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## Top Stories

### **New Law Extends Phase-In; Eases Pressure on Peer Review Mandate**

A new law eases the pressure on firms and sole practitioners who haven't yet undergone the peer review process. *Public Act 1 of 2007*, signed into law on March 1st by Governor Jennifer Granholm, provides for an extension and phase-in of mandatory peer review as a condition of licensure for CPA firms and sole practitioners that perform audit, review or compilation engagements provided to a third party.

"The extension and phase-in resulted, in large part, due to the efforts of the Michigan Association of CPAs and the Michigan State Board of Accountancy," said Peggy Dzierzawski, president and CEO of MACPA.

The peer review mandate, adopted in December 2005, was part of a package of accountancy law reforms strengthening the integrity of the profession.

Essentially, the law requires Michigan CPA firms and sole practitioners who perform attest services (defined by statute as audit, review or compilations relied upon by third parties) to participate in a peer review program in order to renew their licenses. The original effective date was March 1, 2007.

The MACPA and the Michigan State Board of Accountancy recognized the difficulty of meeting the original March 2007 deadline, given that the peer review process itself can take up to 20 months.

The new law provides for a one-year extension of the initial implementation date (to March 1, 2008), and a phase-in over three years depending upon the level of engagements provided by a firm or sole practitioner. See details in accompanying box.

**MACPA Technical Peer Reviewer Mary Kline-Cueter addressed common questions about the peer review requirement and the new implementation dates.**

*Q: Does the new law affect the type of review I am currently having?*

#### **New Peer Review Extension and Phase-In Dates**

Michigan CPA firms and sole practitioners (that perform audit, review or compilation engagements provided to a third party) are required to provide proof of participation in a peer review as follows:

- Firms that perform an audit as their highest level of service are required to provide proof of completion of a peer review upon license renewal or license application **beginning March 1, 2008**.
- Firms that perform a review or a compilation with disclosures as their highest level of service are required to provide proof of completion of a peer review upon license renewal or license application **beginning March 1, 2009**.
- Firms that perform a compilation without disclosures as their highest level of service are required to provide proof of completion of a peer review upon license renewal or license application **beginning March 1, 2010**.

**Kline-Cueter:** No, the requirements are still the same – only the timing has changed. Any firm or sole practitioner that performs audit, review or compilation engagements provided to a third party must supply proof of participation in a peer review in order to renew their license with the State of Michigan. The level of service you provide will determine WHEN you must provide that proof of peer review.

*Q: My firm only conducts one SMALL audit. Do I need a system review?*

**Kline-Cueter:** Yes.

*Q: My firm only does a few compilations. Do I need a peer review?*

**Kline-Cueter:** Yes, you need a peer review even if you only do compilations. If the compilations omit substantially all disclosures, you qualify for a Report Review. If any of those compilations include disclosures, you qualify for an Engagement Review.

*Q: Since the new phase-in date for a review or compilation with disclosures is now March 1, 2009, can I postpone my engagement review until March of 2009?*

**Kline-Cueter:** Technically, yes, you can delay your engagement review, but I wouldn't wait that long. We strongly encourage firms to enroll early and become familiar with the program. 2009 is a renewal year and the review might not be done by December, particularly if there are any follow-up requirements.

Kline-Cueter reiterated that the MACPA Peer Review Department is committed to providing the information and resources to assist all members through this process. For more information, please contact the MACPA Peer Review Department at 248.267.3700 or [peerreview@michcpa.org](mailto:peerreview@michcpa.org).

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## Top Stories

### Mobility – the Drive for Easier Interstate Practice

Commonly referred to as “mobility,” an increasing number of states have passed, or are considering, legislation to allow CPAs to practice across state lines without being licensed in each state. This easing of restrictions for interstate practice has been likened to a “driver’s license” approach, similar to the situation where you can drive through any state with the driver’s license issued by your home state and you are subject to the laws and regulations of whatever state you’re driving through – you don’t need a separate driver’s license for each state.

The National Association of State Boards of Accountancy (NASBA) and the AICPA are promoting simplification. In fact, they released a proposal for exposure in December 2006, and released [proposed amendments](#) to the exposure draft on March 6, 2007.

The March 6 document includes both explanatory material and the text of the proposed changes.

**The comment period on the  
NASBA/AICPA proposed revisions will  
end on  
May 15, 2007.**

Essentially, the December *Uniform Accountancy Act* (UAA) revision proposed to grant “no notice, no fee” practice privileges to qualified individuals. CPAs practicing in another state, however, would be subject to that state’s regulations and enforcement.

Still, there were concerns about how some of the UAA provisions could affect mobility as a result of a broad interpretation of CPA firm registration requirements.

The AICPA and NASBA leadership concluded that mobility could be enhanced, and the public protected, if an out-of-state firm with no office in a state were required to obtain a permit only if it were providing an audit, examination of prospective financial information, or a PCAOB engagement to a *client having a home office in the other state*.

Under the proposed amendment to the December 11 exposure draft, an out-of-state firm without a permit could provide other attest and compilation services through individuals with practice privileges, but would, nevertheless, be subject to that state board’s jurisdiction. The firm would have to meet the qualifications for the other state’s firm permit, including its ownership and peer review requirements, if the firm provided other attest or compilation services for a client having its home office within the other state.

Individuals with practice privileges could provide services related to attest and compilation services for clients that do not have their home office in the other state, could provide non-attest services in the other state, and their firm could use the CPA title in the firm’s name in the other state, so long as their firm could do so in its home state (thus addressing the situation of firms from states that do not register sole proprietors as CPA firms).

It is important to remember the UAA is a *model* bill and set of regulations designed by AICPA and NASBA to provide a uniform approach to regulation of the accounting profession. Provisions of UAA have not been adopted in all jurisdictions.

**The comment period on the proposed revisions will end on May 15, 2007.** MACPA leadership is currently examining this proposal and welcomes feedback from members. If you have comments or questions, please e-mail MACPA Director of Government Relations & Regulatory Affairs [John Lindley](#) or call 248.267.3700.

### **Background**

Professionals are being asked daily to cross state lines, via travel or electronic communication, to serve the needs of clients who are not restricting their business to a single state, and to provide expert technical resources to perform all levels of accounting services, including effective audits.

Currently each state has different requirements for licensure, registration or temporary permits for out-of-state CPAs who practice temporarily in the state. These diverse requirements frequently interfere with the public's need to ask the CPA or CPA firm to provide professional services on short notice in various states. The changes being discussed at national and state levels would allow out-of-state CPAs and CPA firms to respond to the public's needs while continuing to ensure their appropriate regulation and discipline, regardless of the state of original licensure.

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## Top Stories

### Tax on Services – What Do You Think?

#### *MACPA Offers Blog to Share Your Opinions, Concerns on the Service Tax*

A new message board on the MACPA web site affords members the opportunity to voice concerns and opinions about one of the hottest topics in the Michigan business community – a new tax on services.

Likely the most diverse professional association in Michigan, the MACPA works diligently to ensure the interests of Michigan CPAs are properly represented in the public policy-making arena. As you are likely aware, Michigan Governor Jennifer Granholm has introduced a proposal to restructure portions of Michigan's tax system, including replacement of the Single Business Tax (SBT). A portion of this plan calls for the levy of a two percent tax on services.

The MACPA would very much like to hear your thoughts regarding this issue, as policy-makers continue to examine options for replacing the SBT. Go to this special blog, which will allow you to post your thoughts, and review feedback submitted by other members. You'll also find links to an executive summary of the Governor's proposal, the full text of the legislation and a list of services taxable and exempt under the proposal.

MACPA leadership, including the Executive Committee and the Legislative Advisory Group, are deliberating the current legislative proposal of a two percent tax on the performance and delivery of services in Michigan. These leaders strongly believe it is imperative to obtain MACPA member views and feedback regarding this issue, as policy-makers continue to examine proposals to enhance Michigan's business climate.

The blog on the web page will allow you to post your thoughts, and review feedback submitted by other CPA colleagues.

## Top Stories

### Navigator of the Profession: Profile of Judge Judith R. Trepeck, CPA



Michigan Tax  
Tribunal Judge  
Judy Trepeck

Michigan Tax Tribunal Judge Judith R. Trepeck has been a certified public accountant for 36 years. Prior to her appointment in 2004, Judge Trepeck focused her practice in the areas of tax, consulting, dispute resolution and board and executive management governance. She has held the position of COO for the International Institute of Strategic Business Professionals, as well as shareholder of a Michigan regional public accounting and consulting firm. Judge Trepeck is an active member of the Michigan Association of CPAs and has served on the Board of Directors. She also serves as a trustee for the Michigan Accountancy Foundation (MAF) and is an active member of AICPA. In November 2007, Judge Trepeck will lead a group of women to South Africa as part of the People to People Ambassador Program – Women in

Accounting Professional Delegation.

#### **1. What made you decide to go into the accounting profession?**

As a high school student, I became interested in accounting after being introduced to it in math class. When in college, women were all going into teaching. I knew, at that time, teaching was not the path for me and being interested in math and solving problems led me to an accounting major and business school.

#### **2. Describe how you have made a difference by being a CPA.**

The difference is really on many levels. I would like to think that I have made a difference for my clients during my 36 years as a CPA. Helping them accomplish what they wanted for themselves was ALWAYS my goal. Additionally, making a difference for the community through programs and volunteer projects has always been a high priority for me. I have actually carved out hours from my practice and positions for the past 36 years in order to help communities. I would also like to believe that I have made a difference for the profession. Through innovative programs and their implementation, I have served on MACPA and AICPA committees in order to make a difference for my colleagues and the people we work with and serve.

#### **3. What are your major professional accomplishments?**

It seems that I have always been a pace setter...brainstorming and creating programs and initiatives that were before their time. When I graduated from U of M Business School, I was one of three women. Getting a job was certainly a challenge, even with a profession hungry for young energetic grads. The profession was not as open to women as it is today...I would like to believe that I have contributed to that door opening even wider.

Additionally, contributing to the community as a CPA has opened the eyes of the community

with regard to the diversity, innovation, creativity and intelligence that hallmarks our profession.

**4. What is/was your most meaningful volunteer experience?**

Leading and participating in the End-of-Life book created by the Financial Literacy Task Force at the MACPA is certainly high on the list. It was an honor to work with colleagues to help people by disseminating solid, instructive information that can impact the lives of those who are ill and their families.

**5. You are the group leader for the People to People Ambassador Program – Women in Accounting Professional Delegation slated to visit South Africa. What is this all about, and how did you get involved in this program?**

They were referred to me by another great woman in our profession. The purpose of the delegation is to expose and connect American women in accounting with the profession in other countries, in this case South Africa. This is a GREAT opportunity for women in industry, as well as public accounting. I expect to make wonderful business contacts, create opportunities for partnerships, and learn about the profession in this growing and energetic country. We are in the process of trying to partner with Oprah Winfrey's Academy for Girls in Leadership in Johannesburg. This school is dedicated to catapulting young girls into leadership and we look to make a contribution.

**6. Who should consider attending, and how will they benefit from this kind of a professional experience?**

Women in industry will make wonderful contacts and, hopefully, be able to create partnerships and develop relationships with like-kind and related businesses. Women in public accounting will gain first-hand knowledge of the profession in South Africa and also have a chance to develop some meaningful relationships. Women in government and education will meet others in the same arena and have meaningful information to take back to their institutions. Young professionals would have the chance to network with other women from around the state and the country and take back unique experiences to share with those in their own work environments. And, it goes almost without saying, that an experience at Oprah's Leadership Academy would make a unique difference for young girls AND delegates... I have a feeling we will receive MUCH more than we can possibly give!

**7. Are there any other interesting things about yourself or your career that you would like to share with other members?**

Not necessarily unique, but important. It is about volunteering and giving back. There is nothing like being a volunteer in the profession. As a young professional, you learn how to network, work with others, create deliverables, and make a difference in the profession and the local and national community. Additionally, paying attention to young professionals is an important part of everyone's career. Young professionals need mentoring and constant support. They need to know that this profession provides a platform for a wonderful, fruitful and fun life. Accounting and our ancillary knowledge base is the backbone of business and the economy around the world. Young people should grab the chance to be a CPA!

**8. What do CPAs need now to be successful in the future?**

They need a broad outlook and education. Accounting is no longer about adding correctly and

making sure numbers agree. It is about integrating business and financial knowledge with the economy, in the world!

**9. What advice would you have for those considering entering the CPA profession?**

DO IT! There is nothing like it...on all levels...the knowledge you gain, the people you meet, the difference you make. What a life!

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## Message from the Chair of the Board

### Discussion on Service Tax Builds



Sean Keenan  
2006-2007 MACPA  
Chair of the Board

*In this world nothing is certain but death and taxes.  
-Benjamin Franklin*

Even wise old Ben Franklin knew taxes were inevitable. But, why do they have to be so darn complicated?

I'd venture to guess that no single issue has garnered as much attention in the Michigan business community as has the expiring Single Business Tax and, subsequently, its potential replacement.

One aspect of Governor Jennifer Granholm's new plan is of particular interest to those of us who provide a service. The Governor's plan, as I'm sure you know by now, includes a provision for a two per cent levy on services. That would include the services of CPAs.

To that end, our Association leadership, including the Executive Committee and our Legislative Advisory Group, are deliberating the current legislative proposal of a two percent tax on the performance and delivery of services in Michigan.

**We would very much like to hear your thoughts regarding this issue**, as policy-makers continue to examine options for replacing the SBT. Go to this special blog which will allow you to post your thoughts, and review feedback submitted by other members. You'll also find links to an executive summary of the Governor's proposal, the full text of the legislation and a list of services taxable and exempt under the proposal.

Please join in the discussion – take advantage of this opportunity to be involved in shaping our business tax system.

While the SBT replacement is headline news, I'd like to call your attention to other important topics covered in this issue of Leader's Edge, including:

- [Mobility\\*](#) – reducing cumbersome regulations for interstate practice
- [Peer Review](#) – easing the timeframe for compliance for mandatory peer review
- [Race for the Cure](#) – an opportunity to raise money and awareness for a great cause.

The MACPA is committed to assisting members and serving as a resource regarding all of these important issues. As always, feel free to contact me or our President and CEO Peggy Dzierzawski with your concerns or feedback.

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## **Corporate Finance**

### **Making the Right Choice: Use New Decision Tree to Reach Ethical Conclusion**

One hallmark of the CPA profession is our commitment to a Code of Conduct, and that's what sets the profession apart from our non-certified colleagues.

In support of this ethical commitment, the MACPA offers a new downloadable Ethics Decision Tree for members in business and industry. The Decision Tree, created by the AICPA in consultation with the Business & Industry Executive Committee (BIEC), will help walk you through a process of resolving an ethics issue that you might encounter.

Download the [Ethics Decision Tree](#) for members in business and industry.

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## Practice Management

### Practice Continuation for Small Firms

By Suzanne M. Holl, director of loss prevention services with CAMICO Mutual Insurance Company

No one likes to think about it, but we are all subject to illnesses and injuries, some of which can disable us for several months, even years. What would happen if you were unable to work for an extended period? Do you have any kind of contingency plan in place?

CPAs who have not yet taken the time to develop a plan may be:

1. inviting future lawsuits against themselves or their estates; and
2. leaving their spouses, families and heirs with the daunting task of trying to figure out what to do in the event of a disability or death.

The first step is to get a plan in place, helping to facilitate the continuation of the practice, making sure clients are taken care of, and preserving the value of the practice.

CPAs interested in detailed guidance for developing practice continuation plans can refer to the *Management of an Accounting Practice* (MAP) handbook (AICPA), which includes an article on "Practice Continuation Agreements," by John A. Eads, CPA, or the *Guide to Managing an Accounting Practice* (PPC). The following basic tips are excerpted from those and other sources on how to get a plan started:

1. **Create a checklist of important resources and phone numbers**, such as your professional liability insurance carrier, state board of accountancy and the state CPA societies. CPA societies can help put members in touch with MAP committee members in their local areas to explore ways of keeping a practice going in an emergency. Other important numbers may include your office building manager, computer technical help, telephone service and other utilities.
2. **Assemble a set of practice and operating documents**. These documents can be divided into sections, such as:
  - a. A profile of the proprietorship, including types of services offered, names of key employees, location of accounting records, bank account information and location of contracts and lease agreements'.
  - b. A client list, including key contacts, services provided and important deadlines. (This will need to be much more detailed if you are interested in negotiating a buy/sell agreement as part of a continuation or succession plan.)
  - c. Procedures used to monitor work in progress. This will enable others to determine the status of uncompleted work.
  - d. A guide to using the firm's computers.
  - e. The location of work papers.

- f. A description of the filing system.
  - g. Office procedures for handling the receipt and return of client information.
  - h. Billing schedules and collection policies.
  - i. Procedures for identifying and paying accounts payable.
  - j. The location of personnel files.
3. **Decide on a continuation arrangement/ agreement.** There are three basic types:
- a. **A one-to-one agreement**, which usually takes the form of a buy/sell agreement written to cover the CPA's disability or death.
  - b. **A group agreement**, in which several CPAs may act as successors/partners to each other's firms. CPA firm alliances or associations generally serve this purpose, among other purposes.
  - c. **A state society plan**, in which local societies or MAP committees assist the member, spouse or heirs in finding a successor/partner.
4. **Identify, approach and partner with a suitable firm(s).** Network among sources of referrals. The best organization for such networking is your state CPA society. Other sources include bankers, attorneys and community groups.

Alliances among CPA firms are booming in some regions. Some are formal associations, others casual, but one of the benefits is that they provide for practice continuation in the event of disability or death.

5. **Implement the plan.** Contact your attorney to draft any agreements required by the plan. Discuss the plan with your spouse, attorney and successor/partner. Communicate in writing the instructions for all parties, and set up dates for annual reviews of the plan.

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#### **About the Author**

*Suzanne M. Holl, CPA, is director of loss prevention services with CAMICO Mutual Insurance Company ([www.camico.com](http://www.camico.com)). With more than 18 years of experience in accounting, Holl draws on her Big Four public accounting and private industry background to provide CAMICO's member-owners with information on a wide variety of loss prevention and accounting issues.*

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## Practice Management

### Unique Approaches to Succession Planning for Accounting Practices

*By Joel Sinkin and Terrence Putney, Accounting Transition Advisors, LLC*

As an accounting and tax professional, you advise your clients to plan years before they retire or sell their businesses. Yet, many accountants fail to take their own advice and wait too long to start the process of succession planning.

**When do you start?** The plan many practitioners have for their practice is to work full time until they don't or can't work any more and then sell it. It's black and white. Work or sell. However, by using alternative approaches to succession, practitioners can address long term succession now, continue to work full time and even create a better quality of life while not losing independence and control.

The first step in succession planning is to think about how many more years, or tax seasons, you desire to work full time.

Most practices have a significant amount of personal and business clients dealt with on a once-per-year basis. Some clients may have contact with the office or staff throughout the year, but are truly only seen in person once per year by a partner. This is important because if you are five years from cutting back your time in the practice, in reality, that is only five more visits for many clients. Two more years is only two more personal visits.

The key to a successful transition of your client base is to be personally involved as much as possible in the transition process. Why?

Your client base is built upon the fact that your clients like and trust you. Fees, location, manner of providing services, and other factors are important to the decision clients have made to hire and retain you. However, for most of your clients, their level of comfort with you, personally, is the most important factor.

**The key to the success of any deal to transition your practice is client retention.**

Providing enough time for you to personally be involved with clients in the process of transferring the trust they place in you to your successor is vital to client retention. Sending a letter to your clients announcing your recent sale of the practice places much more stress on the relationship than a letter that announces your new firm affiliation, coupled with at least a couple of tax seasons, during which you personally introduce clients to your eventual successor.

Other factors to consider regarding when to start a succession plan are:

- The need for a major investment in technology,
- Expiring leases or the need to move,

- Staffing shortages or required replacements, and
- Other major operational issues.

Ideally you will find an affiliation with a firm or individual that will relieve you of the need to make a significant investment your practice, especially if you are only a few years away from cutting back. That firm should also be in a position to be your long-term successor.

**How can you structure a deal whereby you retain income and control and create a succession plan at the same time?** There are several ways to affiliate with your ultimate successor without becoming a junior partner in your own firm. One popular approach for a retirement-minded practitioner is to become a firm within your successor's firm. This is most effective when the two firms share space as well, although that is not mandatory.

For example, assume you have a firm generating \$500,000 in annual revenues before owner compensation of \$200,000. Further, assume you want to reduce your role over the next five years. The following is an approach that could meet all of your objectives:

- You create an affiliation with your successor firm that appears to the outside world to be a merger.
- You share space with the successor, accomplished through both firms moving into your existing space, the other firm's space or even new space.

Because you are able to continue the practice using the same amount of staff time (therefore, resulting in no increases in staff costs for your successor while you continue to work full time), you should be able to continue to earn the same level of compensation without the other firm suffering a loss. You should still be able to come and go as you please, remain "master of your domain," yet have back up, support, and gradually acquaint your clients and successor with each other. That is the most effective way to transition your client relationships.

This approach also acts as an insurance policy. If you have a short-term health problem, the successor is there to cover you. If you have a more serious health issue or worse, the succession and buyout can be accelerated and your estate and clients are protected.

Generally, overhead reductions become available to the successor firm due to eliminated cost redundancies such as rent, labor, software and other overhead items. There may be niches one or both firms have that the other did not, thus creating new income potential through cross selling additional services. These circumstances create an incentive for the other firm to accommodate you and maintain your level of income.

In the future, if you elect to reduce your time commitment to the practice, you generally would experience a pro rata reduction in your income.

Finally, when you reduce your time below a certain predetermined level (say 50 percent of full time) or at an agreed upon back date, the buyout payments commence.

The affiliation can take the form of a merger, a sale with continuing employment, an ongoing

consulting agreement, or a practice continuation agreement. In every case, there are several key concepts for picking your successor and deal structure to consider:

- If you do not want to eat lunch with someone, they should not be your ultimate successor. In other words, make sure you enjoy being with your successor. This normally ensures your clients and staff will relate to them as well.
- Never do a deal that leaves the terms open, with intentions to work them out in the future. Agreeing to agree later is a bad plan.
- Use common sense regarding the economics. Buyers do not acquire practices to lose money and you need to be properly compensated for your years of sweat equity. There is no reason everyone cannot win when the deal is structured correctly.

If you have not planned in advance, all is not lost. You can still make a decent transition with little or no advance warning to the clients. However, planning in advance will help maximize the success of the transition and the value of your practice.

#### **Dealing with internal succession plans for multi-partner firms.**

Many multi-partner firms do not have a partnership agreement or any other form of succession plan. Some firms have succession plans but they aren't realistic. There are a couple of important items to consider if you are in a multi-partner firm:

**Do the partners or managers you hope to promote to become your successor have the excess capacity to replace you?** If a partner is working, for example, 2,300 hours and 60 percent is billable, do the professionals you expect to take over have the excess capacity or ability to pass down work so they can ultimately replace the 1,400 billable hours and important other tasks you are responsible for? If not, you have a serious problem and may need to plan to bring in more talent to strengthen your succession team. You may also need to consider an external solution to realistically create an effective succession.

**Do you have several partners that are likely to retire or cut back close in time to each other?** Can your internal succession team handle that load? A rule of thumb is it takes at least two partners to comfortably replace every partner that is leaving including new partners promoted for that purpose. Most partners already have a full plate. Even in situations where the numbers theoretically work, it can be a problem if the remaining partners can't step up to the added responsibility. Do you have a strategy in place to help clients become comfortable with the designated replacement for a retiring partner?

**Valuing partner equity for purposes of an internal buy out is an important item.** This is a complicated subject that can't be given full justice in this article. However, there are some basic concepts to consider. In order to have the proper incentive for the remaining partners, internal valuations should result in the remaining partners (who are similar to the "buyers" in an external deal) generating an increase, not a decrease, in their compensation when a senior partner retires. If the remaining partners of the firm determine they will lose money because of the buyout payments, it is difficult to get them to follow through with the plan. This can result in junior partners leaving the firm prior to the retirement or a failure to attract new partners to the firm through recruitment, promotions and mergers.

This is a foundation issue for any internal succession plan. Even if junior partners accept the challenge, an economically unsound plan can result in payment defaults as the remaining partners struggle to overcome the financial burden.

The basic approach to value in an internal succession is to remember it's not the price that matters as much as it is the terms. The five basic terms for any buy out or acquisition are:

1. The down payment,
2. The number of years payments are made,
3. The extent payments are tied to client retention,
4. The tax treatment and other factors affecting profitability for the buyer, and
5. The price, usually expressed as a multiple of revenues.

Start with how much total compensation the retiring partner currently draws from the practice, including perks, benefits and profit sharing. Subtract from that total, the additional cost of labor to replace the retiring partner. The remainder is what is available for buy out payments and upside for the remaining partners.

As an example, a partner receives a total compensation package of \$150,000. When that partner retires, the firm will have to hire someone (not necessarily another partner) to pick up the work being done by the retiring partner or to do the work passed down by junior partners who might be taking over the senior partner's role. Assume the total incremental cost of the replacement is \$70,000 per year. The package of buy out terms can be based on what percent of the \$80,000 remaining should go to the retiring partner for their equity and what should be left for the remaining partners and for how long.

Your practice may be one of your largest assets. Succession planning is difficult and can be a very emotional process. This may be the last and most important decision you make regarding your practice. It is often prudent to seek the assistance of professionals who have significant experience with succession of accounting practices.

The accounting industry is unique due to the importance of long-term client relationships. The most successful deals are structured very differently than sales of other businesses. When done correctly, succession will be a win/win deal for the retiring practitioner and the successor firm or partners.

### **About the Authors**

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## Tax Tidbits

### 2007 Tax Assistance Program Helps Those in Need

Once again, for two Saturdays in February, MACPA has partnered with the Accounting Aid Society (AAS) in an effort to give back to the Detroit community. As an initiative of the Communications Task Force, MACPA adopted the Focus: HOPE location in Detroit providing CPAs, accounting professionals and student volunteers to complete tax returns.



Throughout tax season, volunteers for AAS complete tax returns, at no charge, for low-income individuals and families at various locations in Detroit, as well as several other metropolitan Detroit communities.



This year, MACPA's events were held on February 10 and February 17. Approximately 15 volunteers each day generously gave their time and expertise to assist the clients in tax return preparation. The two-day program drew about 105 clients. Projected "return" numbers are expected to match, and even exceed, the figures from 2006. Last year, more than \$100,000 was returned back to the Detroit community in tax credits.

All volunteers who attended the program were required to take training sessions prior to participation. The training gave them the necessary knowledge to provide clients with much-needed tax credits.

In order to be eligible for this free service, clients had to meet certain annual income guidelines. The maximum income level for an individual was \$20,000, while for a family it was \$39,000.

All of the clients were extremely grateful and appreciative of the assistance they received. One client expressed his gratitude by saying, "This program definitely helps those of us who normally cannot afford to have our taxes done by professionals. It shows there are organizations out there that really care about lower income people in the community."

As much as the program helped the clients, it also was very rewarding for the volunteers. Although it meant giving up most of their Saturday afternoon, it was well worth it. Diane Edwards is a member of the Communications Task Force, as well as a repeat volunteer. "I think this is an excellent alliance with Marshall Hunt and the Accounting Aid Society," said Edwards. "I love volunteering for the program because I know we are really providing a needed service to the community."

The MACPA would like to thank these dedicated volunteers who participated in the program:

Nataliya Bokalo  
Ayhan Chaushev  
Linda Chu  
Amy Drouillard  
Diane Edwards  
Keleila El-Mokdad  
Jamie Finfrock  
Dan Harris  
Becky Holman  
Helen Johnson  
Stella Moulton  
Anne Mount  
Julie Oldham  
Verne Paxton  
Joseph Robach  
Mark Rottermond  
Ganell Smith-Mack  
John Spranger  
Paul Taros  
Jia Zhao  
Steve Zimmer

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## **Tax Tidbits**

### **MACPA Task Force Q&A with Treasury Officials Provides Valuable Input**

In January, the MACPA's State and Local Tax Task Force held its annual Question and Answer session with the Michigan Department of Treasury at the Lansing Center. The meeting provided valuable insights from Department officials regarding recent state tax matters, and compliance and collections issues.

Access the complete Q&A summary [here](#).

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## Tax Tidbits

### Join Treasury's Tax Professionals LISTSERV

*By Terry Stanton, public information officer, Michigan Department of Treasury*

The Treasury Tax Professionals LISTSERV is a *free* service that quickly and easily disseminates mass e-mail messages to subscribers. Receive information about e-file acknowledgments, e-file statistics, updates to tax instruction booklets, seminar announcements and more.

To subscribe, send an e-mail request to [LISTSERV@LISTSERV.michigan.gov](mailto:LISTSERV@LISTSERV.michigan.gov). Type the word "subscribe" in the subject line of the e-mail and type the following in the message area, with your first and last name in the appropriate locations.

**Example:** Subscribe TREAS-TAX-PROF John Smith

You will receive a confirmation e-mail message. Follow the instructions to complete the subscription process.

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## **Tax Tidbits**

### **Visit Online Member Tax Center for Great Resources**

The new MACPA web site, launched in late January, offers many innovative features and expanded information for members. At this time of year, the [Tax Center](#) is especially valuable to members. Local IRS contacts, all states' filing deadlines and tax forms, and links to important state and federal information are just a few of the resources available. Clients and the general public can visit the Public Resources section of the site to access the [Taxpayer Resources](#) page to help them during this tax season.

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## Of Interest

### **Federal Crime Victims Can Get Their Day in Court – New System Aides in Notification**

*By Stephen Moore, IRS Criminal Investigation, Detroit Field Office*

*Author's note: As a Public Information Office for IRS Criminal Investigation, it is part of my job to attend sentencings of white-collar criminals and tax scam artists. All too often, I meet the real victims of their cons and listen to the emotional stories, usually outside the courtroom. As CPAs, you may have also heard the victims' stories and felt they should get their day in court and be provided the opportunity to express themselves to the judge. A fairly new law allows victims to do just that. – S. Moore*

Through the *Justice for All Act of 2004*, CPAs can advise clients that crime victims have the new right to be reasonably heard at any public proceeding in the federal district court involving release, plea, sentencing or any parole proceedings, and have the right to "full and timely restitution." The Department of Justice has launched a notification system to provide victims with information on case events.

Author Stephen Moore is a featured speaker in the 2007 series of High School Leaders Conferences currently underway. Read more on the content and outcome of those events in the next issue of Leaders' Edge.

In most cases, the investigating agency will work with the United States Attorney's Offices in identifying victims who were directly and proximately harmed as a result of the commission of a federal offense. The Department of Justice representatives will make their best efforts to see that crime victims receive reasonable, accurate and timely notification of scheduled court proceedings, among other things.

The Victim Notification System (VNS) provides information, including status of the case, scheduled court hearings and an offender's custody status. This system can be accessed by telephone or Internet once the victim has applied for and received VNS identification numbers.

The *Justice for All Act* also allows the victim to provide a "Victim Impact Statement" to the United States Probation Office, which will be included in a pre-sentence investigation report to District Court judges. If the victim (or lawful representative) is present and wants to make a statement at the sentencing of the convicted offender, the prosecutor will advocate for the victim's right to make a statement or present information in relation to the offender's sentence.

Although earlier statutes authorize restitution as part of a criminal sentence, the *Justice for All Act* also provides victims with the right to "full and timely restitution." It is important for the victims to keep records of their losses to allow those losses to be included in the

probation department's calculation of ordered restitution.

For further information on the *Justice for All Act*, please contact the United States Attorney's Office Witness Victim Coordinators, Sandy Palazzolo, Eastern Judicial District of Michigan, at 313.226.9510 or Kathy Schuette, Western Judicial District of Michigan, at 616.456.2404 or visit the web sites noted in the related resources.

### **Related Resources and Links**

Download a [pamphlet](#) about the  
**Victim Notification System**

U.S. Attorney's Office-Eastern Michigan  
[www.usdoj.gov/usao/mie](http://www.usdoj.gov/usao/mie)

U.S. Attorney's Office-Western Michigan  
[www.usdoj.gov/usao/miw](http://www.usdoj.gov/usao/miw)

National Crime Victims' Rights Week  
April 22-27, 2007

### ***About the Author***

*Special Agent Stephen Moore, JD, is the public information officer at IRS Criminal Investigation, Detroit Field Office. He serves on the MACPA Fraud Issues Task Force.*

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## Of Interest

### **Update Your Profile on the New [www.michcpa.org](http://www.michcpa.org); Get a Chance to Win an iPod**

Members who update their profile at the new MACPA web site by March 30th will be entered into a drawing to win an Apple® iPod. The 80 GB iPod stores up to 20,000 songs, up to 25,000 photos, and up to 100 hours of video. The portable device provides hours of entertainment for you to enjoy at the gym, the office or even in your home.

By keeping your member information current, the MACPA can better serve your needs by providing you with information that meets your interests. With an accurate profile, the MACPA can let you know about news, course programming and other Association events that are relevant to you.

To update your profile, simply visit the Membership section at [www.michcpa.org](http://www.michcpa.org). If you have not visited the new site, which launched on January 30th, and have not created a new account, you will need to do so. You can easily log on and create your new account using your existing logon or your member number (located on the e-mail sent with this publication.) Your new account gives you access to members-only content including the "Manage My Membership" feature where you can update your profile. All members who have updated their profile since the January 30th launch of the new site are already entered in the drawing.

Logon today to access many new features including "My CPE Tracker," which stores your MACPA transcripts and lets you add other course credits; your own e-mail address with the domain@michigancpa.org; expanded news and information sections; plus sections geared for your clients and the general public.

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## Of Interest

### Young Americans Urged to “Feed The Pig” in the Year of the Pig

Piggy-backing with the Chinese Year of the Pig, which began in late February, Benjamin Bankes is urging 25 to 34 year-olds to “feed the pig.” Benjamin Bankes, a pig in a pink suit, is the official icon of Feed the Pig™ ([www.feedthepig.org](http://www.feedthepig.org)), a national public service campaign of the AICPA and the Ad Council. The campaign delivers a strong message to career builders – those 25 to 34 years of age – about the importance and benefits of saving to build a solid financial future. A study commissioned by the AICPA shows that the median net worth of Americans in this age group is more than 40 percent lower than it was 20 years ago, despite increases in income.

“2007 ushers in the year of the pig, which represents prosperity and good fortune,” said Carl George, chair of the National CPA Financial Literacy Commission. “Those, of course, are the underlying themes of Feed the Pig. Our goal is to help these young Americans understand that by taking small steps today, they can begin working toward a comfortable retirement.”

Here are 10 basic Feed the Pig tips to help consumers get on the road to prosperity in the Year of the Pig:

- Open up a 401(k). Check to see if your employer matches a percentage of your contribution. A matching contribution is essentially free money.
- Bank your raise or at least a portion of it. If you don't get used to having the extra money, you won't miss it.
- If you're carrying student loans, make repaying them a priority over discretionary consumer spending.
- Keep driving that old car. There are web sites, such as [www.360financialliteracy.org](http://www.360financialliteracy.org), that help you calculate savings if you keep your car for a longer period of time. Also consider carpooling.
- Consider raising the deductible on your insurance policy. For example, if it's \$100, increase it to \$200. It will have an impact on your premium payments.
- Be energy efficient. Turn down the thermostat, and turn off the lights.
- Always pay your credit card bill in full each month to avoid interest charges. Choose credit cards with cash back rewards and no annual fees. Even consider cutting up a credit card.
- Dust off your library card and watch DVDs for free. Many libraries also offer free

#### MACPA Launches Media Campaign

On February 26 and 27, 2007, MACPA representatives, including CPA Ambassador Jepharya Badie, met with Detroit-market media, including radio, television and print, to discuss why feeding the pig is vital for career builders.

“Many of the media representatives were shocked by the statistics – especially those related to overspending,” said Badie. “We received a good response, and many seemed interested in utilizing “Feed the Pig” materials.”

Internet access.

- Maximize your company's healthcare reimbursement accounts. You contribute pre-tax dollars and reimburse yourself with tax-free dollars.
- Kick the habit once and for all. Smoking is hard on the wallet and your health.

A dedicated web site, [www.FeedthePig.org](http://www.FeedthePig.org), provides free financial information and tools to help career builders take control of their finances and build long-term financial security.

The campaign extends the reach of the award-winning 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org)), the CPA profession's national campaign that helps educate Americans on how financial issues affect them at the different stages of their lives, from childhood to retirement.

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## Legislative & Regulatory

### Ethics Q&A

*Following is a transcript of a question and answer highlighting frequent inquiries sent to the MACPA Professional Ethics Task Force. Responses to the inquiries have been tailored to specific questions presented and may not consider all of the unique circumstances that are part of an ethical inquiry. Attempt your own answer before reading the "unofficial" opinion of the Task Force.*

**Q. I am a CPA in industry. I work part-time for a non-CPA accounting firm. Several of their clients own party stores or restaurants. Their so-called books are terrible, skimming is rampant, and they pay employees "under the table." I prepare payroll tax returns, financial statements and some partnership tax returns. I don't sign anything so I know I am not in trouble, but I feel uncomfortable. What should I do?**

A. All CPAs must adhere to the *Code of Professional Conduct*. This includes CPAs in industry and CPAs working for non-CPA firms, as well as for CPAs in public accounting. You cannot knowingly prepare false or misleading documents – tax returns or financial statements. It does not matter who actually signs the returns or reports; as a CPA you are always responsible for your conduct. Talk to the accountant. If the accountant is unwilling to enforce corrective measures, you can either refuse to work on those clients or you can quit.

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## FASB/GASB

### **FASB Standard Establishes Fair Value Option for Financial Assets and Liabilities**

*Standard Seeks to Reduce Complexity and Improve Relevance of Financial Statements*

In mid-February, the Financial Accounting Standards Board (FASB) issued a standard that provides companies with an option to report selected financial assets and liabilities at fair value. The Standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently.

Generally accepted accounting principles have required different measurement attributes for different assets and liabilities that can create artificial volatility in earnings. The new standard helps to mitigate this type of accounting-induced volatility by enabling companies to report related assets and liabilities at fair value, which would likely reduce the need for companies to comply with detailed rules for hedge accounting.

The Statement of Financial Accounting Standards No. 159, [\*The Fair Value Option for Financial Assets and Financial Liabilities\*](#), also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities.

The standard requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. It also requires entities to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. The new Statement does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in FASB Statements No. 157, *Fair Value Measurements*, and No. 107, *Disclosures about Fair Value of Financial Instruments*.

"We believe (this) standard will simplify accounting and encourage the display of more relevant and understandable information for investors and other users of financial statements," said Robert Wilkins, FASB senior project manager. Wilkins indicated that the Statement also helps achieve further convergence with the International Accounting Standards Board, which has previously adopted a fair value option.

This Statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement 157.

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## Continuing Education

### Seminars Help CPAs Get Past Technology Hurdles

Technology takes the lead as the trend of real-time reporting increases in the accounting industry. C. Lynn Northrup, consultant and certified public accountant, has been working with companies for years helping them to understand the benefits of digitally recording data, rather than keeping file cabinets full of paper.

Northrup will host two seminars for the MACPA, *Virtual Accounting for the Competitive Advantage and Techniques of Effective Change Management*. Both seminars focus on the impact technology has on the accounting industry and provide solutions for moving from paper dependence to digital independence.

Using new business software and technology will help save accounting firms time and money, and improve the business process. "Not as much time will be spent closing the books, so this extra time can go towards strategic planning and developing forecast models. Plus, CPAs will spend less time searching for files and information because the data will be easily searchable and accessible," said Northrup.

"The logistics of changing a firm into a technology-based company is not the hard part. A person's mindset is truly the hardest thing to change," said Northrup. "When someone, or a firm, has been doing something for years one way, it is hard to get them to put their trust into new and better technology." He added, "With the right amount of trust, drive and determination, on the part of the CPA or firm, the change can be made successfully."

By attending these seminars, CPAs and accounting professionals will be exposed to new ideas to streamline business, different from traditional accounting concepts. For more information or to register for one or both of Northrup's seminars please visit the [MACPA web site](#).

The Virtual Accounting for the Competitive Advantage seminar will be held on [March 19, 2007](#) in Livonia then again on [March 20, 2007](#) in Grand Rapids. The [Techniques of Effective Change Management](#) seminar will be held in Grand Rapids on March 21, 2007.

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## Continuing Education

### Spring and Summer Management Information Shows Offer Great Exhibit Opportunities

The 2007 Spring and Summer Management Information Shows are not only a great opportunity for continuing education, but also for exhibiting.

The MACPA's exhibiting opportunities are an easy way to reach your target audience and grow your business. The Spring and Summer Management Information Shows attract more than 2,000 attendees each year. CPAs, CFOs, controllers, small business owners, and financial managers from across the state attend these programs. It is a great place to meet the decision makers of financial firms who are in a position to recommend products and services to their companies or clients.

"The MACPA does more than just provide exhibit space to a company, we bring the attendees to them and encourage networking," said Jean Jernigan, MACPA member solutions and business development assistant director.

The MACPA offers members the opportunity to win a number of prizes through games played within the exhibit hall including exhibitor bingo, to encourage attendee-vendor interaction. Attendees receive a game booklet, and moving from booth to booth, visit vendors to learn about the different products and services available. They receive a stamp from each exhibitor, and turn in their stamped card for a chance to win great prizes.

Exhibitors are listed in promotional materials for the shows and there is also a link to exhibitor web sites from the MACPA web site for three months after the event, providing additional exposure to thousands of members as well as non-members.

Jernigan estimates that 80 percent of exhibitors return year after year to exhibit at the Spring and Summer Management Information Shows due to the benefit of meeting with key decision makers in their target market. Click here for a full listing of exhibitors currently registered for the [Spring Management Information Show](#) and [Summer Management Information Show](#).

There is still space available. If you are interested in exhibiting at the 2007 Spring and Summer Management Information shows, contact [exhibitors@michcpa.org](mailto:exhibitors@michcpa.org) or call 248.267.3700.

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## Technovision

*CITP Challenge – 2007*

### **Information Technology Credential Promotes Professional Distinction**

In conjunction with the AICPA and 10 other state societies, the Michigan Association of Certified Public Accountants has joined in a challenge to raise awareness and recognition of the Certified Information Technology Professional (CITP) credential. As part of the special promotion, CPAs who achieve the additional credential can enjoy a free AICPA IT Section membership and take advantage of an [exclusive offer](#).

The CITP credential is only available to individual CPAs who are able to demonstrate an expertise in bridging business and technology through their knowledge, education and experience.

Review the AICPA's streamlined two-page application for the CITP credential and current promotions [here](#).

Currently, there are 30 CPAs in Michigan who hold the CITP credential. While the majority of our state's CITPs are in public accounting, we also have CITP-credentialed members in education, private business and IT consulting services. Michigan's CITPs seem to be in agreement that this credential is important for any CPA who is involved in providing technology services.

According to MACPA member Bryan L. Smith, CPA, CITP, CISA of Rochester-based CPA Crossings, LLC, earning the CITP credential may not be as difficult as many might think.

"The requirements for qualification are based primarily on work experience and educational achievement," explained Smith. "Many CPAs working in industry and public accounting have the requisite qualifications as a result of their work experience – particularly for controllers in small- to mid-size businesses who often have some level of responsibility for the IT function."

Smith also provided reasons why the CITP credential is important for CPAs. He states, "The flow of business and financial information is increasingly dependent on information technology. Since CPAs fill many different roles in the preparation, presentation and assurance of financial information, it is becoming more and more important that we have a baseline of knowledge on information technology. This includes working on internal controls, digital financial reporting, information security and privacy, etc. By extending the CPA credential to include the CITP credential, it positions us as providing the relevant services that are required of our profession in the 21st Century."

Smith noted that being part of the CITP network provides direct access to an invaluable extended resource of knowledge on pertinent information technology issues.

### **Steps Toward CITP Certification**

To be eligible for the CITP credential, CPAs must be members in good standing with the AICPA, have a valid state-issued CPA certificate, and agree to comply with the recertification

requirements.

The CPA will then fill out an application that awards points in three areas: IT Certifications, Business Experience and Lifelong Learning. The application is reviewed and processed by the AICPA. CPAs earning a score of at least 100 points and meeting the qualifications are awarded the CITP credential by the AICPA. CPAs who hold ISACA's Certified Information Systems Auditor (CISA) credential are automatically awarded 100 points.

For those who have reviewed the CITP application previously, the AICPA now has a streamlined two-page application. To take a look at the application and current promotions, [click here](#).

### **Rewards of CITP Certification**

In addition to the benefit of having a special designation and standing out from their peers, CITPs are part of an elite community of IT professionals, and receive valuable benefits including, free AICPA IT Section membership (a \$200 value), a \$125 discount off the AICPA's annual TECH conference fee, exclusive monthly CITP Webinars, member forums, and a CITP Marketing Toolkit.

For more information about the CITP, visit [www.aicpa.org/citp](http://www.aicpa.org/citp).

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## Technovision

### **Tech Survey Shows Information Security Management Remains Chief Concern**

#### *2007 Top Technology Survey Pinpoints Ten Key Issues*

Information Security Management is expected to continue to have a powerful influence over business in 2007, according to the 18th Annual Top Technology Initiatives survey of the AICPA. For the fifth consecutive year, the survey identified Information Security as the technology initiative expected to have the greatest effect in the upcoming year.

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:

- Securing and Controlling Information Distribution;
- Mobile and Remote Computing;
- Electronic Archiving and Data Retention;
- Document, Content and Knowledge Management.

"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 Barry Melancon, CPA, president and CEO of the AICPA.

"We sponsor this survey each year because we believe that it is critical for CPAs to stay abreast of the latest technology initiatives and provide guidance regarding its impact to their clients and employers," said Melancon

In addition to its Certified Information Technology Professional (CITP) Credential holders and IT Section members, the AICPA collaborated with the Information Technology Alliance (ITA) and ISACA as their members share similar perspectives on the top technologies impacting business today. The survey was conducted in December 2006. 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.

"Organizations continue to make large-scale, IT-related investments and, while the rewards can be significant, the potential for financial loss or harm to reputation due to a security problem is a growing concern," said Everett C. Johnson, CPA, international president of ISACA. "Businesses are realizing that control and value are achieved by focusing on what IT enables the business to achieve, rather than on the technology itself. As the survey indicates, there is a clear need for management, auditors and IT professionals to ensure the appropriate security and governance processes are in place."

The 10 most important technology initiatives for 2007, along with their definitions, are as follows:

### **Information Security Management**

A systematic approach to encompassing people, processes and IT systems that safeguards critical systems and information, protecting them from internal and external threats. Incorporates the preservation of confidentiality (information is not available or disclosed to unauthorized individuals, entities, or processes), integrity (safeguarding the accuracy and completeness of key data) and availability (systems and data are accessible and usable upon demand by an authorized entity) of information. Other properties such as authenticity, accountability, non-repudiation and reliability may also be involved.

### **Identity and Access Management**

Identity and access management consists of the hardware, software and processes used to authenticate a user's identity, i.e. ensure users are who they say they are; then provide users with appropriate access to systems and data-based pre-established rights and privileges. Identity management may utilize one, two or three factor authentication and include passwords, tokens, digital certificates (for web sites and e-mail systems), Public Key Infrastructure (PKI), biometrics and other emerging technologies.

### **Conforming to Assurance and Compliance Standards**

Creating formalized strategies and systems to address organizational goals and statutory requirements. These strategies and systems may include collaboration and compliance tools to monitor, document, assess, test and report on compliance with specified controls. It encompasses risk assessment standards, risk management and continuous auditing/continuous monitoring.

### **Privacy Management**

The rights and obligations of individuals and organizations with respect to the collection, use, disclosure and retention of personal information. As more information and processes are converted to a digital format, this information must be protected from unauthorized users and from unauthorized usage by those with access to the data, including complying with local, state, national and international laws, and the convergence of security and privacy.

### **Disaster Recovery Planning (DRP) and Business Continuity Management (BCM)**

A holistic management process that identifies potential threats to an organization and the impact those threats may have on business operations. Resources can include IT equipment, data records, the physical space of an organization, and personnel. Threats to these resources may include theft, virus infestation, weather damage, accidents or other malicious destruction. A well-defined, documented and communicated plan can help provide structure and stability in the event of a business interruption or catastrophe greatly improving the chance of business survival.

### **IT Governance**

A structure of relationships and processes that direct and control an organization and help it achieve its goals by adding value while balancing risk versus return over IT and its processes.

Includes IT ROI, or the decisions around technology investments and how to optimize related returns.

#### 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. Example: a document distribution strategy controlled by a Digital Rights Management (DRM) server that prevents an encrypted document from being opened by anyone other than the intended recipient.

#### 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.

#### Electronic Archiving and Data Retention (new)

Technologies that enable appropriate archiving and retrieval of key information over a given (statutory) 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 (DAS), Network Attached Storage (NAS) and Storage Area Networks (SANs), and optical devices such as DVDs, CDs, and Blu-Ray help support the archiving and retrieval process.

#### 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 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.

For more information on the list, visit [www.aicpa.org/infotech](http://www.aicpa.org/infotech).

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## Association Briefs

### *CPAs Making a Difference*

#### **MACPA Issues Public Service Award Call for Nominations**

Each year, with its esteemed Public Service Award, the MACPA recognizes a member that selflessly gives back to the community. Whether it is through giving time to local non-profit organizations or encouraging other CPAs to become involved in public service activities, the Association appreciates the efforts of its members and affiliates and acknowledges exceptional accomplishments through this special awards recognition.

The Public Service Award winner is honored at the annual MACPA Awards Dinner in the fall and goes on to become the Michigan nominee for the AICPA's Public Service Award, which is a national honor.

Nominees are judged based on their activities and accomplishments, impact on the community, time commitment and innovation.

Past Recipients of the MACPA Public Service Award:

2006 - Michael T. Tribble  
2005 - Stephen R. Zimmer  
2004 - Kathleen M. Kosmatka  
2003 - Phil S. Willis  
2002 - Mark R. Freed  
2001 - Mary E. Weishaar  
2000 - Phyllis B. C. Kramer  
1999 - John S. Bishop  
1997 - Charles J. Beauvais Jr.  
1995 - William R. Halling  
1994 - Ronald R. Perkins  
1992 - Robert L. Bovitz  
1991 - Jaclyn A. Young  
1990 - Harold A. Marks  
1989 - William M. Skillman  
1988 - Richard H. Austin  
1987 - Gerald C. Schroeder

Nominate yourself or a peer for the MACPA Public Service Award today. Plus, visit the MACPA web site to learn about other [MACPA awards](#).

Examples of the meaningful contributions of past MACPA Public Service Award winners:

- Provided leadership to Boys and Girls Club at county and state levels
- Served as Eagle Scout mentor and in leadership positions for numerous youth organizations including JA and YMCA
- Founded a half-way house for a work-release program
- Advocated for small business through numerous organizations and provided scholarships for business students and minorities

If you know someone that exemplifies community involvement, submit a [nomination form](#) today, or contact Wendi Salmons at 248.267.3700 or via e-mail at [wsalmons@michcpa.org](mailto:wsalmons@michcpa.org).

**Nominations are due to the MACPA by June 30, 2007.**

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## Association Briefs

### *Book Drive Update*

#### **Promoting Literacy from the Ground Up**

For Terry Murphy and the MACPA, promoting financial literacy begins with encouraging literacy at a young age, and there is no better place to start than at an elementary school. On January 18, 2007, Murphy and members of the MACPA staff kicked off a daylong book distribution event at Samuel Gompers Elementary School in northwest Detroit.



Terry Murphy at Gomper's Elementary distributing books to the children

This year, 13,000 books were collected for donation. Ten thousand new and gently used children's books were distributed at a total of 11 schools in Metro Detroit, as well as the United Way.

"I became involved volunteering in schools because I retired early and had time and I wanted to work with kids," said Murphy in an interview with the Michigan Chronicle. "The distribution part of it came about because I kept telling my friends (particularly) at the MACPA, that the kids need more books. The other part of it is to give the kids books to take home; a lot of these kids don't have a lot of books at home. There's no reason these kids shouldn't have the same opportunities."

Additionally, with massive cuts in spending for many school districts, extra books are often an unaffordable luxury. Through the generosity of individuals and groups, schools are able to supplement their resources with the books collected by the MACPA.

Gale Lewis, principal of Gompers, expressed the far-reaching impact of books on children and their families to the Michigan Chronicle. "We're really working hard to build in our students a love of reading and understanding that through reading, they can virtually go anywhere," said Lewis. "Because the parents get involved, it promotes literacy in the community."

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## Association Briefs

### Race for the Cure® with the MACPA

The MACPA's New Professionals Task Force is sponsoring the Race for the Cure® for the fourth year in a row. This year, the MACPA will be a stage sponsor and assist with "Pinking the Town" by decorating 1,000 pink ribbons to line the race path, honoring those who have been affected by the battle with breast cancer.

Dana DePalma, chair of the New Professionals Task Force, is encouraging MACPA members, family and friends to join the MACPA "team" in the Race.

"We are excited to be sponsoring such a wonderful event, and the exposure that we'll get as an organization banding together to fight breast cancer will be rewarding," said DePalma.

Sharon Hemmen is a member of the New Professionals Task Force and a breast cancer survivor. She has participated in the Race for the Cure® for the past three years, and last year took second place for the highest number of donations brought in by an individual.

"The Race is so important to me because it helps me remain positive about my outlook for survival. Instead of focusing energy on worrying about a recurrence, raising funds for the Race puts my energy into something positive," said Hemmen.

According to the American Cancer Society, breast cancer is the second leading cause of cancer death among women. In fact, one in eight women will be diagnosed with the disease at some point in her life.

DePalma said this is why the Race for the Cure® is so important to the members of the Task Force. Most people have been affected by breast cancer in some way, and it is critical to show our support and help fight this devastating disease.

Last year, 109 people walked with the MACPA, helping the team come in seventh place for team donations. DePalma wants to exceed last years' participation by growing the team and raising as much money as possible to help fund breast cancer research.

"We, as a future of the profession, hope to encourage members, family and friends to get involved and support their community through the Race for the Cure®," DePalma said.

Showing your support is easy and there are several options to get involved. Please visit [Team MACPA Fact Sheet](#) for more details on the opportunities listed below.

- Give MACPA the name of a friend or loved one who has fought the battle against breast cancer. The person's name will appear on a pink ribbon provided by the MACPA to "Pink the Town." Ribbons will line the race route creating a visual tribute to those affected by

breast cancer.

- You can choose to either walk one mile or five kilometers or you can run the 5K race.
- If you do not have time to join the MACPA team in the Race, show your support by making a donation in the name of the MACPA, or by sponsoring a student to walk in the Race.

To join the MACPA team in the Race for the Cure® visit the MACPA's '[Register for the Race for the Cure®](#)' web page, or to make a donation to the Race in the name of the MACPA visit the "[Donate to the Race for the Cure](#)" web page. If you have any questions or comments please contact [membership@michcpa.org](mailto:membership@michcpa.org) or call 248.267.3700.

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## **Association Briefs**

### **MACPA Accounting Blitz Calls for Volunteers**

Junior Achievement (JA) is an international non-profit organization dedicated to inspiring and preparing young people to succeed in a global economy. Since 2000, the MACPA has partnered with JA to host one-day Accounting Blitzes at schools around the state. Members work with students as a supplement to their economic curriculum.

The day-long format grants busy accounting professionals the opportunity to give back to the community, as well as share their passion for accounting with tomorrow's future. Volunteers are provided with the necessary tools to make the day a successful event.

Leaders on both the national and local levels, including Gov. Jennifer Granholm and Federal Reserve Chairman Ben Bernanke, have recognized the impact of JA.

MACPA Accounting Blitzes provide a foundation for financial literacy and introduce students to the world of accounting. On average, more than 600 volunteers make a difference by reaching 16,326 students annually. For more information on this spring's Accounting Blitzes, or to volunteer, contact the membership department at [membership@michcpa.org](mailto:membership@michcpa.org) or visit the [MACPA web site](#).

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## Association Briefs

### In Memoriam

We sincerely regret the loss of our fellow members and extend deepest sympathies to their families and friends. (Links are provided to obituaries and death notices, where available.)

#### [W. Glen Ikner](#)

December 25, 2006

Huntersville, NC

Joined MACPA: 05/31/1974

Certified: 04/04/1974

#### [Ronald D. Sharpe](#)

December 31, 2006

Ironwood, MI

Joined MACPA: 10/31/1964

Certified: 07/30/1964

#### [Theodore H. Stueber](#)

May 18, 2006

Saginaw, MI

Joined MACPA: 09/30/1960

Certified: 08/08/1960

#### [James Yokum Jr.](#)

January 4, 2007

Northville, MI

Joined MACPA: 05/31/1974

Certified: 04/04/1974

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## Association Briefs

### Mobility, Tax on Services on Spring Members Advisory Forum Agenda

Hot topics including mobility and the Governor's plan to levy a two percent tax on services are foremost on the discussion list for the upcoming Members Advisory Forum. The semi-annual forum, scheduled for Wednesday, May 9, 2007 at the Lansing Center in Lansing, Michigan, is open to all members of the MACPA. This premiere event features state and national speakers who will help you navigate the rapidly changing accounting profession – in Michigan and nationwide.

In addition to the discussion the service tax, AICPA President and CEO Barry Melancon, CPA will review national issues, including efforts to promote CPA license mobility nationwide. Commentary from Michigan's Capitol, including up-to-the-moment information on Governor Granholm and the Legislature's efforts to replace the Single Business Tax will be presented by the entertaining and informative Tim Skubick, radio and TV personality and Senior Capitol Correspondent.

See related stories in this issue of *Leaders' Edge* on two key topics on the Members Advisory Forum Agenda:

[Mobility](#)

[Tax on Services](#)

Save the date, and watch for more details on this high-level event. For more information, contact the MACPA CPE Department at 248.267.3700.