

THE AICPA SPRING 2008 MEETING OF COUNCIL Information for ASCPA Members

The AICPA Spring Meeting of Council was “held” during May 18-20, 2008 in Jacksonville, Florida. Representing the ASCPA at this Council meeting were Steve Moore and Tom Ratcliffe [AICPA Council], Charles Watkins [Chair of ASCPA Council], Marlene McCain [Chair-Elect of ASCPA Council], and Jeannine Birmingham [President/CEO of ASCPA]. While many “business issues” and general “economic issues” were addressed, and while several awards were presented during this Council meeting, most of the substantive issues addressed during the meeting were associated with issues that will be of interest to members of the ASCPA.

Recognizing IFRS as GAAP

In amending Rules 202 and 203 of the Code of Professional Conduct, the Council voted to designate the International Accounting Standards Board [IASB] as the standards-setting body related to the establishment of international accounting and reporting standards. One of the primary reasons that the decision was made by the Council to approve International Financial Reporting Standards [IFRS] as GAAP relates to the SEC decision to allow foreign companies to report using IFRS without reconciling financial statement amounts to U.S. GAAP. The approval by the Council is yet another significant step in work already in progress related to developing one high-quality global-set of accounting standards that will be utilized by reporting entities world-wide. In order to provide CPAs with a heightened degree of awareness associated with IFRS guidance, the AICPA has developed a website as the initial step in providing education for those who will need to understand IFRS-related requirements. The website is accessible at www.ifrs.com

Approval of Forensic Credential

The Council authorized the creation of a new CPA specialty credential in forensic accounting. Known as the Certified in Financial Forensics [CFF], through combining that designation with the CPA designation, practitioners will have the ability to clearly-indicate specialized expertise in forensic accounting along with the core knowledge and skills that make CPAs among the most trusted business advisors. The new credential will encompass fundamental and specialized forensic accounting skills that CPAs apply in a variety of services, including those in the areas of bankruptcy and insolvency, computer forensics, economic damages, family law, fraud investigations, litigation support, stockholder disputes, and valuations. The credential will be launched in the fall of 2008.

Reliability Task Force Report

David Morgan, who serves as Chair of the Private Companies Practice Section [PCPS] of the AICPA, along with Tom Ratcliffe, who serves as Chair of the Accounting and Review Services Committee [ARSC] provided an update on a proposal to revise existing compilation and review engagement standards. Based on feedback from users of small business financial statements, the proposal incorporates suggestions for ARSC to consider making their standards more flexible. Small business owners frequently-engage CPAs to help in developing high-quality financial statements that need to be reliable for use by third-parties. At times, services performed related to this work may involve CPAs making managerial-type decisions [performing control-related activities] about the proper accounting that needs to be reflected in the financial statements, including the appropriateness of disclosures that are included in the statements. Bankers [and other users] of small business financial statements welcome this external CPA involvement because they believe that the involvement enhances the reliability of the financial statements. The ARSC has agreed to look at this issue with the goal of amending existing standards to permit limited assurance engagements [reviews] when CPAs perform control-type activities. The Reliability Task Force believes these control activities or reliability procedures should not preclude CPAs from expressing limited assurance on the financial statements, although the current framework for assurance engagements precludes CPAs from expressing any level of assurance on financial statements when these activities or procedures are undertaken. The ARSC plans to issue an exposure draft on this issue by late 2008, with the goal of finalizing new technical literature in the summer of 2009.

Clarifying Auditing Standards

Harold Monk, Chair of the Auditing Standards Board [ASB] informed the Council about a major ASB project associated with clarifying auditing standards. Addressing concerns over the clarity, length, and complexity of current auditing standards, the ASB has undertaken a significant effort related to making the standards easier to read, understand, and implement. Over the next two to three years, all existing auditing standards will be redrafted to a format that clearly-establishes objectives, relevant definitions, requirements, and application material. Consistent with the ASB strategy to converge U.S. auditing standards with international standards, the U.S. auditing standards are being redrafted using corresponding international guidance as the basis for the work. Already, the ASB has issued two exposure drafts [one on documentation, and another on communications] using the new drafting conventions.

New Leadership for Students, Academics, and Membership

The AICPA has announced that Jeannie Patton, who currently serves as the CEO of the Utah Association of CPAs, will now assume a newly-created role of Vice President – Students, Academics, and Membership within the AICPA. Ms. Patton will oversee AICPA programs designed to recruit students into the accounting profession, encourage accounting graduates to pass the CPA exam, serve the needs of young CPAs, and promote long-term retention of AICPA members. Additionally, Ms. Patton will supervise the AICPA annual survey entitled *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits*, as well as initiatives related to women and minorities, along with initiatives associated with Beta Alpha Psi, and the AICPA Foundation. Ms. Patton will assume her new role on July 1, 2008.

Respectfully submitted,

Steve Moore
Tom Ratcliffe

May 22, 2008