For more detailed information about eligibility requirements and to download a nomination packet, visit the AICPA Accounting Education Center at [www.aicpa.org/ceae](http://www.aicpa.org/ceae) or e-mail [educat@aicpa.org](mailto:educat@aicpa.org). The Distinguished Achievement in Accounting Education Award recipient is selected by the Pre-Certification Education Executive Committee and the award is presented at the spring meeting of the AICPA Council.

## Business, Promotional Merchandise Sport "CPA" Logo

Many members enjoy using business gifts and giveaway merchandise that tastefully feature the "CPA" logo (for the AICPA's logo/tagline artwork and usage guidelines, visit [www.aicpa.org/cpamarketing](http://www.aicpa.org/cpamarketing)). To purchase travel mugs, sweatshirts, golf balls and other items, use the CPA Accessories Collection order form that appeared on page 5 of the Oct. issue of

*The CPA Letter* or visit [www.biggameamerica.com/cpa.html](http://www.biggameamerica.com/cpa.html).

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## PUBLIC MEETING NOTICES

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**Accounting Standards Executive Committee:** Nov. 6–7, Miami Beach; Jan. 8–9, New York

**Auditing Standards Board:** Jan. 8–10, Amelia Island, Fla.

**Professional Ethics Executive Committee:** Nov. 8–9, Orlando, Fla.

**Tax Executive Committee:** Nov. 5, Washington, D.C.

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## New Chairman Takes Reins at October Council Meeting

Randy Fletchall of Connecticut is the new Chairman of the Board of Directors. His term, which became effective at the fall governing Council meeting, will expire in Oct. 2008.

Fletchall is a partner with Ernst & Young LLP in New York, where he serves as Americas Vice Chair – Assurance & Advisory Business Services Professional

Practice & Risk Management. In this capacity, he is responsible for national office accounting, auditing, Securities and Exchange Commission reporting, quality control and risk management functions. He also is a member of Ernst & Young's Americas Executive Board.

Fletchall also serves on executive committees of the Center for Audit Quality, the

Public Company Accounting Oversight Board's Standing Advisory Group and Kansas State University's Accounting Advisory Council.

His first "Chair's Corner" column in *The CPA Letter* appears on page 4. To read his inaugural speech, visit:



[www.aicpa.org](http://www.aicpa.org)

## Marketers Miss Up to 55% of Online Ad Response: AICPA Study

Like other business entrepreneurs, CPAs who market their services through online advertising may not be realizing the full potential of this medium.

U.S. spending on online advertising is growing at more than 20% each year and is expected to grow at a compound annual growth rate of approximately 15% through 2010. However, marketers are missing more than half of all responses. In fact, 55% of follow up to online ads appears to occur up to 30 days after the ad has appeared and not always in the most obvious ways, according to "Beyond the Click, Maximizing Advertising ROI in B2B E-Newsletters," a new online advertising study by the AICPA's electronic media group and Bay Street Group LLC.

The study found that financial professionals online were almost as likely as the direct clickers to save the ads for future reference (30% versus 34%). And they were actually more likely (19% versus 14%) than those who clicked on the ads to forward the advertising information to their colleagues or to make or recommend a purchase based on those ads. Further, marketers are misunderstanding the power of latent response, when targeting finance professionals.

The research also found that readers who were exposed to e-newsletter ads, but who did not click on them, could recall the ads

almost as frequently as readers who did click on the ads (22% versus 28%).

"Content-driven e-newsletters for financial professionals seem to have much longer shelf lives and reader acceptance levels than e-mail 'blasts' and pop-up banner ads," said Hank Berkowitz, AICPA Director, Online Publishing and Business Development. "Our study is a useful tool to assist marketers in understanding the new metrics so they can extend their reach."

Researchers sent online surveys to more than 2,000 readers of the AICPA's most widely read online e-newsletter, the CPA Insider™, 180,000 weekly readers. Approximately half of the respondents were those who had clicked on banner advertisements in the CPA Insider e-newsletter during the study. The other half of survey recipients were readers who had been exposed to the ads, but who had not clicked on them directly – i.e., readers who had opened an issue of the e-newsletter that contained measured ads, and further, who had clicked on articles (or other ads) in that issue that were adjacent the measured ads, but who had not actually clicked on the specific ads they were asked to evaluate.

The executive summary, which includes additional notes on the research and the "Top 10 Recommendations to Marketers," can be viewed at [www.aicpalearning.org/profdev\\_news.asp?id=10360](http://www.aicpalearning.org/profdev_news.asp?id=10360).

## AICPA Presents Its Premier International Conference

Members looking to gain a deeper understanding of international accounting, auditing and tax issues may want to attend the AICPA International Issues Conference. The conference will be held on Jan. 10–11, 2008, at the JW Marriott Hotel Pennsylvania Avenue, Washington, D.C. Pre-conference workshops will occur on Jan. 9.

Business leaders from China, India, the European Union and around the globe will give their expert insights and best practices on international business topics. The conference is designed to provide both practitioners and members of industry with practical learning and "how-to's" to operate in the international business arena. Attendees will also have multiple networking opportunities throughout the course of the conference.

The keynote presentation will be given by Christopher Cox, chairman of the Securities and Exchange Commission, who will present "International Business – An SEC Perspective."

For more information or to register, visit [www.cpa2biz.com/international](http://www.cpa2biz.com/international). An early-bird discount expires Nov. 25.

## AICPA in the Media — Recent Highlights

The AICPA's ongoing media relations efforts keep the consumer and business press informed about the profession's perspectives on a wide range of issues. In Aug. and Sept., AICPA media outreach resulted in approximately 350 stories in media outlets, including national and regional publications, radio and television programs, Web sites, and business and accounting trades. These outlets generated an estimated 72 million media impressions. *The New York Times*, *Wall Street Journal*, *USA Today*, *Business Week*, Dow Jones, Forbes.com and WashingtonPost.com were among the outlets. Topics included the AICPA's Feed the Pig and 360 Degrees of Financial Literacy campaigns, the Sarbanes-Oxley Act, tax issues such as the tax gap and tax patents, and recruitment and diversity in the profession.



By Randy Fletchall, CPA  
Chairman, AICPA Board of Directors



I am honored to have taken the baton as the new chairman and I am looking forward to continuing the profession's positive momentum. Through my *CPA Letter* columns, I will keep you informed of our progress but in this first one, I will cover three areas of focus on which I plan to spend much of my time in my year as chairman.

- Recruiting and retaining new talent.
- Never overlooking the importance of bur-nishing our reputation through excellent work.
- Using our collective voice for the public good.

The talent pipeline is an issue that affects every area of the profession. The services that CPAs perform are in such high demand that most of us simply cannot hire as many

good people as we need. The AICPA is doing a terrific job to help resolve this problem. Its efforts include our award-winning "Start Here. Go Places." student recruitment campaign, the work of our long-standing Minority Initiatives Committee, the AICPA Foundation's programs to address the shortage of accounting professors and the initiatives of the Young CPA Network.

While these efforts are important, I believe that our exemplary reputation may be the most significant element in convincing young, financially talented people to join the CPA profession. If we don't demonstrate that we are an exciting and relevant profession that makes a difference in the world, then we will lose them to other careers. The good news is that our profession today is a highly interesting and visible part of the financial reporting chain and the capital markets.

CPAs provide great value by performing their jobs or providing their services in a high-quality manner and acting with integrity, honesty and objectivity. We are the voice of expertise and common sense in a complex economy. We bring our employers or our clients – whether corporate or individual, public or private – a deep level of knowledge and sophistication about financial matters.

But even if we continually demonstrate our value through exemplary work, we still must go one step further to use our expertise whenever we can to address and engage public policymakers on important public interest issues. Our voice must be raised not only on

concerns that may affect us directly, such as CPA mobility or peer review, but also on those that more broadly affect the American economy or our financial markets. For example, the AICPA has played a pivotal role in alerting legislators to the inequity and adverse consequences of tax strategy patents.

In addition to speaking out on public policy issues, we must continue to be advocates for improving financial literacy nationwide. The current crisis in subprime mortgages underscores the fact that American families are struggling to gain even a basic understanding of household finances. The results illustrate that our financial guidance is in demand at all levels of the economy.

The CPA profession clearly has the expertise to help Americans build their futures on more solid foundations. We should continue to build on the 360 Degrees of Financial Literacy and Feed the Pig efforts ([www.aicpa.org/financialliteracy](http://www.aicpa.org/financialliteracy); [www.feedthepig.org](http://www.feedthepig.org)) and find new ways to share our expertise and talents wherever we can.

These goals may seem daunting, but I firmly believe we can achieve them. The AICPA's greatest strength is that it brings so many different men and women together as members of a single profession. When we pool our knowledge and speak with one voice, I know we are capable of addressing these challenges and many more.



[randy.fletchall@ey.com](mailto:randy.fletchall@ey.com)

## CPA2Biz Delivers Strong Business Results in 2007

CPA2Biz ([www.cpa2biz.com](http://www.cpa2biz.com)) announced that it had achieved its third straight year of profitability. For fiscal 2007, CPA2Biz had revenue of \$17.1 million and net income of approximately \$2.3 million.

The year was marked by the successful launch of CPA2Biz's next generation e-commerce site built on a powerful new Web platform incorporating the latest technology from best-in-class partners. The new site launched in June, the same month CPA2Biz was named to *Internet Retailer's Guide to the Top 500 Retail Web Sites* for the second consecutive year.

The next generation site provides members with improved navigation and many new capabilities, including a look-inside-the-book feature that allows users to view tables of contents and key page excerpts, video clips to preview continuing professional education courses and search results that include detailed comparison charts.

During the year, to build on the success of the AICPA Business Solutions Program, CPA2Biz also rolled out its *Trusted Advisor Workshop* series. These full one-day training sessions were developed to bring the tools, techniques and skills to CPAs looking to expand their roles with small business clients from technical expert to premier business advisor. More than 20 of these workshops are scheduled in the upcoming year in coordination with state CPA societies across the country.

## Help Shape the Profession – Join an AICPA Volunteer Group

Beginning Nov. 15, the AICPA will start accepting applications until May 1, 2008, for volunteers to serve on nearly 90 volunteer groups for the 2008–2009 committee year. To contribute to the profession and network with your peers, visit <http://volunteers.aicpa.org> to learn more and apply.

## Exposure Draft Issued on Proposed Omnibus SSARS

The AICPA's Accounting and Review Services Committee has issued an exposure draft of a proposed Statement on Standards for Accounting and Review Services, *Omnibus Statement on Standards for Accounting and Review Services — 2008*. Comments are due Dec. 28.

The proposed statement will accomplish the following:

- Revise AR section 100, *Compilation and Review of Financial Statements*; AR section 200, *Reporting on Comparative Financial Statements*; and AR section 300, *Compilation Reports on Financial Statements Included in Certain Prescribed Forms*, to conform to the terminology utilized by other standard setters by replacing the term *nonpublic entity* with the term *nonissuer*. Generally, a *nonpublic entity* as currently defined in AR section 100.04 would be considered a *nonissuer* under the revised definition.
- Revise AR section 100 to clarify the objective of a compilation of financial statements as an engagement in which no assurance is provided. Furthermore, new sections entitled, "Objective of a Compilation Engagement" and "Objective of a Review Engagement," will be established to clearly indicate the differences between compilation, review and audit engagements. The clarified objectives of the respective engagements will be included in the illustrative engagement letter for a compilation of financial statements (Appendix C of AR section 100), the illustrative engagement letter for a compilation of financial statements not intended for third party use

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(Appendix D of AR section 100), and the illustrative engagement letter for review engagements (Appendix E of AR section 100). This amendment also revises

AR section 100.26 to state that, in a review engagement, the accountant must (1) apply analytical procedures to the financial statements; (2) make inquiries of management and, when deemed appropriate, other company personnel; and (3) obtain representations from management for all financial statements and periods covered by the accountant's review report. AR section 100.31 is also revised to properly state the above requirement with respect to analytical procedures.

- Revise the definition of "third party" in AR section 100.04 to clarify that the phrase, "who are knowledgeable about the nature of the procedures applied and the basis of accounting and assumptions used in the preparation of financial statements," applies to "members of management," and also to introduce a definition of "management."
- Revise AR section 100.36 and 100.89 to state that since review procedures include obtaining representations from management that they have taken responsibility for all financial statements and periods covered by the accountant's review report, and since the accountant's review report should be dated as of the completion of the accountant's review procedures, as well as the fact that the accountant is concerned with events occurring through the date of the review report that may require adjustment to or disclosure in the financial statements, management's

written representations should be made as of the date of the accountant's review report.

- Provide guidance with respect to an accountant's consideration of the entity's ability to continue as a going concern during the performance of compilation or review procedures. It also will provide guidance with respect to an accountant's consideration of subsequent events in a compilation or review engagement.
- AR section 100.70 (Supplementary Information) states that "the review has been made primarily for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with generally accepted accounting principles." To clarify the guidance in Statements on Standards for Accounting and Review Services, the word *primarily* will be deleted from the paragraph.
- Incorporates guidance with respect to analytical procedures in a review engagement as an exhibit to AR section 100.

Certain sections of the proposed statement would be effective for compilations and reviews of financial statements for periods ending on or after Dec. 15, 2008. Early application would be permitted. The exposure draft is available online at:



[www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Exposure+Drafts+of+Proposed+Statements/Omnibus+Statement+on+Standards+for+Accounting+and+Review+Services+-+2008.htm](http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Exposure+Drafts+of+Proposed+Statements/Omnibus+Statement+on+Standards+for+Accounting+and+Review+Services+-+2008.htm)

## Auditing Standards Board Begins Large-Scale "Clarity" Project

In response to growing concerns about the complexity of standards, the Auditing Standards Board has commenced a large-scale "clarity" project to revise all existing auditing standards so they are easier to read and understand. The ASB estimates the project will take two to three years to complete.

The following will be the most significant changes:

- Requirement paragraphs will be separated from the application text, so the auditor can identify the requirements more easily.
- Each standard will contain an objective to help the auditor better understand what the standard is meant to accomplish.

- All revised standards will carry the same effective date, which will be set far enough in the future to allow firms sufficient time to update their methodologies and training programs.

Other new or amended standards with earlier effective dates would be promulgated only when it is absolutely necessary to address an urgent issue or where the project already is near completion. In addition, the ASB will consider removing unnecessary differences with the International Standards on Auditing. The International Auditing and Assurance Standards Board is undertaking a similar clarity rewrite.

**2007 Corporate Tax Returns Videocourse** (No. 112625CPA11).

Presenter Sidney Kess leads a team of tax authorities in reviewing major tax developments affecting 1120 and 1120S return preparation for 2007 and provides useful tax planning strategies. Ideal for on-site staff training or individual self-study. Recommended CPE credit: 22. Level: Update. Prerequisite: Knowledge of corporate income taxation and Forms 1120 and 1120S preparation. Format: DVD (195 min.)/Text/Manual, \$209 member/\$261.25 non-member. Additional low-cost text/manuals available for group training. Save even more with volume discounts.

**2007 Individual Tax Returns Videocourse** (No. 113614CPA11).

Sid Kess and team review major tax developments affecting 1040 return preparation for 2007 and detail useful tax planning strategies. Ideal for on-site staff training or individual self-study. Recommended CPE credit: 25. Level:

CPE  
news

Update. Prerequisite: Knowledge of individual income taxation and Form 1040 preparation. Format: DVD (145 min.)/Text/Manual, \$239 member/\$298.75 non-member. Additional low-cost text/manuals available for group training. Save even more with volume discounts.

**2007 Tax Season Update: Individual and Sole Proprietors** (No. 733700CPA11).

Practical insights and valuable tax-saving strategies on what the new laws, rules and court decisions can mean. Recommended CPE credit: 8. Level: Update. Prerequisite: Familiarity with federal tax issues for individuals. Format: Text. \$129 member/\$161.25 non-member.

**2007 Tax Season Update: Corporations and Pass-Through Entities** (No. 733690CPA11).

Guidance on latest federal tax law changes, court decisions and IRS pronouncements related to partnerships,

LLCs, and C and S Corporations. Recommended CPE credit: 8. Level: Update. Prerequisite: Familiarity with federal tax issues for various entities. Format: Text. \$129 member/\$161.25 non-member.

**SEC Reporting** (Text, No. 736774CPA11; DVD/Manual, No. 186755CPA11).

This updated edition clarifies new, difficult and important reporting and disclosure requirements while giving CPAs examples and tips for ensuring compliance. Ideal for on-site staff training or individual self-study. Prerequisite: Ability to prepare standard financial statements and evaluate financial statement disclosures. Recommended CPE credit: Text, 22; DVD/Manual, 25. Level: Intermediate. Formats: Text, \$199 member/\$248.75 non-member; DVD/Manual, \$249/\$311.25. Additional low-cost manuals available for group training. Save even more with volume discounts.

**Health Care Organizations – AICPA Audit and Accounting Guide** (No. 012617CPA11).

Understand the unique considerations for financial statements of health care organizations with this authoritative accounting and auditing resource, updated with conforming changes as of May 1, 2007, including the new Risk Assessment Standards. \$69 member/\$86.25 non-member.

now  
available**Health Care Organizations Industry Developments 2007/2008–Audit Risk Alert** (No. 022348CPA11).

This alert will help you plan and perform your audits by identifying the significant business risks that may result in the material misstatement of your health care client's financial statements. \$39 member/\$48.75 non-member.

**Analytical Procedures — AICPA Audit Guide** (No. 012557CPA11).

Receive guidance on the effective use of analytical procedures with an emphasis on analytical procedures as substantive tests. This guide — revised as of May 1, 2007 — has been updated to include a comparison of the new Risk Assessment Standards to previous standards as well as an illustrative case study and an appendix with useful financial ratios. \$49 member/\$61.25 non-member.

**To order,** write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362-5066; call 888/777-7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**



In Sept., Benjamin Bankes, the Feed the Pig icon ([www.feedthepig.org](http://www.feedthepig.org)), made an appearance at the Ad Council's congressional recognition breakfast, a biannual event to highlight the contributions of the Ad Council's media partners. Former U.S. Representative Rick Lazio (R-NY) gave a special welcome to Benjamin, the newest Ad Council icon. Congressional staff present included Congresswoman Carolyn Maloney (D-NY), Senator Daniel Inouye (D-HI) and Senator Ted Stevens (R-AK), all of whom waited in line after the event to have their pictures taken with Benjamin. Also present at the Capitol Hill event were Smokey Bear, McGruff the Crime Dog and Vince and Larry: the Crash Test Dummies.

## Highlights of Board of Directors' September Meeting

Following are some of the more significant actions and events that took place at the AICPA Board of Directors' meeting Sept. 18–19:

- **Chairman Jimmy Williamson announced that he and other leadership representatives visited 10 state CPA societies since the July board meeting.** He also said he participated in the National Association of State Boards of Accountancy Summit meeting, where **the commitment to working on no-notification rules to enable interstate mobility was discussed as a high priority.** No-notification legislation has passed in 10 states and is pending in 4 others. Additional movement in as many as 20 states is expected in 2008.
- **Updates were provided on the Private Company Financial Reporting Committee's work (see page 1), the AICPA's positive year-end financial results and**

**completion of the relocation to Durham, N.C., on time and ahead of budget.** The board also was informed about the development of the Institute's strategic plan, which will be discussed at the fall Council meeting.

- **Regarding international accounting standards, the Securities and Exchange Commission's Concept Release on allowing U.S. issuers to prepare financial statements in accordance with International Financial Reporting Standards, instead of U.S. GAAP, was discussed.**
- **The Financial Accounting Standards Board's codification project was outlined.** The project aims to bring all GAAP literature into one searchable location, organized by topic, and ultimately allow FASB to flatten the GAAP hierarchy into two buckets: authoritative and non-authoritative. Accordingly, the

AICPA will conform its literature to the new codified GAAP references.

- **Treasury Secretary Henry Paulson Jr.'s formation of a commission to address issues facing the U.S. capital markets was announced.** The new Advisory Committee on the Auditing Profession will examine the sustainability of a strong and vibrant auditing profession. On Oct. 2, AICPA President and CEO Barry Melancon was named to serve on the panel, which expects to make recommendations by next summer.
- **A roundup on legislative activity was provided.** Significant movement has been achieved to prohibit patents on tax planning methods (*The CPA Letter*, Oct.). Some progress has been made to minimize the burdens of the "more likely than not" preparer penalty provisions.

As a result of investigations of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics cases have been resolved by settlement agreement under the Joint Ethics Enforcement Program.

- **George P. Boyle** of Yardley Bucks, Pa., suspended from membership in the AICPA and the Pennsylvania Institute of CPAs, for a period of one year, effective Sept. 10, 2007.
- **Donald A. Cowan** of Toms River, N.J., admonished by the AICPA and the New Jersey Society of CPAs, effective Aug. 6, 2007.
- **Kevin P. Donovan** of Toms River, N.J., admonished by the AICPA and the New Jersey Society of CPAs, effective Aug. 6, 2007.
- **Paul T. Fink** of Eagan, Minn., expelled from membership in the AICPA and the Minnesota Society of CPAs, effective June 13, 2007.
- **Salvatore Marino** of Palm Beach Gardens, Fla., suspended from membership in the AICPA and the New York State Society of CPAs, for a period of two years, ending Sept. 5, 2006.

In lieu of an investigation of alleged violations of the Codes of Professional Conduct of the AICPA and/or state CPA societies, the following ethics case has been resolved by a settlement agreement under the Joint Ethics Enforcement Program:

- **James T. McCurdy** of Westlake, Ohio, suspended from membership in the AICPA and Ohio Society of CPAs for a period of one year, ending May 19, 2006.

As a result of decisions by hearing panels of the Joint Trial Board, the following members have had their AICPA memberships:

—Terminated:

- **Jean R. Banks** of Sherman Oaks, Calif., Aug. 16, 2007.
- **William C. Boettger** of El Cajon, Calif., effective Aug. 16, 2007.
- **Kirk J. Dischino** of Fairfield, N.J., effective Aug. 9, 2007.

Under the automatic disciplinary provisions of the Institute's bylaws, the following members have had their AICPA memberships:

—Terminated because of a final judgment of conviction for a crime punishable by imprisonment for more

than one year:

- **Norman W. Barrett** of Dover, Del., effective July 6, 2007.
- **John A. Snoble** of Columbus, Ohio, effective July 20, 2007.

Details on these disciplinary actions can be accessed through:



[www.aicpa.org/TheCPALetter](http://www.aicpa.org/TheCPALetter)

disciplinary actions

### Help Protect the Public Interest

Members who notice, suspect or are aware of significant deficiencies in the work of another member should seriously consider referring the matter to the Professional Ethics Division. Prior to referral, consider your responsibilities under Rule 301 of the Code of Professional Conduct if the member is affiliated with a client (e.g., CFO of an audit client). If you are unsure of the applicability of Rule 301, call the Ethics Hotline at 888/777-7077 for guidance.



## New Toolkit Will Help Small Firms Implement Risk Assessment Standards

The Private Companies Practice Section has developed an online toolkit to help members understand and implement Statements on Auditing Standards Nos. 104–111, the suite of risk assessment standards. SAS Nos. 104–111 are effective for audits performed on financial statements for periods beginning on or after Dec. 15, 2006.

The complete toolkit, accessible to PCPS member firms, is available at [www.aicpa.org/pcps](http://www.aicpa.org/pcps). It includes talking points, a glossary and a client communication letter, among other resources. For those who are not PCPS members, a free FAQ sheet and a SAS Nos. 104–111 Web Forum Archive are available on that Web site.

## PCPS Launches E-Newsletter, *Small Firm Solutions*

*Small Firm Solutions* is a new quarterly e-newsletter designed to help AICPA members in the smallest firms make the most of their practice opportunities and keep track of important developments in the profession. This unique resource will fill a need by offering news updates as well as articles with practical solutions to common challenges facing sole practitioners and practitioners in the smallest firms. Every issue of *Small Firm Solutions* will include “Hot Topics for Small Firms,” an executive briefing for small practitioners. The *Small Firm Solutions* Editorial Advisory Board, which consists of small practitioners and consultants to the profession, will provide the Institute with evaluations and input on content.

## Members Asked to Comment on Proposed Forensic Accounting Credential

The AICPA is considering establishing a new credential designed for practitioners of forensic accounting services. Member input into this process would be valuable and is important to the Institute. Forensic accounting services generally involve the application of specialized knowledge and investigative skills possessed by CPAs to collect, analyze and evaluate evidentiary matter and to

interpret and communicate findings in the courtroom, boardroom or other venue. The Institute is very interested in your thoughts and would ask that you respond to a survey available at <http://vovici.com/wsb.dll/s/4e5ag2b5a2>. It would take just a few minutes of your time. Thank you for your effort and input.

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# The CPA Letter

December 2007 Vol. 87 No. 12  
A News Report to Members



AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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This issue of *The CPA Letter* has been published exclusively in electronic format. Next month's issue also will be produced electronically.

## FASB Delays FIN 48 Effective Date for Private Companies

On Nov. 7, the Financial Accounting Standards Board voted to defer the effective date of FASB Interpretation No. 48 for all nonpublic entities to periods beginning after Dec. 15, 2007. The FASB instructed the staff to develop an FASB Staff Position which will have a 30-day comment period once it is released. This action is a welcome response to a recent letter issued by the Private Company Financial Reporting Committee recommending FASB delay the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes*, for private companies.

The PCFRC ([www.pcfrc.org](http://www.pcfrc.org)) worked to delay the effective date because it was concerned that many nonpublic entities and their CPA practitioners were not fully aware of FIN 48's implications. These entities and practitioners have not had the necessary time to understand and apply the guidance

required by FIN 48 before its effective date. In addition, many nonpublic entities and their CPA practitioners learned late in the process that FIN 48 does apply to pass-through entities.

Given these circumstances, a deferral of the effective date for nonpublic entities is a tremendous help to private companies and their CPA practitioners. The deferral will provide more time to prepare and implement FIN 48. Moreover, the additional time will provide an opportunity for guidance to be made available on how FIN 48 affects pass-through entities.

The PCFRC has its roots in the 2005 AICPA Private Company Financial Reporting Task Force and a May 2006 AICPA Council resolution. In June 2006, the FASB and the AICPA issued a joint proposal which, among other things, led to the formation of the PCFRC.



## Members Overwhelmingly Approve All Bylaw Amendments

Members overwhelmingly approved all 11 of the proposed bylaw amendments presented to the membership in the member ballot that concluded on Nov. 6. A two-thirds affirmative vote of all those members voting was needed to pass any proposal.

The measures on the ballot were described in the July issue of *The CPA*

*Letter* and a more detailed explanation of the measures was contained in the referendum booklet that accompanied the ballot. The AICPA bylaws are currently being revised to reflect the amendments adopted by the members and to include related amendments to implementing resolutions of the AICPA's governing Council.

## U.S. Treasury Department Forms Panel to Look at Audit Profession

U.S. Treasury Secretary Henry Paulson Jr. on Oct. 2 formed an advisory panel to study and make recommendations on the future of the audit profession in relation to the capital markets. AICPA President and CEO Barry Melancon, representing the accounting profession, was among 21 business leaders and experts named to the panel.

The new Advisory Committee on the Auditing Profession will be a public forum

and its members represent small and large investors, auditors, financial institutions, public companies, regulators and academia. Its first meeting was held Oct. 15 ([www.treasury.gov](http://www.treasury.gov)).

"Investor trust in the integrity of our capital markets is vital to the strength of the U.S. economy," Paulson said when announcing the formation of the committee.

*continued on page 5*

## AICPA Annual Report for 2006–2007 Posted to Web Site

The AICPA's annual report for the fiscal year Aug. 1, 2006, through July 31, 2007, has been posted to our Web site in PDF format ([www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm](http://www.aicpa.org/About+the+AICPA/Understanding+the+Organization/AICPA+Annual+Report.htm)). "Navigating Today and Tomorrow" focuses on how the AICPA helps guide CPAs to ensure high-quality services are provided to clients, employers and the capital markets. It also discusses the profession's activities to support the public good, including advocacy, financial literacy and federal policy. The financial statements are included as well.

Members who wish to obtain a printed copy should send a 9" x 12" self-addressed envelope affixed with \$2.33 in postage to: AICPA, Communications Team, Annual Report 06–07, 1211 Avenue of the Americas, New York, NY 10036–8775 (available while supplies last).

## AICPA Submits Amicus Brief on Third-Party Responsibility in Fraud Cases

The U.S. Supreme Court last month heard arguments in a case, *Stoneridge Investment Partners, LLC v. Scientific Atlanta, Inc. and Motorola, Inc.*, that may set a precedent for whether third parties, including audit firms, can be sued by shareholders for allegedly participating in schemes to defraud investors. Stoneridge is an investment fund that lost money in shares of Charter Communications Inc. and accused third-parties Motorola Inc. and Scientific-Atlanta, Inc. of helping Charter inflate its revenues. The AICPA filed an *amicus* brief ([www.aicpa.org/download/members/legal\\_issues/Stoneridge.pdf](http://www.aicpa.org/download/members/legal_issues/Stoneridge.pdf)) that argues the court should uphold established law under the Securities Exchange Act of 1934, and that the court should not allow third parties to be held indirectly responsible for another

person's primary actions without engaging in deceptive conduct of their own accord.

## AICPA Volunteers Needed – Applications Accepted Until May 1

If you are interested in contributing to the profession and networking with your peers, then consider applying for one of the AICPA's nearly 90 volunteer groups (committees, boards, panels and centers) seeking new volunteers. The particular blend of volunteer groups changes slightly from year to year. If you have not visited the Volunteer Services Web site recently, you may be surprised to find a volunteer group that perfectly fits your interest and expertise.

The application via <http://volunteers.aicpa.org> is brief and involves a simple point-and-click process. Applications are now being accepted for the next volunteer year (Oct. 2008 – Oct. 2009). As in the past, the application process extends to May 1<sup>st</sup> to avoid conflict with tax season. If you have any questions regarding the applications process, or volunteerism in general at the AICPA, address inquiries to David Ray at 212/596–6030 or to [volunteerservices@aicpa.org](mailto:volunteerservices@aicpa.org).

## Invitation to Comment Issued on Proposed CPA Examination Improvements

The AICPA Examinations Team is seeking input from CPAs in all employment sectors on proposed improvements to the CPA Examination. The Invitation to Comment consists of "Improving the Uniform CPA Examination," an explanation of the planned improvements, and the Invitation to Comment Questionnaire. Both documents are available at [www.cpa-exam.org/lrc/CBTe.html](http://www.cpa-exam.org/lrc/CBTe.html). Completed questionnaires must be received by Dec. 31.

Improving the CPA Examination is a multi-year project of the AICPA Board of Examiners, which has requested that an

Invitation to Comment be issued to provide interested parties with an opportunity to influence the future of the CPA Examination. The goals of the project are to update the content of the examination based on the practice analysis currently under way, continue to improve the psychometric and operational quality of the examination, and enhance the candidate experience.

## CPA Financial Planners Showcase Their Expertise on Investment News Web Site

On Nov. 7, CPA financial planners began participating in a Web forum with *Investment News*. Personal Financial Planning Executive Committee and Personal Financial Specialist Committee members will be providing practitioners for the forum at least through the end of 2007. The collaborative effort enables CPA financial planners to demonstrate their knowledge and skills while providing important financial information.

The forum, "Ask the CPA Financial Planner," is featured on the home page of the *Investment News* Web site ([www.investmentnews.com](http://www.investmentnews.com)). PFS credential holders will respond to questions every two weeks from *Investment News* readers, who are sophisticated financial planners. A rotating group of PFS planners will answer readers' questions. The first PFS to participate has served on both the PFP Executive and PFS committees.

## PUBLIC MEETING NOTICES

**Accounting & Review Services Committee:** Jan. 15, Washington, D.C.

**Accounting Standards Executive Committee:** Jan. 8–9, New York

**Auditing Standards Board:** Jan. 8–10, Amelia Island, Fla.

**Peer Review Board:** Jan. 14–15, San Diego

**Professional Ethics Executive Committee:** Jan. 31–Feb. 1, New Orleans

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## SOP 07-2: Reporting on Controls over Compliance at Service Providers

Securities and Exchange Commission Rule 38a-1 of the Investment Company Act of 1940 and Rule 206(4)-7 of the Investment Advisers Act of 1940 require funds and investment advisers to designate a chief compliance officer to be responsible for administering the compliance policies and procedures of these entities. Many operations of funds and, in some instances, operations of investment advisers are carried out by *service providers* that have their own compliance policies and procedures that may affect or be part of a fund's or investment adviser's compliance or internal control over compliance (compliance). In addition to its own compliance, Rule 38a-1 requires funds to establish policies and procedures to provide for oversight of compliance of the following service providers: investment advisers, principal underwriters, administrators and transfer agents. The funds and investment advisers that use the services of a service provider are known as *user organizations*. In some instances, a single entity may be a service provider and a user organization.

An Auditing Standards Board task force recently released Statement of Position No. 07-2, *Attestation Engagements That Address Specified Compliance Control Objectives and Related Controls at Entities That Provide Services to Investment Companies, Investment Advisers, or Other*

*Service Providers* (No. 014946; see page 7 for ordering instructions). The SOP provides guidance on examining an assertion by management of a service provider about its controls over compliance that affect user organizations.

The SEC Releases adopting the rules note it may be impractical for a fund or its CCO to directly review the policies and procedures of its service providers. In those circumstances, the SEC considers the fund to have satisfied the requirements of Rule 38a-1 if the fund's board of directors, in evaluating whether to approve the service provider's compliance program, uses a "third-party report" on the service provider's policies and procedures.

In the engagement described in the SOP, which is performed under AT Section 101, *Attest Engagements*, management of the service provider prepares a written description of its compliance control objectives and related controls that are relevant to the services provided to user organizations. The practitioner reports on whether the controls were suitably designed as of a date, and operating effectively during a specified period to provide reasonable assurance that the specified compliance control objectives would be achieved.

Because federal securities laws encompass a significantly comprehensive set of obligations and responsibilities, the com-

pliance control objectives presented by the service provider's management ordinarily would not include all conceivable compliance control objectives. Also, service providers that perform similar business activities or services need not present identical compliance control objectives.

In addition to performance and reporting guidance, the SOP contains appendices that present an illustrative management assertion, description of compliance control objectives and related controls, list of control objectives pertaining to various services and illustrative practitioners' reports.

### FASB Defers Effective Date for SOP 07-1

The Financial Accounting Standards Board ([www.fasb.org](http://www.fasb.org)) has added to its agenda a project to indefinitely defer the effective date of AICPA Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*. For entities that have not yet adopted the provisions of SOP 07-1, early adoption would be prohibited. The FASB directed the staff to prepare a draft of a proposed FASB Staff Position, with a 30-day comment period.

## Non-Profit Organizations Reminded to Follow FIN 45 When Making Loan Guarantees

Non-profit organizations are reminded that FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, applies to loan guarantees made by NPOs, even guarantees made without receiving commensurate consideration in exchange. For example, NPO Foundation A may guarantee the debt of NPO Cause B, without receiving commensurate consideration in exchange, to assist NPO Cause B in obtaining bank financing at a reasonable cost. NPO Foundation A's accounting for providing such guarantees is covered by FIN 45 ([www.fasb.org/pdf/fin%2045.pdf](http://www.fasb.org/pdf/fin%2045.pdf)). The interpretation would require NPO Foundation A to recognize a liability for the guarantee, even in circumstances in which it is not probable that payments will be required under the guarantee.

In addition, FIN 45 would require Foundation A to disclose additional information about the guarantee. The amount to be recognized by Foundation A as a liability at inception of the guarantee is

not the amount guaranteed, but is the greater of (a) the guarantee's fair value, which is, as a practical expedient, the premium that would be required by the guarantor to issue the same guarantee in a standalone arm's-length transaction with an unrelated party, or (b) the contingent liability amount, if any, required to be recognized by paragraph 8 of FASB Statement No. 5, *Accounting for Contingencies*. Foundation A's contribution made should be reported in conformity with FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*. The issuance of that guarantee would not be considered merely a conditional promise to give under paragraph 22 of Statement No. 116 because, upon the issuance of the guarantee, NPO Cause B will have received the gift of Foundation A's credit support, which enables NPO Cause B to obtain a lower interest rate on its borrowing. Foundation A's recognized liability typically should be reduced in future periods as it is released from risk under the guarantee.

## Highlights of October Governing Council Meeting

Here are some of the more significant actions and events that took place at the governing Council meeting Oct. 21–23:

- **Randy Fletchall of Connecticut was elected chairman of the AICPA Board of Directors for 2007–2008 and Ernie Almonte of Rhode Island as vice chair.**
- **A name change was approved for the Business Valuation and Litigation & Forensic Services Membership Section.** Now called Forensic and Valuation Services, the section will continue to serve the growing group of CPAs practicing in these areas. In addition, the new FVS executive committee has been designated as a senior committee reporting directly to the AICPA Board of Directors. The FVSEC also was authorized to set standards and make public statements without prior clearance of the board or governing Council.
- **Council heard a report on the plan for release of the FASB Accounting Standards Codification™ for verification by constituents.** During the one-year verification period, the FASB will make the Codification available through a new Web-based research system to solicit feedback from constituents to confirm that the Codification accurately reflects existing U.S. GAAP for non-governmental entities. The FASB is pursuing the Codification to make the existing U.S. GAAP structure less confusing, more understandable and more user-friendly in terms of information retrieval.
- **Council members provided feedback on the SEC Concept Release on International Financial Reporting Standards for U.S. public companies.** The AICPA Board of Directors is issuing a comment letter addressing core issues and is working with the Center for Audit Quality on more detailed comments. (See related article on page 5.)
- **An update on eXtensible Business Reporting Language (XBRL) discussed the recent development of a comprehensive set of taxonomies for U.S. GAAP, as well as the implications of XBRL adoption for the CPA profession.**
- **Council members received a report on the Private Company Financial Reporting Committee ([www.pcfrr.org](http://www.pcfrr.org))** that addressed its history, structure, focus and operations. Members also were informed of the committee's latest achievements and activities, such as recommending to the Financial Accounting Standards Board a delay in the effective date of FIN 48 for private companies (see page 1), and ongoing research into the implications of FIN 46R for private company constituents.
- **Updates were provided on various professional issues.** Among the professional matters covered were member quality and state regulation as well as initiatives to advance small firms' interests.
- **Two members, Kathy Eddy and Gary**

**John Previts, were awarded the AICPA's highest award, the Gold Medal for Distinguished Service.** The Gold Medal recognizes a person whose influence on the profession as a whole is especially notable in comparison to other industry leaders. Eddy was chairman of the AICPA Board of Directors in 2000 – 2001 and has served on the board, governing Council and numerous committees, including the Audit, Finance, Compensation, Strategic Planning, State Legislation and the Special Committee on Mobility. She has served as chair of the AICPA Special Committee on State Regulation.

Previts served on the AICPA's Board of Directors and governing Council. He has twice led AICPA teams that have reviewed the standard-setting processes of the federal government as to the authoritative status of the Federal Accounting Standards Advisory Board. He also was a member of the Institute's National CPA Financial Literacy Commission, which directs the 360 Degrees of Financial Literacy and Feed the Pig campaigns. Previts serves with the Accountability Advisory Council of the Comptroller General of the United States. He is a past president of the Ohio Society of CPAs and is currently president of the American Accounting Association.

## IRS Delays for One Year Effective Date of 409A Regulations

At the urging of the AICPA and other practitioner groups, the Internal Revenue Service announced the effective date for the section 409A final regulations on nonqualified deferred compensation plans will be delayed until Jan. 1, 2009 – one year later than planned. Even before these regulations were finalized, the difficulty for employers to comply with the regulations by Jan. 1, 2008, was apparent, despite the Treasury Department's efforts to issue an extension for some administrative requirements in Notice 2007-78 ([www.irs.gov/pub/irs-drop/n-07-78.pdf](http://www.irs.gov/pub/irs-drop/n-07-78.pdf)).

The new deadline applies to amending the plan to bring it into compliance with Sec. 409A and obtaining employees' elections as to the time and form of plan payments. In addition, employers have until the extended deadline to make decisions and take appropriate actions related to discounted stock options and stock appreciation rights. However, the extended deadline does not apply to backdated stock options issued by public companies.



The new deadline also applies to the ability to link a payment election under a nonqualified plan to an election under a qualified retirement plan, 403(b) annuity or 457(b) plan (see [www.irs.gov/pub/irs-drop/n-07-86.pdf](http://www.irs.gov/pub/irs-drop/n-07-86.pdf)).

In addition to the extension of transition relief, the IRS has issued Notice 2007-89 ([www.irs.gov/pub/irs-drop/n-07-89.pdf](http://www.irs.gov/pub/irs-drop/n-07-89.pdf)) to address reporting and withholding requirements related to section 409A for 2007. The requirements for 2007 are generally the same as for 2005 and 2006.

### IFAC Celebrates 30 Years with World Accountancy Week

In celebration of the 30<sup>th</sup> anniversary of the International Federation of Accountants, Dec. 2–8 is World Accountancy Week. The AICPA congratulates IFAC on three decades serving the global accountancy profession and is proud to be a member.

## AICPA Tells Senate Steps Taken to Improve Quality of Audits of Federal Grants

At a U.S. Senate hearing in Washington, D.C., the AICPA told lawmakers that achieving significant improvement in the quality of governmental audits will require broadly adopted improvements by auditors as well as procurers of audit services and federal agencies.

The AICPA outlined steps it has taken to improve the quality of audits of federal grants (also referred to as single audits) following a report issued in June by the President's Council on Integrity and Efficiency to the Office of Management and Budget. The report found deficiencies in single audits, although the vast majority, more than 92%, of the dollar value of federal grant funds was covered by reliable audits.

"The results of this study raise important issues the profession has been and will continue to address," said Mary Foelster, AICPA Director of Governmental Auditing and Accounting, in testimony for the Government Affairs Subcommittee on Federal Financial Management.

The AICPA established its Governmental Audit Quality Center in 2004. This was

after the audits that were reviewed by the PCIE were performed, which generally occurred in the 2002 and 2003 timeframe. The AICPA Center helps accounting firms nationwide meet and maintain high standards for performing governmental audits, including single audits. More than 850 CPA firms are members of the Center and those firms audit approximately 83% of the federal expenditures covered in governmental audits performed by CPA firms.

Since June, the AICPA has formed seven task forces to examine the study's findings and recommendations; six of the task forces have already met and the seventh will be meeting soon. The task forces will be working with the Institute's Auditing Standards Board, OMB and other federal agencies to develop solutions.

Over the past 20 years, the AICPA said it has offered auditors who perform governmental audits numerous publications, professional education and conferences. More recently, the AICPA told lawmakers it has developed a separate audit guide and related

audit risk alert that addresses single audits. The Institute has publicized inspector general and peer review findings in various public forums and established a semiannual roundtable that brings together the stakeholders in the single audit process.

The AICPA emphasized to the subcommittee that single audits are important in helping to safeguard taxpayer dollars and its commitment to audit quality. Testifying at the hearing were representatives from OMB, the Government Accountability Office and the Department of Education, which coordinated administration of the presidential council's study of federal audits. Written testimony from each of the witnesses can be accessed from <http://hsgac.senate.gov> (search for "single audits").

For more information on the Governmental Audit Quality Center and governmental audit quality, visit:



[www.aicpa.org/GAQC](http://www.aicpa.org/GAQC)

regulatory matters

## AICPA Says Public Companies Should Be Allowed to Use International Accounting Standards

In late Oct. the AICPA told a U.S. Senate panel that American public companies should be allowed to report their financial results using international accounting standards.

"The AICPA supports the goal of a single set of high-quality, comprehensive accounting standards to be used by public companies in the preparation of transparent and comparable financial reports throughout the world," Charles E. Landes, vice president for professional standards and services, told a hearing of the Senate Banking Subcommittee on Securities, Insurance and Investment.

The Securities and Exchange Commission is weighing whether to allow U.S. firms to report financial results using International

Financial Reporting Standards rather than U.S. generally accepted accounting principles. This concept release by the SEC comes on the heels of a proposed rule that would allow foreign companies filing with the SEC to use IFRS without reconciling to U.S. GAAP.

The Financial Accounting Standards Board and the International Accounting Standards Board have made tremendous strides in harmonizing accounting standards already and the SEC is taking a leadership role. "The debate or question should no longer be whether we move to convergence of high-quality accounting standards, but how soon we can accomplish convergence," Landes said.

*continued from page 1—Treasury Department Studies Audit Profession*

"The auditor's role is key: to examine financial statements and express an opinion that conveys reasonable, but not absolute, assurance as to the truth and fairness of those statements."

Treasury Undersecretary for Domestic Finance Robert K. Steel questioned whether there is enough competition in the auditing profession. The four largest accounting firms handle more than 90% of public company audits.

The profession needs to invest in attracting and developing a new generation of auditors, Melancon said. Business conditions are likely to drive a new wave of accounting firm mergers over the next decade as smaller firms seek to gain size and expertise, he said.

Co-chairing the panel are former Securities and Exchange Commission Chairman Arthur Levitt Jr. and former SEC Chief Accountant Donald T. Nicolaisen. Other members include Anne M. Mulcahy,

chairman and CEO of Xerox Corp.; Amy Woods Brinkley, global risk executive for Bank of America; and Timothy P. Flynn, chairman and CEO of KPMG LLP. Also serving on the commission are Lynn E. Turner, former chief accountant at the SEC from 1998 to 2001; Ann Yerger, executive director of the Council of Institutional Investors; and Damon Silvers, associate general counsel at the AFL-CIO federation of labor unions.

## Staffing Needs Dominate 2007 AICPA Top MAP Issues Survey

Finding qualified staff at all levels is the most critical concern for the majority of firms with multiple professionals within the United States, underscoring the staffing crisis facing the accounting profession, according to the 2007 Private Companies Practice Section's Top Management of an Accounting Practice Issues Survey.

Retention — a separate issue — grows more important as firm size increases; for the first time this year, the survey listed this issue separately from hiring to get a better understanding of the challenges recruiting and retention pose for firms. For sole practitioners, tax complexity and concerns about standards and technology dominate the list, with work/life balance another important consideration.

"CPAs can use these lists to benchmark their own experiences against those of other practitioners in firms much like their own,"

said Jim Metzler, AICPA Vice President — Small Firm Interests. "They can confirm that similar practices are facing the same challenges and identify trends that will affect their own firms as they grow. In addition, we at PCPS use the data to create programs and resources that meet the real needs of our members."

Here are some of the interesting findings by firm size:

- Keeping up with new regulations and standards is the second most important issue for all firms with up to 20 professionals.
- Succession planning is a major concern for all firms with six or more professionals.
- Developing new partners is an issue for firms with 11 or more professionals.
- The chief issues facing practices with 21 or more professionals all involve human capital concerns.

It is interesting to note that marketing/practice growth and client retention — two challenges that appeared on the 2005 PCPS Top MAP Issue lists — do not appear on any of the 2007 lists. Instead, in 2007, CPAs are concerned with maintaining their technical competence and locating and retaining high-quality staff.

The PCPS Top MAP Issues Survey gathered information from a wide range of practitioners in firms of various sizes to get a snapshot of the most critical challenges facing PCPS members. The Top MAP Issues lists reflect the views of CPAs who are sole practitioners and those in firms with two to five professionals, six to 10 professionals, 11 to 20 professionals and more than 21 professionals.

The complete survey results are available at:



[www.aicpa.org/pcps](http://www.aicpa.org/pcps)

## AICPA, Small Business Administration Form Alliance

As part of its continuous efforts to support smaller CPAs firms in serving their small business clients, the AICPA signed a strategic agreement with the U.S. Small Business Administration giving CPAs greater access to the SBA's programs and nationwide network. The alliance will help the SBA market and deliver its products and services through the AICPA's network of 44,000 accounting firms nationwide.

"This is very important for CPAs," said AICPA President and CEO Barry Melancon at a signing ceremony in Washington, D.C., last month. "This agreement ... really aligns the AICPA and SBA and makes mutual resources available between the SBA and the CPA profession."

The strategic alliance agreement will open pathways for CPAs to join the SBA in advocacy efforts for small businesses. It will

enable CPAs to help clients work more closely with the SBA's network across America. CPAs will be able to draw more easily on SBA resources to help clients finance start-ups, expansions and — very importantly — recover from natural disasters, such as the recent fires in Calif. It also will enable firms in their local areas to work more closely with SBA resource centers and offices for the benefit of their small business clients.

"We had 8 million new jobs created in our country in the last four years and two-thirds of those have come from small businesses," SBA Administrator Steven Preston said at the signing ceremony. "The small business community in this country is not only essential, it is the primary driving force in our economy."

More information is available at the SBA's Web site, [www.sba.gov](http://www.sba.gov).

## AICPA Endorses Legislation to Assist Small Business by Creating Uniform National Standard for Nonresident State Income Tax Withholding

The AICPA has endorsed legislation that would create a uniform national standard for state withholding of nonresident income tax, which would be especially helpful to small and large CPA firms, as well as to businesses.

"We need a simple and uniform system governing how states apply taxes to non-residents doing business in their states,"

said James Metzler, AICPA Vice President — Small Firm Interests. "Recordkeeping can be voluminous under the current regulatory scheme."

He said the AICPA statement submitted to the House Judiciary Subcommittee on Commercial and Administrative Law for the hearing record on the hearing on H.R. 3359, the *Mobile Workforce State Income*

*Tax Fairness and Simplification Act of 2007*, outlines the difficulties businesses face.

Metzler explained that 41 states impose a personal income tax on wages and partnership income, and those states have many different tax requirements regarding the withholding for income tax of nonresi-

*continued on page 8*

## American Accounting Association's "Current Issues in Auditing" Web Site Launches

"Current Issues in Auditing," the Auditing Section of the American Accounting Association's new journal, has launched. This first release will contain 8 articles, including one from Sarbanes-Oxley Act co-author Mike Oxley and one from Grant Thornton's CEO, Ed Nussbaum. The first three articles already are on the Web site.

Published papers are available free of charge at [www.atypon-link.com/AAA/loi/cia](http://www.atypon-link.com/AAA/loi/cia). Besides the Sarbanes-Oxley Act and the Nussbaum article on audit research, topics covered include

eXtensible Business Reporting Language; communications among external auditors, the audit committee and the board of directors; and brainstorming on preventing and detecting fraud.

In addition, the site will serve as a portal for paper submissions, reviews and decision letters. Submission guidelines and other relevant information are available at <http://ciia.peerx-press.org>. Articles co-authored with practitioners are especially encouraged.

## AICPA Special Recognition Award Goes to Financial Literacy Proponent

The AICPA has presented its Special Recognition Award to Carl George, Clifton Gunderson CEO, for his work in promoting financial literacy in America. George is the founding chair of the National CPA Financial Literacy Commission, a volun-

teer leadership group that has guided the AICPA's 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org)) initiative since 2004. George also oversaw the 2006 launch of Feed the Pig™, a public service advertising campaign offering 25–34 year-

olds free advice on building long-term financial security. Created in conjunction with the Ad Council, Feed the Pig includes a Web site ([www.FeedThePig.org](http://www.FeedThePig.org)), public service announcements, podcasts and other educational materials.

**AICPA's Federal Tax Update, 2007–2008 Edition** (No. 731136CPA12). Author William Harden, CPA, identifies planning strategies and compliance actions resulting from the latest changes to federal tax statutes, regulations, cases and rulings. Recommended CPE credit: 16. Level: Update. Prerequisite: Familiarity with federal tax issues for various entities. Format: Text. \$149 member/\$186.25 non-member.

**AICPA's Tax Review Series: C Corporations** (No. 733640CPA12). Key business tax issues including the latest business developments are covered in this new self-study course. Recommended CPE credit: 13. Level: Update. Prerequisite: Knowledge of corporate income taxation. Format: Text. \$139 member/\$173.75 non-member.

**AICPA's Tax Review Series: S Corps, LLCs and Other Pass-Through Entities** (No. 733680CPA12). This new self-study course drills down on the key tax issues and covers the related latest business tax developments. It is an ideal complement to the related *C Corporations* course in this series. Recommended CPE credit: 9. Level: Update. Prerequisite: Knowledge of pass-through

entities income taxation. Format: Text. \$129 member/\$161.25 non-member.

**Retirement Plan Design for Small Businesses** (No. 733092CPA12). Find guidance in this updated edition on plan inception through plan termination. Author Gary Lesser, J.D., focuses on the issues impacting design, administration and operation. Recommended CPE credit: 24. Level: Intermediate. Prerequisite: None. Format: Text. \$179 member/\$223.75 non-member.

**Advanced Update for Compilation, Review and Accounting Services** (No. 731508CP12). Highlights include what CPAs really need to know to plan compilation and review engagements, where responsibility for fraud begins and ends, the most common peer review deficiencies, proposed standards and other developments on the horizon. Recommended CPE credit: 9. Level: Advanced. Prerequisite: Management of compilation or review engagements. Format: Text. \$139 member/\$173.75 non-member.

**Accounting Trends & Techniques, 61<sup>st</sup> Edition** (No. 009899CPA12). CPAs will find more than 600 illustrations and reports from companies presenting financial statements adopting recent rulings and standards. This best-seller also includes an accounting and auditing pronouncements and standards index as well as a reference appendix. \$119 member/\$148.75 non-member.

**AICPA Audit and Accounting Manual** (No. 005137CPA12). This unique one-volume manual explains and demonstrates useful techniques and procedures for conducting compilation, review and audit engagements. Includes extensive guidance on the requirements of the new risk assessment standards (SAS Nos. 104–111). \$119 member/\$148.75 non-member.

**Analytical Procedures – AICPA Audit Guide** (No. 012557CPA12). Receive guidance on the effective use of analytical procedures with an emphasis on analytical procedures as substantive tests. This guide — revised as of May 1, 2007 — has been updated to include a comparison of the new risk assessment standards to previous standards, as well as an illustrative case study and an appendix with useful financial ratios. \$49 member/\$61.25 non-member.

**To order**, write: AICPA Service Center, 220 Leigh Farm Road, Durham, NC, 27707; fax 800/362–5066; call 888/777–7077 (9:00 a.m. to 6:00 p.m., ET); shop online at [www.cpa2biz.com/store](http://www.cpa2biz.com/store); or e-mail [service@aicpa.org](mailto:service@aicpa.org). Orders totaling \$300 or less must be prepaid by check or credit card. **Prices do not include shipping and handling, or sales tax if applicable. Have membership number ready.**

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## PCPS Publications Win Several Prestigious Awards

Several publications created for Private Companies Practice Section ([www.aicpa.org/pcps](http://www.aicpa.org/pcps)) members have recently won prestigious awards. The honored publications, all of which have been available free to PCPS member firms, provide assistance with recruiting, marketing and technical standards.

Here are the honors PCPS received in the 2007 MarCom Awards, given by the Association of Marketing & Communication Professionals:

- A Platinum award, the highest possible honor, in the Brochure/Pamphlet category for the “PCPS Top Talent Study” booklet. This publication describes the results of the 2006 PCPS Top Talent Study, a landmark survey of the attitudes and expectations of high-performing staff members. It also offers advice on the best ways to recruit and retain promising young CPAs.
- Two Gold awards in the Writing/Brochure category for a set of Small Firm Advantage promotional brochures. *Why A Smaller CPA Firm is A Great Place to Work* is used by PCPS member firms in conjunction with their recruiting efforts. *The Smaller CPA Firm: Your Trusted Business Adviser* is a client marketing brochure that outlines the numerous advantages for companies choosing to work with smaller firms rather than larger rivals. These brochures also recently won a Silver Award in the 2007 Spotlight Awards Brochure Category from the League of American Communications Professionals.
- Honorable Mention in the Writing/Newsletter category for the *TIC Alert*. The *Alert*, a publication of the PCPS Technical Issues Committee, summarizes and explains the meaning of new developments in the complicated technical standard-setting arena.

## Communications Team Projects Earn 18 Coveted Awards

AICPA Communications Team materials recently won 18 awards — 5 Platinum, 8 Gold and 5 Honorable Mentions — from the prestigious MarCom Awards. Communications materials from the 360 Degrees of Financial Literacy and Feed the Pig efforts won the bulk of the awards. Last year’s AICPA Annual Report and new internal Communications Team Annual Report both received Gold Awards.

MarCom Awards is an international competition for marketing and communication professionals involved in the concept, writing and design of marketing and communication programs and print, visual and audio materials. Entries come from corporate marketing and communication departments, advertising agencies, PR firms, design shops, production companies and freelancers.

Platinum awards were given to the 360 Financial Literacy Radio Ad Campaign, the “Wish List” 360 ad; the Feed the Pig microsite ([www.feedthepig.org](http://www.feedthepig.org)); the Feed the Pig podcast series; and the Feed the Pig public service announcement television campaign.

Receiving Gold awards were the AICPA Annual Report 2005–2006 and the Communications Team Annual Report for 2006, the 360 Degrees of Financial Literacy consumer Web site ([www.360financialliteracy.org](http://www.360financialliteracy.org)) as well as several other communications vehicles for this effort.

Honorable Mentions went to the “Monica’s Life” financial literacy radio ad, and from the Feed the Pig campaign, the 2008 Savings Calendar, the Pig Day E-Card, the radio public service announcements and the making of the public service announcements video.

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dents. Further adding to the complexity, he said, is that de minimis exemptions are not handled uniformly and a number of states have reciprocity agreements with other states that exclude taxation of residents of those states that have signed the reciprocity agreement.

Metzler said businesses and accounting firms do a great deal of business across state lines and that many businesses and CPAs are negatively affected by nonresident income tax withholding laws.