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AICPA coordination handbook for state societies, 1986

American Institute of Certified Public Accountants. State Society Relations Division

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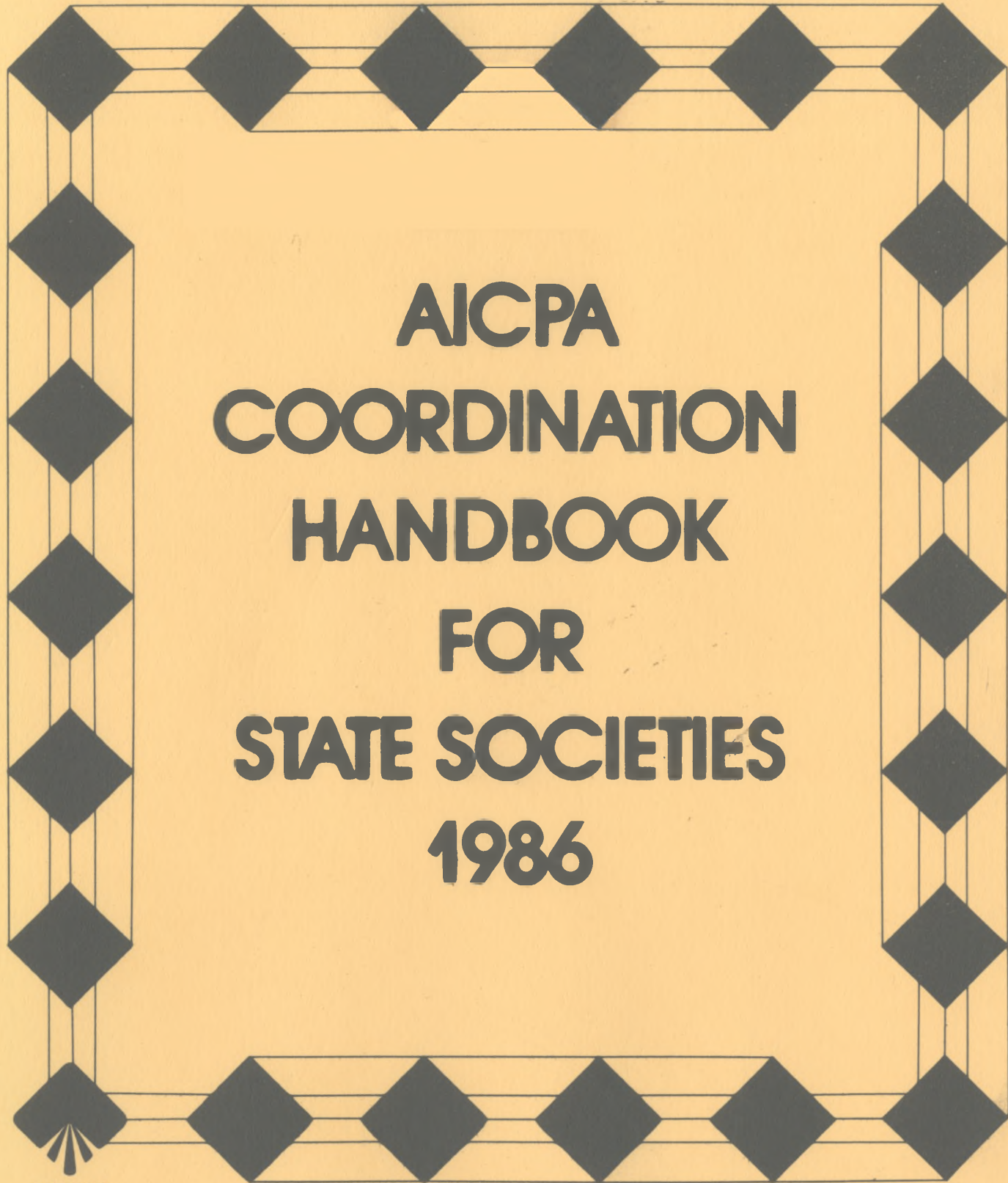
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COORDINATION HANDBOOK FOR STATE SOCIETIES



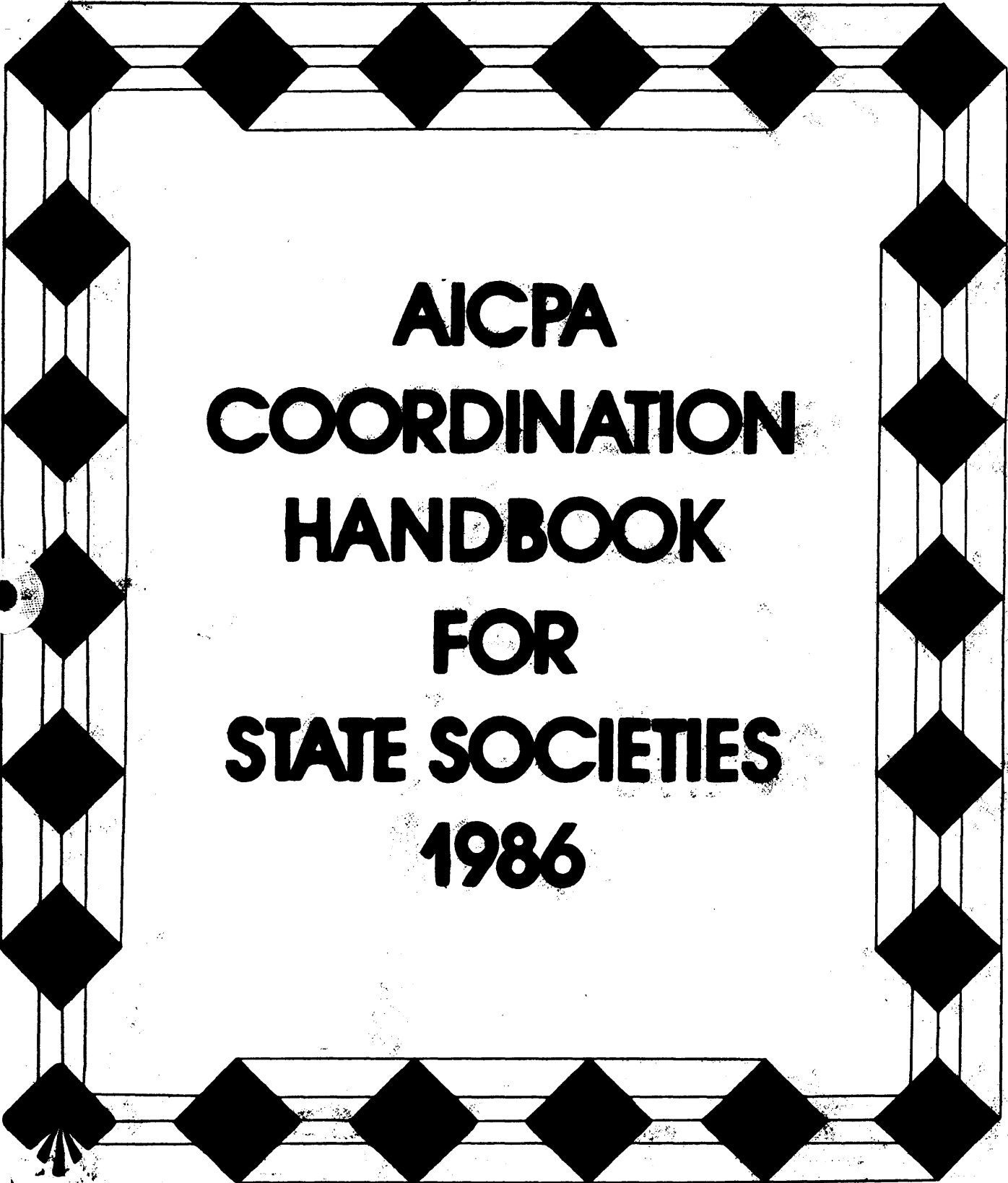
AICPA 100
A CENTURY OF PROGRESS
IN ACCOUNTING
1887-1987



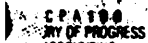
**AICPA
COORDINATION
HANDBOOK
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1986**

AICPA 100
A CENTURY OF PROGRESS
IN ACCOUNTING
1887-1987

American Institute of Certified Public Accountants



**AICPA
COORDINATION
HANDBOOK
FOR
STATE SOCIETIES
1986**



CPA
SOCIETY OF PROGRESS
ACCOUNTING
1887-1987

1986 AICPA Coordination Handbook for State Societies

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PREFACE

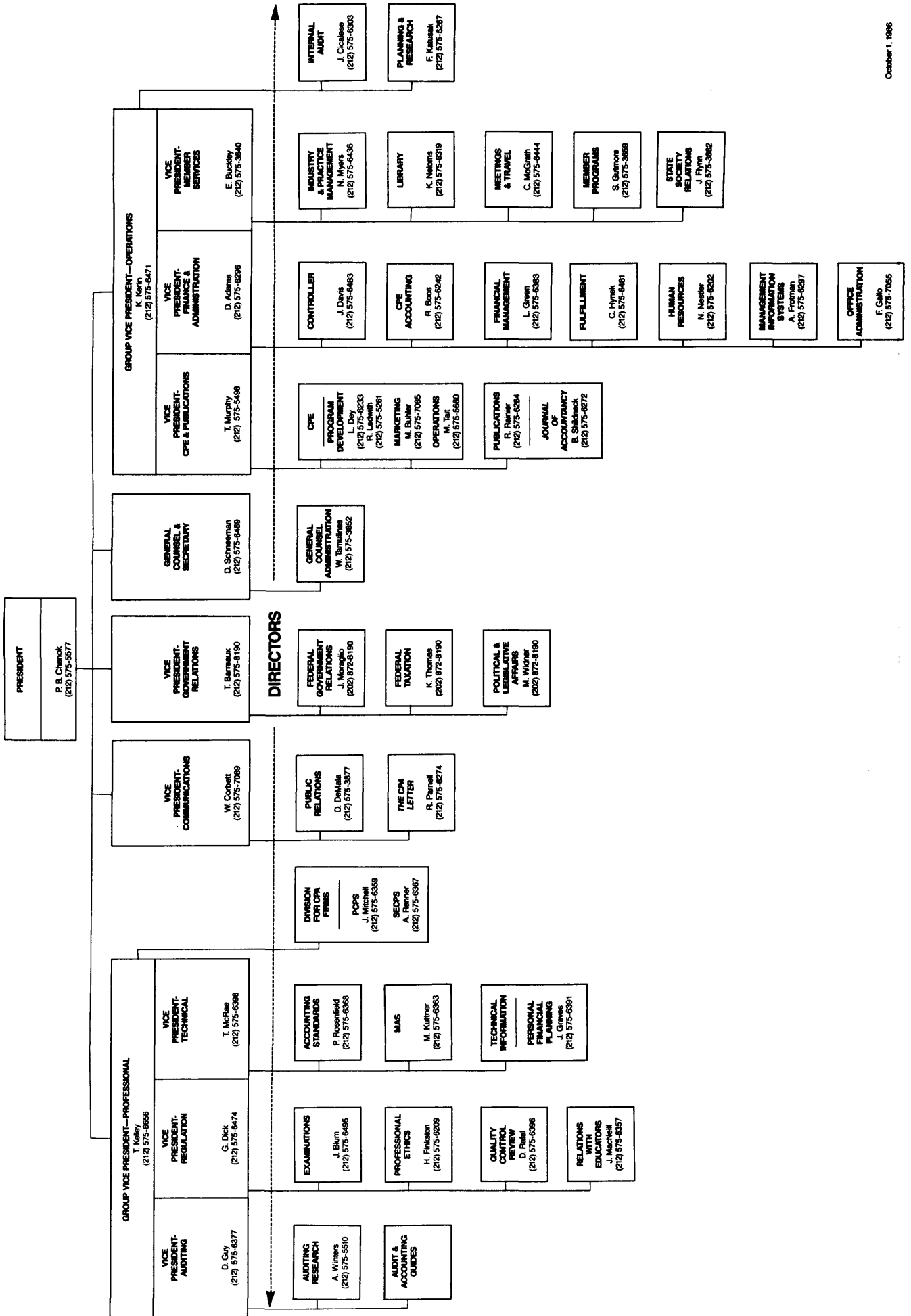
This handbook has been written to provide state societies with a central source of information about the AICPA, its organization, programs, and resources.

We hope that the handbook will be particularly helpful to state society presidents and executive directors as they plan and implement programs for their members. The handbook is designed to keep them informed of activities that are coordinated with the AICPA. It identifies the assistance available to state societies from various AICPA divisions, and indicates the types of input that the AICPA periodically requests from state societies.

The handbook will be updated annually. Comments or suggestions for future editions are welcomed.

**State Society Relations Division
October 1986**

SENIOR STAFF—AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS



SUMMARY OF AICPA OPERATIONS

I. History of AICPA

The American Institute of Certified Public Accountants and its predecessors have a history dating back to 1887, when the American Association of Public Accountants was formed. In 1916, the American Association was succeeded by the Institute of Public Accountants, at which time there was a membership of 1,150. The name was changed to the American Institute of Accountants in 1917 and remained so until 1957, when the name was again changed to the American Institute of Certified Public Accountants. The American Society of Certified Public Accountants was formed in 1921 and acted as a federation of state societies. The Society was merged into the Institute in 1936 and, at that time, the Institute agreed to restrict its future members to CPAs.

II. Important AICPA Bodies

A. Governing Council

Determines Institute programs and policies. Its 259 members represent every state and U.S. territory. Meets twice a year.

B. Board of Directors

Acts as executive committee of Council, directing Institute activities between Council meetings. The 21-member Board of Directors includes three representatives of the public.

C. Joint Trial Board

Provides for uniform enforcement of professional standards by adjudicating disciplinary charges against state society and AICPA members through a system of regional trial boards and a National Review Board. Decisions affect both AICPA and state society memberships.

III. Senior Committees and Boards

- Accounting and Review Services Committee
- Accounting Standards Executive Committee
- Auditing Standards Board
- Board of Examiners
- Continuing Professional Education Executive Committee
- Federal Taxation Executive Committee
- Management Advisory Services Executive Committee

- Professional Ethics Executive Committee
- SEC Practice Section Executive Committee
- Private Companies Practice Section Executive Committee

IV. Membership Participation

A. Membership Breakdown

There are over 240,000 members: 49.1% in public practice, 39.5% in industry, 2.8% in education, 3.2% in government, and 5.4% miscellaneous or retired. (See page 11.)

B. AICPA Committees

Over 1,600 members serve on approximately 130 boards, committees, and subcommittees.

C. Standard Setting Activities*

The following AICPA bodies have been designated by Council to promulgate technical standards:

- 1) Auditing Standards Board
- 2) Management Advisory Services Executive Committee
- 3) Accounting and Review Services Committee

V. Requirements for Membership

To qualify for admission to membership in the American Institute, one must—

- A. Possess a valid and unrevoked CPA certificate issued by the legally constituted authorities of the states, territories, or territorial possessions of the United States or the District of Columbia.
- B. Have passed an examination in accounting and other related subjects to the satisfaction of the AICPA Board of Directors.
- C. Agree to abide by the AICPA bylaws and the Code of Professional Ethics.

* The Financial Accounting Standards Board (FASB) sets accounting standards. The AICPA Accounting Standards Executive Committee (AcSEC) comments on FASB exposure drafts, prepares issues papers on emerging problems, and from time to time may issue Statements of Position that the FASB may designate as indicating preferable accounting practices.

VI. AICPA Publications for Members

A. General Texts

Professional Standards

Technical Practice Aids

Accounting Trends and Techniques

Audit and Accounting Manual

Management of an Accounting Practice (MAP) Handbook

Index to Accounting and Auditing Technical Pronouncements

Financial Report Surveys

B. Journals (Monthly)

Journal of Accountancy

The Tax Adviser

C. Newsletters

Accounting Education Update

CPA Client Bulletin

The CPA Letter

Legislative Report

PCPS Reporter

The Practicing CPA

State Society Coordinator

Washington Report

D. Technical Standards

Statements on Auditing Standards (SAS)

*Statements on Standards for Accounting and Review Services
(SSARS)*

Statements on Standards for Management Advisory Services (SSMAS)

COUNCIL

I. Powers

- Council has the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the board of directors, the officers, committees, and staff.

II. Composition

	<u>Number</u>	<u>Term</u>
Members elected by membership in each state with an equitable allocation for each state based on AICPA membership	139	3 years
One member designated by each state society	54	1 year
Members-at-Large	21	varies
Members of the Board of Directors	21	varies
AICPA Past Presidents and Chairmen of the Board	24	permanent
Total	<u>259</u>	

III. Apportionment of AICPA Council Seats

- A. According to AICPA's bylaws, (6.1.2.2), Council seats are reallocated at five-year intervals, at least nine months prior to the annual meeting to be held each calendar year that ends in one and in six. Such reallocation is based on the membership figures and addresses carried on the books of the Institute the last day of the fiscal year immediately preceding the date of such determination.
- B. The allocation method used by the Institute is the one used for the apportionment of the U.S. House of Representatives. This method is explained in *Steps in Computing and Apportionment*, published by the U.S. Department of Commerce.

IV. Nominations

- A. At least eight months prior to the annual meeting of the Institute, the AICPA Nominations Committee requests from the recognized society of certified public accountants in each state for which any vacancies will arise in the coming year, the names of suggested candidates to fill each vacancy. The AICPA Secretary usually sends a letter to state society executive directors and presidents in November requesting that they supply him with the names of recommended candidates for Council by the middle of January. State societies are urged to:

- 1) consider consulting with present and past members of Council about their selections of nominees;
 - 2) recommend only those members who are likely to be able to devote the time and energy involved in carrying out a Council member's responsibilities, and
 - 3) balance selection geographically within the state and ensure that it is representative of occupational categories of the society membership.
- B. The Nominations Committee makes its nominations for directly elected members of the Council at least six months prior to the annual meeting of the Institute. Notice of such nominations is published to the membership by the secretary at least five months prior to the annual meeting of the Institute.**
- C. Any 20 members of the Institute from any state for which a vacancy arises may submit to the secretary independent nominations for vacancies in the Council from that state provided that such nominations are filed with the secretary at least four months prior to the annual meeting of the Institute.**

V. Elections

- A. The nominees of the Nominations Committee for directly elected seats on Council are declared elected by the secretary if no independent nominations are filed for such seats.**
- B. In each state in which there is a contest for a directly elected seat on Council, the secretary mails to all members of the Institute at least 90 days prior to the annual meeting of the Institute, mail ballots containing the names and relevant background information of nominees from the state selected by the Nominations Committee and the names and relevant background information of nominees independently nominated. Ballots must be returned to the secretary at least 45 days before the AICPA annual meeting to be valid. Election to the contested seats on Council are determined by a majority of the votes received.**

VI. State Society Representatives on Council

In April of every year, the AICPA secretary requests state society executive directors to provide him with the names of their designated representatives on Council for the committee year commencing in October. The deadline for receipt of this information is the middle of June.

COMMITTEE APPOINTMENTS

I. Committee Handbook

Every fall a handbook is prepared listing each committee, subcommittee and board, its objective, and its membership for the new committee year. A copy is sent to all AICPA Council members, to every state CPA society president and executive director, and to each AICPA committee member. Copies are also available to all other interested parties.

II. Obtaining Names of Candidates for Committee Service

- A. A notice is published in *The CPA Letter* in November notifying members that the Institute is seeking qualified candidates for committee service and inviting any interested member to write for further information.
- B. In December, letters seeking recommendations for committee service are mailed to all AICPA Council members, to all state CPA society executive directors and to their boards of directors, officers and committee chairmen, to all firms with over 50 AICPA members, to associations of CPA firms, and to professional organizations of CPAs. Included with the letter is a booklet listing each committee, subcommittee and board, with its objective, size, current major projects, and the estimated number of meetings to be held during the committee year. Biographical information forms are also included.

III. Deadline for Returning Biographical Information

Candidates for committee service for the committee year beginning in October must return their biographical forms to the Institute by the preceding February 15.

IV. Length of Terms

Committee appointments are for a one-year term. Committee members who make a positive contribution to the committee's work are usually offered reappointment for two additional consecutive one-year terms. In general, members may not serve on a committee for more than three years unless the member is subsequently appointed chairman of the committee. A committee chairman normally serves for three one-year terms regardless of prior service.

V. Number of Committee Appointments

Although the figure varies each year due to the creation and termination of certain committees, about 1,300* total committee appointments are made annually by the Institute's incoming chairman of the board. Because members are usually rotated off

committees after serving three one-year terms, approximately one-third of each committee is newly appointed and two-thirds are reappointed every year. In addition, task forces are appointed as required to undertake specific projects for a committee or subcommittee. The task force may entirely or partially be composed of members of the related committee or may be composed entirely of other persons.

*The figure on the preceding page is exclusive of appointments that are made to the Joint Trial Board Division, the Division for CPA Firms, Professional Ethics Area Planning Subcommittees, and State Legislation Area Planning Subcommittees, which are not appointments made by the Institute's incoming chairman of the board.

VI. Expenses

Council of the Institute has adopted a policy that allows reimbursement of actual expenses up to a per diem maximum for members whose attendance at committee meetings would cause significant disruption to the professional practice, business, or other activities in which they are involved.

VII. Special Committees

A special committee is a committee appointed by the board of directors or by the chairman of the board solely to undertake a special one-time project and to be disbanded upon the completion of that mission. A special committee is distinguished from a task force by the fact that it is not responsible to an executive committee and is not created or appointed by an executive committee chairman. Currently appointed special committees, objectives, and staff aides are as follows:

A. Agribusiness Special Committee

To prepare an audit and accounting guide on agricultural producers and agricultural cooperatives.

Staffed by technical manager, Auditing Standards Division.

B. Centennial Steering Committee

To provide overall planning and direction for the AICPA centennial.

Staffed by general counsel and secretary, and State Society Relations Division director.

C. Federal Acquisition Special Committee — proposed to be discontinued

To assist in the development of a more effective relationship between the accounting profession and the government in the area of federal acquisition; to identify

issues in the area of federal acquisition; and to identify issues and to offer the assistance of the accounting profession in formulating legislation and regulations relating to federal acquisition.

Staffed by director, Federal Government Relations Division.

D. Finance Companies Guide Special Committee

To revise the present guide on Audits of Finance Companies to cover developments since it was published.

Staffed by technical manager, Accounting Standards Division.

E. Investment Companies Special Committee — proposed to become a committee for 1986-87

To revise the present guide on Audits of Investment Companies to cover developments since it was published, and to keep abreast of new issues that affect the industry to develop timely responses.

Staffed by technical manager, Accounting Standards Division.

F. Mission of AICPA Special Committee — might be discontinued

To study the objectives of the AICPA as those objectives relate to all of its members, whether in public practice, industry, government, or education. Among other matters, it should consider if the AICPA's traditional focus on public practitioners continues to be appropriate.

Staffed by director, Industry & Practice Management.

G. Postbaccalaureate Education Requirement Special Committee

To develop a program for legislative implementation of a postbaccalaureate education requirement to sit for the CPA examination; to give advice and assistance in achieving a postbaccalaureate education requirement to key states selected by reason of their significance as national leaders or the likelihood of successful implementation; and to seek the support, cooperation, and participation of the state societies, of the state boards of accountancy, and of other professional organizations in developing and implementing the program.

Staffed by director, Relations with Educators.

H. Standards of Professional Conduct for Certified Public Accountants Special Committee — proposed to be discontinued

To evaluate the relevancy of present ethical standards to professionalism, integrity, and commitment to both quality service and the public interest, in the light of a changing economic, social, legal, and regulatory climate; to consider the role of

the Institute in the process of establishing standards of professional conduct; and to recommend a course of action based on the committee's conclusions.

Staffed by general counsel and secretary.

I. Upward Mobility of Women Special Committee

To recommend strategies to strengthen the upward mobility of women in accounting.

Staffed by director, Industry & Practice Management.

AICPA STAFF
(as of August 1, 1986)

I. Total Staff: 558, including 83 CPAs

A. New York Office

240 Exempt

294 Non-Exempt

B. Washington Office

14 Exempt

10 Non-Exempt

II. Staff Breakdown by Area (includes support staff):

- Technical 57
- Self-Regulation 62
- Member Interests 160
- External Communications 39
- Administration 240

**SOURCES AND OCCUPATIONS OF AICPA MEMBERSHIP
AS OF JULY 31, 1986**

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Total AICPA Membership	131,300	140,158	149,314	161,319	173,900	188,706	201,764	218,855	231,333	240,952
Public Accounting	57.5%	57.6%	55.0%	54.1%	53.3%	52.5%	53.0%	51.5%	51.0%	49.1%
Business & Industry	32.0%	31.9%	34.2%	35.5%	36.1%	37.6%	36.9%	38.4%	38.8%	39.5%
Education	2.8%	2.8%	3.0%	2.9%	2.8%	2.5%	2.7%	2.7%	2.7%	2.8%
Government	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%	3.3%	3.3%	3.3%	3.2%
Retired & Miscellaneous	4.2%	4.3%	4.4%	4.2%	4.3%	4.2%	4.1%	4.1%	4.2%	5.4%
Membership in Public Practice	75,528	80,723	82,141	87,339	93,082	99,141	106,870	112,673	117,850	118,226
Firms with one member	22.1%	23.9%	23.5%	23.8%	21.8%	23.5%	22.6%	23.1%	23.9%	25.1%
Firms with two to nine members	30.1%	29.9%	32.3%	33.1%	34.5%	34.0%	34.0%	34.0%	33.7%	34.3%
Firms with 10 or more members, except the 25 largest firms	12.0%	11.8%	12.6%	13.0%	14.2%	14.5%	15.0%	15.1%	15.1%	15.0%
25 largest firms	35.8%	34.4%	31.6%	30.1%	29.5%	28.0%	28.4%	27.8%	27.3%	25.6%

AICPA MEMBERS BY STATE AS OF JULY 31,1986

<u>STATE</u>	<u>TOTAL</u>	<u>STATE</u>	<u>TOTAL</u>
ALABAMA	2,473	NEW JERSEY	11,347
ALASKA	647	NEW MEXICO	1,082
ARIZONA	3,363	NEW YORK	20,074
ARKANSAS	1,742	NORTH CAROLINA	4,976
CALIFORNIA	23,890	NORTH DAKOTA	565
COLORADO	5,342	OHIO	8,502
CONNECTICUT	5,050	OKLAHOMA	3,884
DELAWARE	506	OREGON	2,761
DISTRICT OF COLUMBIA	1,036	PENNSYLVANIA	10,496
FLORIDA	12,517	PUERTO RICO	820
GEORGIA	5,304	RHODE ISLAND	857
HAWAII	1,246	SOUTH CAROLINA	1,838
IDAHO	904	SOUTH DAKOTA	413
ILLINOIS	15,665	TENNESSEE	3,742
INDIANA	3,995	TEXAS	21,468
IOWA	2,078	UTAH	1,774
KANSAS	2,475	VERMONT	356
KENTUCKY	2,271	VIRGINIA	5,635
LOUISIANA	4,036	WASHINGTON	4,453
MAINE	614	WEST VIRGINIA	936
MARYLAND	5,947	WISCONSIN	3,873
MASSACHUSETTS	6,000	WYOMING	417
MICHIGAN	7,541	APO NEW YORK	86
MINNESOTA	4,873	APO CALIFORNIA	16
MISSISSIPPI	1,465	APO WASHINGTON	1
MISSOURI	4,435	CANADA	154
MONTANA	828	PACIFIC ISLANDS	54
NEBRASKA	1,438	VIRGIN ISLANDS	28
NEVADA	925	FOREIGNS	997
NEW HAMPSHIRE	736		
	TOTAL		<u>240,952</u>

AUDITING STANDARDS DIVISION

I. Objective

- To provide technical support for the Auditing Standards Board, the senior technical body of the Institute designated to issue pronouncements on auditing matters.

II. Staff

15 employees: vice president, director of auditing research, director of audit and accounting guides, six managers, practice fellows, and three support staff.

Key Staff Contacts:

- Dan M. Guy, vice president, (212) 575-6377
- Alan J. Winters, director, Auditing Research, (212) 575-5510
- Camryn O. Carleton, manager, State Society Exchange Program, (212) 575-5404

III. The Auditing Standards Board (ASB)

- A. Composed of 21 board members, including representatives from accounting education (one), international firms (eight), national or regional firms (three), local firms (eight), and state government (one).
- B. The Auditing Standards Board, formed in October 1978, has the following charge:
 - The AICPA Auditing Standards Board shall be responsible for the promulgation of auditing standards and procedures to be observed by members of the AICPA in accordance with the Institute's rules of conduct.

IV. Accounting and Review Services Committee

- A. Composed of seven committee members representing regional and local firms.
- B. Develops and issues standards of reporting on the unaudited financial statements or other unaudited financial information on nonpublic entities.
- C. State societies can nominate CPAs with experience in reporting on unaudited financial statements of nonpublic entities to serve on the committee. The committee meets regularly five or six times a year.

V. Publications

<u>Type</u>	<u>Audience/Purpose</u>
<i>Statements on Auditing Standards</i>	Issued by the Auditing Standards Board to provide CPAs with guidance regarding application of generally accepted auditing standards. SASs are enforceable under Rule 202 of the Institute's Rules of Conduct.
<i>Statements on Standards for Accounting Review Services</i>	Issued by the Accounting and Review Services Committee to provide CPAs with guidance regarding reporting on the unaudited financial statements or other unaudited financial information on non-public entities.
Auditing Interpretations	Provide CPAs with guidance regarding application of individual SASs in specific circumstances.
<i>Audit and Accounting Guides</i>	Provide CPAs with authoritative guidance regarding audits of entities in specialized industries or other specialized auditing areas.
<i>Statements of Position of the Auditing Standards Division</i>	Supplement or amend audit and accounting guides.
<i>Auditing Research Monographs</i>	Provide CPAs with background material and informed discussion to help them in reaching decisions on significant audit problems.
<i>Auditing Procedures Studies</i>	Inform practitioners of developments and advances in auditing procedures to provide practical assistance regarding auditing procedures.
<i>In Our Opinion...</i>	Technical newsletter that includes commentary on current division projects, descriptions of division operations, and the division's technical plan.

These publications are issued throughout the year as the division completes its research and deliberation. They are available for sale to all members. SASs are distributed free to the entire membership. SASs, interpretations, and SOPs also are reprinted in the *Journal of Accountancy*. *In Our Opinion...* is issued free of charge to state society committees concerned with auditing standards.

VI. Other Documents

- A. Auditing Standards Board agenda material is available through the AICPA Meetings Subscription Service. The cost of the subscription service is \$120 a year. To subscribe write to Irene Yablon in the AICPA Circulation Department.**
- B. The division participates as the U.S. representative in the development of International Audit Guidelines, which are available through the AICPA.**

VII. Board pronouncements typically progress through the following stages:

- **Identification** — The need for a pronouncement may be identified through litigation, regulatory pressure, or comments of practitioners. Whatever the source, the common element is a recognized need for more guidance in a particular area.
- **Research** — The shape of guidance needed is assessed through analysis of the issues, gathering of data on current practice, review of existing literature, and development of alternative approaches. This step is a combined effort of the staff and a small task force of practitioners, some or all of whom are members of the board.
- **Consideration** — The proposed pronouncement is deliberated by the board and alternatives are evaluated. The task force and staff submit a draft for discussion and revise it in response to the criticisms and suggestions of the board made in open meetings. Preliminary drafts are normally revised many times.
- **Exposure** — The proposed pronouncement must be approved for exposure by 14 of the 21 board members. Exposure drafts are distributed for comment to the offices of all CPA firms with AICPA members, regulators and similar interested parties, and anyone else who requests to receive them. Approximately 50,000 copies are distributed. Ordinarily, at least 90 days are allowed for comments.
- **Issuance** — The comments are reviewed by the board. Any matters raised in the comments that were not considered previously by the board are evaluated. However, the board does not normally change positions on matters thoroughly considered before exposure. The purpose of exposure is to identify matters that may have been overlooked or not studied thoroughly. Exposure is not made to assess the popularity of proposed guidance. If approved by 14 of the 21 board members, a draft is issued in the numbered series of statements on auditing standards.
- **Implementation and Application** — The final SAS will usually result in a CPA firm developing a policy statement on exactly how it is to be implemented in the firm's practice. Application of the SAS in the field may raise new issues that result in an auditing interpretation or, in extreme cases, the identification of the need for a new pronouncement.

VIII. Committees

In addition to staffing the Auditing Standards Board, the division staffs two subcommittees and 20 task forces.

IX. Requests for State Society Input

- A. Exposure drafts of SASs, audit and accounting guides, and SOPs are sent to state society presidents, executive directors, and accounting and auditing committee chairmen. Exposure periods generally range from three to six months.
- B. Sponsors a visitation program in which ASB members or division staff meet with state society auditing standards committees to promote a free exchange of ideas concerning current board projects. Similarly, state society representatives are invited to attend ASB meetings and talk with ASB members.
- C. The division periodically surveys state society accounting and auditing committees (among others) regarding practice problems that should be addressed by the Auditing Standards Board or other division components.
- D. State societies are often requested to recommend individuals for appointment to the Auditing Standards Board or its task forces.
- E. The division consults with state societies when it becomes aware of practice problems affecting practitioners in a specific state.

ACCOUNTING STANDARDS

I. Objective

- To determine Institute technical policies regarding financial accounting and reporting standards, and generally to be the Institute's official spokesman on those matters.

II. Staff

11 employees, including seven CPAs: director, six technical managers, senior technical advisor, and three support staff.

Key Staff Contacts:

- Paul Rosenfield, director, (212) 575-6368
- Judith Weiss, technical manager, (212) 575-7645

III. Division Activities

- A. Maintain a continuous liaison with and submit letters of comment to the FASB, the GASB, and the SEC.
- B. Develop issues papers to help the FASB identify accounting areas that need to be addressed or clarified.
- C. Issue or clear for issuance statements of position and guides, and other publications containing accounting recommendations.

IV. Publications

<u>Type</u>	<u>Audience/Purpose</u>
Issues Papers	To help the FASB identify accounting areas that need to be addressed or clarified.
<i>Statements of Position</i>	To influence the development of financial and accounting principles in directions the Accounting Standards Division believes are in the public interest.
<i>Audit and Accounting Guides</i>	To assist independent auditors in examining and reporting on financial statements of various types of entities.

Type

Audience/Purpose

Accounting Research Monographs

To provide background material and informed discussion that should help in reaching decisions on significant accounting problems.

Practice Bulletins

To communicate the views of the Accounting Standards Executive Committee on certain accounting issues.

V. Committees

The division staffs the Accounting Standards Executive Committee (AcSEC), composed of 15 members. AcSEC members are drawn from CPA firms of various size, industry, and education. The division also staffs five other committees, two subcommittees, and more than 20 task forces.

VI. Requests for State Society Input

Exposure drafts of proposed guides and statements of position are sent to state society presidents, executive directors, and technical committee chairmen. Comment periods vary from 60 to 120 days.

MANAGEMENT ADVISORY SERVICES DIVISION

I. Objectives

- To develop technical standards for the conduct of management advisory services engagements; to inform practitioners of current technical developments and assist them in carrying out MAS engagements through, for example, practice aids and special reports; and to consider developments that might affect MAS practice.

II. Staff

Four employees: director, senior technical advisor, coordinator-editor, and secretary.

Key Staff Contacts:

- Monroe S. Kuttner, director, (212) 575-6363
- Monte Kaplan, technical manager, (212) 575-7057

III. Assistance Available to State Societies

- A. Public information materials about MAS by CPAs, including speech outline, videotape, and brochure.
- B. Information on establishing a state society MAS committee.
- C. Speakers for society MAS conferences.

IV. Publications/Video

<u>Title/Type</u>	<u>Form</u>	<u>Audience/Purpose</u>
<i>The CPA and Management Consulting</i>	brochure	For CPAs to distribute to clients or potential clients to increase their awareness of MAS provided by CPAs.
"The CPA and Management Consulting: an Introduction to MAS"	16 mm film, VHS, and 3/4" cassette	For state society members to use when making presentations before university and college students to increase students' understanding of MAS.
Opportunities in MAS	speech outline	For use by MAS practitioners in informing other CPAs about MAS.

***Statements on Standards for
MAS***

Provide technical standards for the conduct of management advisory services.

**MAS Small Business Consulting
Practice Aids**

For CPAs; describe management advisory services most often provided to a CPA's small business clients.

**MAS Technical Consulting
Practice Aids**

Assist practitioners in applying their knowledge of organizational functions and technical disciplines in the course of providing management advisory services.

**MAS Practice Administration
Aids**

Assist practitioners in the management and administration of their firm's MAS practice.

MAS Special Reports

Examine special considerations and troublesome areas that practitioners are likely to find when performing MAS work for clients.

V. Conferences

A. Sponsors State Society MAS Committee Representatives Conference. It is generally held annually to coordinate various AICPA and state society MAS activities. The MAS Division sends letters to executive directors (copies to MAS committee chairmen) requesting the name of one person who should be invited to attend the conference.

B. Also sponsors a national MAS conference. It is usually held in the fall.

VI. Other Division Activities

Work with universities to enhance MAS education and to provide information to students about MAS.

VII. Committees

In addition to AICPA staff, the MAS Division consists of the MAS Executive Committee, seven subcommittees, and additional task forces. About 120 practitioners, educators, and industry members currently serve on the division's committees and task forces.

VIII. Membership Division

A Membership Division for MAS may be joined by members of the AICPA in practice, industry, government, and education who have a special interest in management advisory services. The division provides expanded services to members, including a division newsletter and annual meeting. There is a separate membership fee.

IX. Requests for State Society Input

The MAS Division requests state society executive directors and/or state society MAS committee chairmen to nominate a person to review each exposure draft of MAS Standards, Small Business Consulting Practice Aids, Technical Consulting Practice Aids, and Practice Administration Aids. The document is then sent to the selected person along with a checklist to guide the individual in reviewing the document. Final MAS Standards are sent to state society presidents, executive directors, and MAS committee chairmen.

TAX DIVISION

I. Objectives

- To develop and communicate the position of the accounting profession on tax issues.
- To represent the interest of the CPA in tax practice.

II. Staff

Seven employees, including five CPAs: director, assistant director, three managers, and two support staff.

Key Staff Contacts:

- Ken Thomas, director, (202) 872-8190
- William Stromsem, assistant director, (202) 872-8190
- Edward Karl, technical manager, (202) 872-8190
- Carol Ferguson, technical manager, (202) 872-8190
- James Clark, technical manager, (202) 872-8190

III. Activities

- A. Maintain a liaison with Congress and government officials in the area of federal taxes and communicate accounting profession positions.
- B. Comment on proposed tax legislation and Treasury regulations promulgated under the Internal Revenue Code.
- C. Provide guidance as to good standards of tax practice for CPAs.
- D. Publish studies that contribute to the general body of tax knowledge.

IV. Publications

Title

Statements of Tax Policy

Audience/Purpose

These statements, which present the thinking of the AICPA's Tax Division on questions of broad tax policy, are designed to aid in the development of federal tax legislation that the division believes is in the public interest.

Tax Studies

Studies that focus on specific tax areas of concern. They include recommendations as to proposed modifications in the law. Examples include: Tax Recommendations to Aid Small Business, Underreported Taxable Income, and Fringe Benefits.

Tax Division Newsletter

This quarterly newsletter informs division members of current division activities and developments in tax law and practice.

Statements on Responsibilities in Tax Practice

These statements are intended to constitute a body of advisory opinion on what are good standards of tax practice, delineating the extent of a CPA's responsibility to clients, the public, the government, and the profession.

V. Tax Division Membership

A. Establishment of Voluntary Membership

In October 1983, AICPA Council authorized the establishment of a Tax Division for CPAs who have an interest in taxes. Membership is voluntary and is available only to members in good standing of the AICPA.

B. Membership Benefits

- 1) Opportunity to attend semiannual meetings of the Tax Division.
- 2) A subscription to the *Tax Adviser*. (See page 67.)
- 3) Copies of Tax Division position papers on proposed tax changes and other tax issues.
- 4) Agendas for meetings of the Tax Executive Committee, highlights of past meetings, and reports on activities of subcommittees and task forces.
- 5) Agendas and minutes covering meetings of one subcommittee of the member's choice. These subcommittees focus on topics such as employee benefits, energy taxation, small business taxation, and tax policy, among others. (See page 24 for complete list.)
- 6) Option to receive agendas and minutes of additional subcommittees for a nominal service fee to cover the costs of materials and distribution.
- 7) Receive *Tax Division Newsletter*.

8) Tax practice aids.

C. Tax Division Membership Dues and Fees

Annual membership in the Tax Division covers the period August 1 through July 31. Annual dues for 1986-87 are \$70. This fee covers membership in the Tax Division plus involvement with one subcommittee of member's choice.

VI. Committees

The division staffs an executive committee, constituent subcommittees, and task forces. Current subcommittees are:

- Employee Benefits
- Energy Taxation
- Estate Planning
- International Taxation
- Responsibilities in Tax Practice
- Management of a Tax Practice
- Small Business Taxation
- Tax Accounting Periods, Methods and Consolidated Returns
- Taxation of Corporations and Shareholders
- Taxation of Special Entities and Industries
- Tax Administration
- Tax Determination
- Tax Education
- Tax Policy
- Partnerships

VII. Requests for State Society Input

- A. State society tax committee chairmen are invited to the regular semiannual Tax Division meetings generally held in May and December. The expense of representatives attending the meeting is paid for by the respective state society.
- B. State societies are asked for input on issues for Tax Division consideration at a national level prior to each semiannual division meeting.

VIII. Mailings to State Societies

- A. Exposure drafts of tax policy statements and responsibilities in tax practice are distributed to state society tax committee chairmen, presidents, and executive directors. The period for comment is specified with the distribution of the exposure draft.
- B. State society tax committee chairmen receive several copies of the *Tax Division Newsletter*.
- C. On request, state society executive directors can receive the *Tax Division Newsletter* and position papers.

TECHNICAL INFORMATION DIVISION

I. Objectives

- To respond to technical questions involving accounting principles, financial statement presentation, auditing and reporting standards, and accounting and review services standards. Opinions are not given on the tax or legal implications of questions submitted to this division.
- To develop, through various technical or other committees, standards and guidance for members.
- To publish technical books and practice aids.
- To administer the National Automated Accounting Research System (NAARS).

II. Staff

17 employees, including 11 CPAs: director, seven technical managers, manager, senior technical advisor, two coordinator-editors, two technical advisors, and three support staff.

Key Staff Contacts:

- John Graves, director, (212) 575-6391
- Jack Shohet, technical manager, (212) 575-6392
- Phyllis Bernstein, technical manager, (212) 575-3899

III. Summary of Division Activities

- A. Responds to technical inquiries.
- B. Staffs Information Retrieval Committee.
- C. Staffs the Personal Financial Planning Committee.
- D. Staffs the International Practice Committee.
- E. Staffs the Accounting Standards Overload Task Force.
- F. Publishes various technical books.

IV. Technical Information

- A. Receives telephone and written inquiries from members throughout the country and parts of U.S. territories. State societies often refer callers to TIS for assistance

in responding to technical questions. Conversely, TIS refers callers to state societies if they have tax questions, since some state societies provide tax consultation services. Members may call the following toll-free numbers:

- For practitioners in all states, except New York, the number is (800) 223-4158.
- For New York practitioners, the number is (800) 522-5430.

- B. Relevant Statistics — the division handles approximately 25,000 inquiries a year.

V. Information Retrieval Committee

- A. Promotes the benefits obtainable by the profession through NAARS, through continuous improvement of the NAARS data base, and through advising the AICPA on topics for Financial Report Surveys.
- B. Considers and recommends improvements to the AICPA's computerized indexing system and its Index to Accounting and Auditing Technical Pronouncements.
- C. Approves budgets and monitors costs incurred in the NAARS and indexing programs.
- D. Assists in the development of new techniques for performing professional accounting research.

VI. Personal Financial Planning Executive Committee

- A. Identifies member needs concerning personal financial planning services to clients and provides, or coordinates, the efforts of other AICPA components engaged in providing the educational, practice development, and technical aids and programs necessary to meet those needs.
- B. Administers the Personal Financial Planning Division.

VII. International Practice Committee

- A. Fosters a better understanding of the international aspects of public accounting among AICPA members, promotes high standards of practice among firms with international clients, and encourages freedom of movement of accountants across national borders.
- B. The committee is developing, through its International Booklets Task Force, a series of booklets on accounting and auditing in selected foreign countries to help achieve a better understanding of international auditing and accounting practices.

VIII. Accounting Standards Overload Task Force

- **Monitors the development of accounting standards to encourage greater recognition of the needs of small, nonpublic companies in the development of those standards, and coordinates the development of comprehensive bases of accounting other than generally accepted accounting principles with particular attention to the reporting needs of small, nonpublic companies.**

IX. Publications

A. *Accounting Trends & Techniques*

- **Published annually.**
- **Purpose — provides a study of the latest accounting practices and trends as disclosed in 600 published annual reports.**
- **Audience — accountants in public practice, industry, and research.**

B. *AICPA Professional Standards*

- **Two-volume paperback edition published annually.**
- **Two-volume looseleaf subscription service — continuous updating.**
- **Purpose — provides an organized reference source of pronouncements issued by various standard-setting bodies in the following areas: Auditing, Accounting and Review Services, Ethics, Bylaws, International Accounting and Auditing, Management Advisory Services, Tax Practice, and Quality Control.**
- **Audience — accountants in public practice, industry, research, and students.**

C. *Codification of Statements on Auditing Standards*

- **Published annually.**
- **Purpose — provides an organized reference source of authoritative auditing pronouncements.**
- **Audience — accountants in public practice, industry, research, and students.**

D. *Technical Practice Aids*

- **Paperback edition published annually.**
- **Looseleaf subscription service — continuous updating.**
- **Purpose — provides nonauthoritative replies to technical inquiries and the statements of Position of the Accounting and Auditing Standards Division.**
- **Audience — accountants in public practice, industry, and research.**

E. *Audit and Accounting Manual*

- Paperback edition published annually.
- Looseleaf subscription service — continuous updating.
- Purpose — provides practitioners with a nonauthoritative practice aid that can be adapted to individual firm policies.
- Audience — accountants in public practice.

F. *Index to Accounting and Auditing Technical Pronouncements*

- Published annually.
- Purpose — provides a convenient index to current professional literature to help users determine which standards, regulations or guidelines relate to a specific question.
- Audience — accountants in public practice, industry, research, and academia.

G. *Financial Report Surveys*

- Published when needed.
- Purpose — shows in detail how specific accounting and reporting questions are actually being handled in the financial reports of a wide range of companies.
- Audience — accountants in public practice, industry, research, and academia.

H. *Technical Information for Practitioners Series (TIPS)*

- Published when needed.
- Purpose — provides practitioners with specific new nonauthoritative practice aids.
- Audience — accountants in public practice.

I. *Disclosure Checklist Series*

- Published annually.
- Purpose — provides practitioners with a tool to use in reviewing financial statements.
- Audience — accountants in public practice and industry.

J. *Professional Accounting in Foreign Countries*

- Published annually.

- **Purpose** — describes differences between accounting and auditing standards in foreign countries and those in the United States.
- **Audience** — accountants and academics.

INFORMATION RETRIEVAL DEPARTMENT

I. Definition of National Automated Accounting Research System (NAARS)

- A computerized data base for researching annual reports, selected proxy statements, authoritative and semiauthoritative accounting and auditing promulgations of the AICPA, FASB, SEC, etc.

II. Objectives

- To develop the components of the data base.
- To research technical problems for members of the profession, including other Institute divisions.
- To publicize, demonstrate, and market the system to prospective subscribers and to train subscribers in proper use of the system.

III. Data Base

The accounting information data base of NAARS contains three major files:

A. Annual Report Files

Each file year consists of annual reports to shareholders of corporations whose stock is traded on the New York and American Stock Exchanges, and selected companies traded Over-The-Counter whose balance sheet date falls between July 31 and the following June 30. Only the financial statements, footnotes, auditor's opinion and management responsibility letter, FASB 33 material, and proven/and unproven reserves are in the file. The five most recent file years are retained on-line. The rest, starting with 1972-1973, are on archive tape and can be brought on-line by request.

B. Accounting Literature File

The Accounting Literature File includes the full text and superseded authoritative promulgations of the AICPA, the FASB and the SEC such as:

- 1) AICPA Material
- 2) APB Accounting Principles, including: Terminology Bulletins, Accounting Research Bulletins, APB Opinions (updated for changes), and Statements and Interpretations
- 3) Statements on Auditing Standards and Interpretations

- 4) **Statements on Standards for Accounting and Review Services and Interpretations**
- 5) **Statements on Standards for Accountants' Services on Prospective Financial Information**
- 6) **Statement on Standards for Attestation Engagements**
- 7) **Statements on Management Advisory Services**
- 8) **Statement on Quality Control Standards and Interpretations**
- 9) **Code of Professional Ethics**
- 10) **Industry Audit Guides**
- 11) **Industry Accounting Guides**
- 12) **AcSEC Material, consisting of Position Papers and Issues Papers**
- 13) **SEC Pronouncements, consisting of Regulation S-X, Accounting Series Releases (ASR), Staff Accounting Bulletins, and Regulation S-K, Accounting and Auditing Enforcement Releases (AAER), and Financial Reporting Releases (FRR)**
- 14) **Staff Accounting Bulletins (SAB)**
- 15) **FASB Pronouncements, consisting of FASB Statements, Interpretations, Concepts, and Technical Bulletins**
- 16) **FASB Emerging Issues Task Force Issue Summaries (FEITFIS), Minutes of Meetings (FEITFM), and Dates Issues Discussed and Disposition (FEITFDDD)**
- 17) **CASB Statements (Cost Accounting Standards Board)**
- 18) **International Accounting Standards Committee Pronouncements**
- 19) **International Auditing Guidelines**
- 20) **Technical Information Service, consisting of the Institute's Technical Practice Aids**
- 21) **Government Accounting Standards Board Statements and Interpretations**

C. Proxy File

Consists of selected elements of proxy statements of Fortune companies. Note: None have been added after September 1985.

IV. Staff

Three employees, including two CPAs: manager, research associate, and support staff member. Per diem CPAs and accounting students supplement the permanent staff.

Key Staff Contact:

- Hal Clark, manager, (212) 575-6363

V. Characteristics of the NAARS System

These characteristics make the NAARS system unique:

- **Full Text System** - Every word of every document on file is stored in the computer and is searchable.
- **Real Time System** - The computer can be accessed over telephone lines from a computer terminal in the practitioner's office.
- **Interactive Mode of Operation** - The researcher carries on a dialogue with the computer during the search process, broadening or narrowing the search by modifying the information retrieved.
- **Multiple-Term Coordinate Search Capabilities** - The researcher can create strings of words or phrases based on his judgment concerning what documents he wants to see and how he wants to search.

VI. Available Service Arrangements

Three service arrangements are available:

- A. Full Subscriber** - A full subscriber has a NAARS terminal in the firm's office and receives training in the mechanics of operating the terminal and the use of proper search strategy. Two pieces of equipment are provided:
 - 1) a high-speed terminal, which includes a specially designed keyboard for automated research, and a cathode-ray tube where responses are displayed;
 - 2) a hard copy printer for making copies, if desired, of information displayed on the screen.

Special rates are available for universities that are full subscribers.

- B. Associate Subscriber** - An associate subscriber researches his problems by using the AICPA terminal rather than having a terminal in his office.
- C. Individual Inquiry** - Access to the NAARS service is also available on an individual inquiry basis for those who do not have a terminal in their office or

access to sharing an AICPA terminal. The charge for this service, where research is done by a CPA on the AICPA staff, is calculated at \$2.00 per minute charged to the nearest second of connect time, with a \$50 minimum charge.

VII. Publications

The Institute has made extensive use of NAARS in the production of the series of Financial Report Surveys.

For additional information, including costs, phone or write:

**National Automated Accounting Research System (NAARS)
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775
(212) 575-6393**

PROFESSIONAL ETHICS DIVISION

I. Objectives

- To develop ethical standards, promote compliance with such standards, improve the profession's enforcement activities, and establish and present apparent violations of standards to the Joint Trial Board.

II. Staff

13 employees, including three CPAs: director, four managers, two technical advisors, coordinator, and five support staff.

Key Staff Contacts:

- Herbert Finkston, director, (212) 575-6209
- Gregory Furke, manager, Independence & Behavioral Standards, (212) 575-3841
- Edith Breitner, technical manager, Technical Standards, (212) 575-6247

III. Publications

<u>Title</u>	<u>Description</u>
<i>AICPA Professional Standards, Vol. 2.</i>	Contains the full text of the AICPA Code of Professional Ethics, including Rules of Conduct, Interpretations of the Rules of Conduct, and Ethics Rulings.
<i>Joint Ethics Enforcement Program Manual of Procedures</i> (rev. ed. 1983)	Lists procedures to be followed by AICPA and state society ethics committees when conducting investigations of potential disciplinary matters. It has an appendix that contains information about the codes of professional ethics and bylaws of state societies, and lists rules of procedure and practice of the Joint Trial Board.

IV. Division Activities

- A. Administer the Joint Ethics Enforcement Program (JEEP).
- B. Present formal charges of violation of applicable Rules of the Code of Pro-

Professional Ethics to the Joint Trial Board either on its own behalf or jointly with state societies participating in JEEP.

- C. Interpret the Code of Professional Ethics. The division is the only AICPA body granted this power under the bylaws.
- D. May propose amendments to the AICPA Code of Professional Ethics to be voted upon by the membership.

V. Code of Professional Ethics

Members are required to obey the whole Code of Professional Ethics if they are in public practice or a limited portion of it if they are not in public practice.

VI. Joint Ethics Enforcement Program (information below is included in the *JEEP Manual*)

A. Objectives

JEEP was developed in late 1975 with the following objectives:

- 1) to eliminate duplication of enforcement;
- 2) to integrate the efforts of state societies and AICPA with respect to ethics enforcement;
- 3) to encourage greater uniformity in interpretation of ethical standards and disciplinary action;
- 4) to encourage more aggressive disciplinary action, and
- 5) to encourage improved understanding of the disciplinary action being taken by all in the profession.

B. Role of AICPA and State Societies

The state society ethics committees and the AICPA Ethics Division are the agents of each other to investigate alleged violations of the codes of professional ethics of either or both organizations. Currently, 50 state societies participate in JEEP.

C. Some Procedural Aspects of JEEP

- 1) Ordinarily state societies conduct all case investigations. However, the division has the right to conduct the investigation when it receives or obtains a complaint or other information:
 - (a) that involves a matter of broad national or international interest;
 - (b) that arises from litigation or regulatory proceedings involving audit-

ing, accounting, and/or independence issues;

- (c) from the SEC Practice Section of the AICPA Division for CPA Firms or any committee thereof, including the Special Investigations Committee;
 - (d) from a department, agency, regulatory commission, or other unit of the U.S. Federal government, and
 - (e) that appears to involve members of more than one participating state society.
- 2) The investigation may result in one of the following conclusions — no violation, a confidential finding of minor violation, a confidential administrative reprimand when the matter is not serious enough for trial board consideration, and a prima facie violation of the code that warrants referral to the trial board for a decision on disciplinary action.
 - 3) If a CPA is a member of both the AICPA and a state society, the organization conducting the investigation must refer the case to the other organization for its concurrence in the result for the action to be a joint action.
 - 4) Where an investigation results in a no violation finding, such a finding is conclusive on all JEEP members as to that case.
 - 5) AICPA member complainants must be notified of dismissal or nonaction regarding their complaint. They have a right to petition the national review board to investigate the complaint. Complainants will now be notified of the conclusion of an investigation without receiving a report on the results of the investigation.
 - 6) Members requesting a deferral of a case investigation due to litigation must designate a partner or shareholder to act as a nominal respondent during the deferral period if the firm chooses not to identify its partners or employees responsible for a particular engagement under investigation.

D. JEEP Semiannual Statistical Reports

The AICPA Ethics Division and the ethics committees of each participating state society are expected to maintain their files so that they can compile the statistical information used to prepare semiannual reports of ethics investigations. The director of the Professional Ethics Division sends a letter to society ethics committee chairmen and executive directors every June and December requesting the appropriate statistical information for the previous six months. The division director compiles the reports, which are then published in the *CPA Letter* in the spring (for the period July 1 - December 31) and fall (for the period January 1 - June 30).

VII. Committees

- A. In addition to AICPA staff, the division consists of a Professional Ethics Execu-

tive Committee, three subcommittees, and five professional ethics area planning subcommittees.

- B. The area planning subcommittees provide a forum for the AICPA and state societies to discuss emerging ethics issues and to exchange information on procedures to increase the effectiveness of AICPA and state society ethics committees. The five subcommittees are as follows:

Area I - Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Area II - Alabama, Delaware, District of Columbia, Florida, Kentucky, Maryland, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands, Virginia, and West Virginia.

Area III - Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Area IV - Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

Area V - Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

JOINT TRIAL BOARD DIVISION

I. Objective

- To provide for uniform enforcement of professional standards by adjudicating disciplinary charges against members of a participating state society and AICPA through a system of regional trial boards and a National Review Board.

II. Staff

Three employees: general counsel and secretary, director, and an executive secretary.

Key Staff Contacts:

- Donald J. Schneeman, secretary, Joint Trial Board Division, (212) 575-6469
- William Tamulinas, director, General Counsel and Trial Board, (212) 575-3852

III. Joint Trial Board Division Manual

Published annually at the beginning of each AICPA committee year, this manual lists the rules of procedure and practice of the Joint Trial Board Division and lists members of the various boards. All members of the Joint Trial Board Division and state society executive directors receive copies of the manual. Additional copies are available on request. (The information presented below has been excerpted from the manual.)

IV. State Society Participation

A participating state society is one that has entered into an agreement with the AICPA concerning integrated ethics enforcement. (See page 35.) Currently, 50 state societies have entered into such an agreement with the AICPA. Decisions of hearing panels affect both AICPA and state society memberships.

V. Composition and Role of the Joint Trial Board Division

The Joint Trial Board Division consists of 12 regional trial boards and the National Review Board.

A. Regional Trial Boards

- 1) Regional trial boards are hearing boards of general original jurisdiction established to adjudicate complaints made under the ethics code of the AICPA and/or participating state societies. States represented by the 12 regional trial boards are indicated on the map at the end of this section.

- 2) Each regional trial board is composed of at least one member from each state or territory in the region designated by the state CPA society president or as otherwise determined by the state society board of directors. States comprising a region by themselves are entitled to designate three members to their regional trial boards. Any state not comprising a region by itself and having more than 6,000 AICPA members is entitled to one additional member on the regional trial board.
- 3) Every spring, the secretary of the Joint Trial Board Division requests state society executive directors to inform him of the name of the new designee to serve on a regional trial board for the committee year commencing in October.
- 4) Regional trial board chairmen are appointed annually from among the trial board members in the region by the chairman of the AICPA, with the approval of the Board of Directors.

B. National Review Board

- 1) The National Review Board is the final appellate authority in matters heard and determined by the regional trial board. It also exercises original jurisdiction over cases in which the respondent petitions to the National Review Board for a direct hearing and which petition is granted by an ad hoc screening committee.
- 2) The National Review Board consists of 12 members who are elected by AICPA Council. No two or more members of the National Review Board may have their principal place of practice in the same state. The chairman of the National Review Board is also the chairman of the Joint Trial Board Division.

C. Ad Hoc Committees

Ad hoc committees of the National Review Board, composed of at least three members, act on petitions for removal of cases from regional trial boards, petitions for review of cases decided by regional trial boards, and petitions that sections of the bylaws regarding automatic disciplinary action based on the criminal conviction of a member (7.3.1) and the suspension or revocation of a member's CPA certificate and license to practice (7.3.2) not become operative.

D. Hearing Panels

Regional trial board hearing panels are composed of five members and adjudicate complaints made under the ethics codes of the AICPA and/or participating state societies. Two of the panel members are appointed by the chairman of the regional trial board, and three of the panel members are appointed by the state society of the state in which the respondent resides from among its membership.

Hearing panels of the National Review Board are composed of five members.

Hearing panels may:

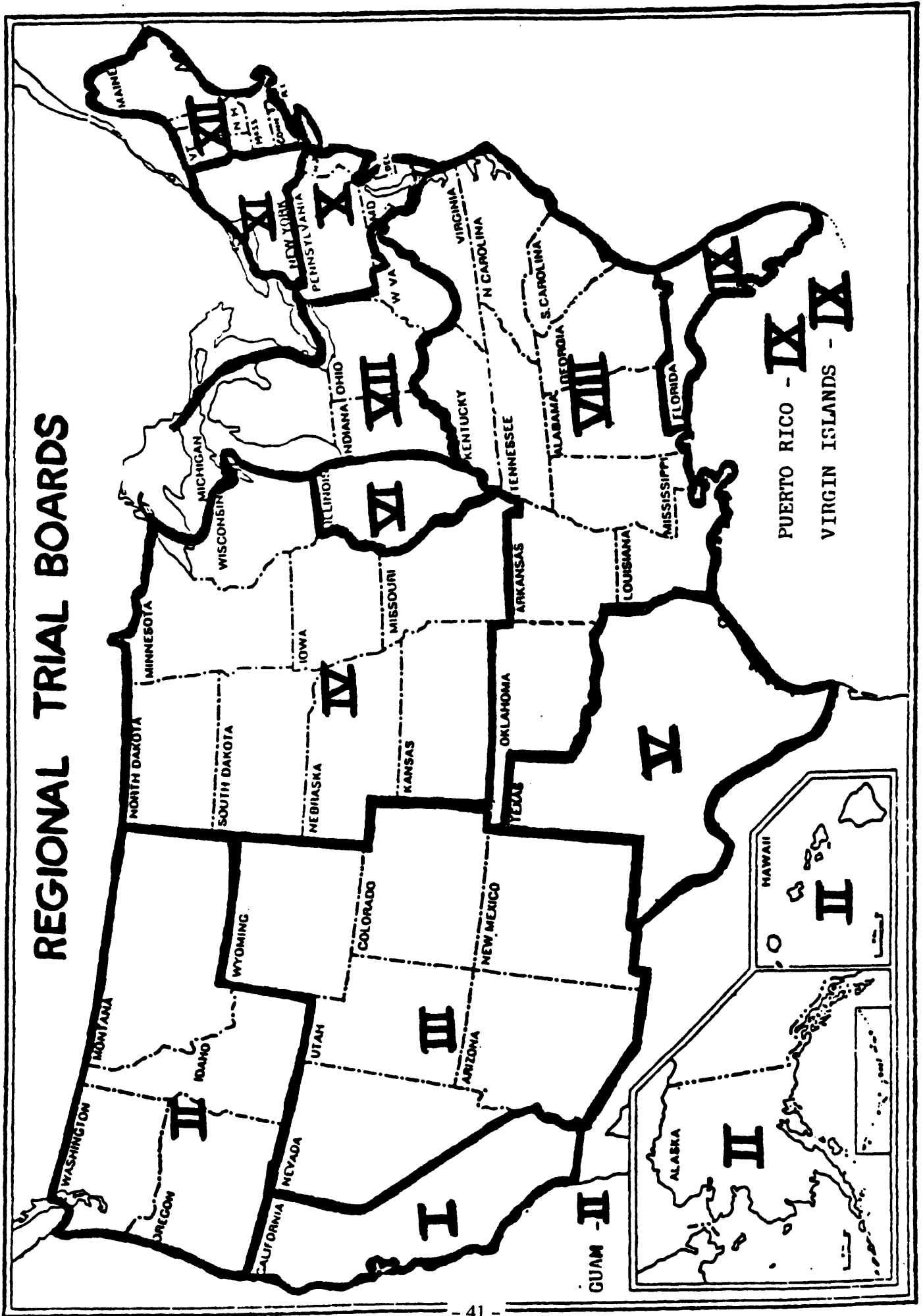
- 1) **hear cases for which petitions for removal from regional trial boards have been granted by an ad hoc committee;**
- 2) **hear cases for which a petition for review of a case decided by a regional trial board has been granted by an ad hoc committee, and**
- 3) **hear petitions for reinstatement of expelled members.**

VI. Requirements for Service on Boards

Regional trial board and National Review Board members must be members of the AICPA and of a state society in their region. The following persons are not eligible for membership on the National Review Board or any regional trial board:

- **a member of the AICPA Professional Ethics Division;**
- **a member of a state society ethics committee having responsibility for investigating complaints or bringing disciplinary charges, or any other committee with similar responsibilities, or**
- **a member of a state board of accountancy charged with regulating the profession of public accountancy or other state agency having similar responsibility.**

REGIONAL TRIAL BOARDS



DIVISION FOR CPA FIRMS

I. Background

- A.** The Division for CPA Firms is a voluntary organization within the AICPA.
- B.** It was established in 1977 in response to two needs:
 - 1) the profession's need, in the face of proposals for direct federal regulation, for an organizational structure with authority over firms as well as over individual CPAs, and
 - 2) the need of CPAs in smaller firms to have a more effective voice in the profession's affairs.
- C.** The division consists of two sections: Private Companies Practice Section (PCPS) and SEC Practice Section (SECPS).

II. Objectives

- A.** To improve the quality of service by CPA firms by:
 - 1) required maintenance of quality controls;
 - 2) other practice requirements, including continuing professional education requirements, and
 - 3) mandatory peer review.
- B.** To provide a better means for CPAs who serve private companies to make known their views on professional matters, including the establishment of technical standards.

III. Benefits of Membership

- A. Quality assurance:** Through peer review, member firms provide themselves with added assurance that they are providing quality services to their clients.
- B. Demonstrated commitment:** To be seen as part of a group committed to the highest levels of professional service.
- C. Support of the profession:** The division's programs help blunt the push for intensified governmental control of the profession.
- D. PCPS advocacy participation:** PCPS member firms, through the section's Technical Issues Committee, have a means for speaking out on behalf of CPAs who serve private companies.

- E. **Public information program:** Member firms benefit from the division's ongoing public relations campaign, designed to familiarize the financial community with CPAs' commitment to quality practice, and how peer review demonstrates the commitment of individual CPA firms. The program is funded from the dues of member firms.

IV. Membership Requirements

- A. A majority of the firm's partners (or equivalent) must be CPAs, and all partners must be AICPA members if they are eligible.
- B. The firm must adhere to the Institute's quality control standards.
- C. Each professional in the firm, whether partner or staff, CPA or non-CPA, must have an average of 40 hours of CPE annually.
- D. The firm must have a peer review of its accounting and audit practice every three years; the results are available to the public.
- E. The firm must pay dues.
- F. Each firm must file an annual report providing certain non-financial information about the firm. This report is available to the public.
- G. The SECPS has some additional requirements that are applicable only to SEC audit clients, including rotation of audit partners (not applicable to firms with less than five SEC audit clients and less than 10 partners); preissuance "concurring review" of audit reports; certain limitations on MAS work, and reporting to a special investigations committee any litigation involving audits of SEC clients.

V. Membership Statistics

- A. Membership peaked about the time of the first PCPS peer review deadline, in June 1982. Subsequent attrition occurred mostly among firms with less than five AICPA members and with no SEC clients. However, in the past year membership has increased in response to the division's coordinated public information and advertising programs.

	<u>6/30/86</u>
PCPS only	1,186
SECPS only	8
Both sections	<u>385</u>
	1,579

- B. About 43 percent of the Institute's practicing members are with firms that are members of the division. This includes 77 percent of the practicing members with firms that have six or more Institute members, but less than five percent of those

with fewer than six. The PCPS is taking steps to make membership more attractive to smaller firms. A new report review program has been instituted for firms with a compilation and review practice but no audit clients. An optional one-day consulting review provides “comfort” to firms that are preparing for peer review. The section also provides a member consultation service, a member information manual, and an annual tax planning publication for distribution to clients.

- C. Division members audit almost 90 percent of the SEC registrants with annual sales of \$1 million or more, accounting for almost 99 percent of these registrants’ aggregate sales volume. However, over 100 firms with SEC clients are members of the PCPS only.

VI. Staff

- A. Overall staff responsibility for the operations of the Division for CPA Firms is assigned to the Group Vice President—Professional. However, the Quality Control Review Division staff reports to the Vice President—Review and Regulation.

B. Staff Levels:

- 1) PCPS — three employees, including two CPAs: director, technical manager, and a secretary.
- 2) SECPS — four employees, including two CPAs: one CPA director, one CPA technical manager, and two support staff.
- 3) Quality Control Review Division — 15 employees, including eight CPAs: director, seven technical managers, and seven support staff.

Key Staff Contacts:

- John Mitchell, director, Private Companies Practice Section, (212) 575-6359
- Dale Rafal, director, Quality Control Review, (212) 575-6396
- Art Renner, director, SEC Practice Section, (212) 575-6367

VII. Division Activities

- A. The Executive Committees of both sections establish the general policies for each section, periodically amend membership requirements, set dues, authorize expenditures, and approve new programs.
- B. The Joint Coordinating Committee consists of equal numbers of representatives of both sections. Its objective is to harmonize and coordinate the activities and programs of both sections.
- C. Under the Joint Coordinating Committee’s direction, the division conducts and

funds an aggressive public information program with the direct participation of Hill and Knowlton, its public relations counsel.

- D. The PCPS Technical Issues Committee reviews and comments on proposals before other AICPA components, including those dealing with professional standards, from the perspective of CPAs who serve private companies.
- E. The SECPS Special Investigations Committee reviews litigation and SEC proceedings involving audits of public companies to determine whether the allegations indicate the need for corrective action by the firm involved or for consideration of changes in professional standards. The identity of specific cases on the committee's agenda is confidential. However, the section publishes a report on the committee's activities providing general information. The Public Oversight Board's annual report also discusses the committee's activities in considerable depth.
- F. The Peer Review Committees of both sections, assisted by the staff of the Quality Control Review Division, have overall responsibility for the peer review programs of their respective sections and publish the standards and procedures that govern the conduct of those reviews.

1) A summary of peer reviews to date is as follows:

	<u>Initial</u>	<u>Subsequent</u>	<u>Total</u>
Through 1982	1,207	55	1,262
During 1983	178	172	350
During 1984	239	298	537
During 1985	139	327	466
Expected during 1986	151	295	446

2) Peer review reports accepted by the Peer Review Committee to date are as follows:

	<u>Initial</u>	<u>Subsequent</u>	<u>Total</u>
Unqualified	87%	93%	89%
Qualified	11%	6%	10%
Adverse	2%	1%	1%

- G. Both sections are authorized to administer sanctions following specified due process procedures. However, the objective of each section is to improve the quality of practice and that is best achieved by causing firms to undertake appropriate corrective action, not by imposing penalties, which is the responsibility of the courts and regulatory agencies. Accordingly, sanctions ordinarily are imposed only when a firm refuses to take necessary corrective action or otherwise fails to cooperate with the sections.
- H. The PCPS administers a consulting review program to assist division members and nonmembers in improving the quality of their practices and in preparing for

peer review and section membership. The consulting review is confidential and educational in nature, and is conducted on the reviewed firm's premises by an experienced reviewer selected by the Private Companies Practice Section Peer Review Committee. For firms with up to about 20 professionals, the review involves one reviewer for one day and costs \$500 plus expenses. With certain limitations, half the fee (but not more than \$250) will be applied to the firm's first peer review as a PCPS member.

- I. The PCPS offers "giveaway" publications for its members to use in building goodwill and stimulating tax planning inquiries. Examples are a year-end tax planning guide and a summary of the 1986 tax law.

J. **Publications**

<u>Title</u>	<u>Form</u>	<u>Audience/Purpose</u>
<i>SECPS Manual (1986)</i>	paperback*	Developed for member firms and peer reviewers. The paperback volumes contain such matters pertaining to the respective sections as the organizational structure and functions document, peer review standards, and guidelines for involvement by state societies and firm associations. The looseleaf manuals also contain the peer review program's forms and checklists, and recent changes to the paperback volumes.
<i>SECPS Peer Review Manual (1986)</i>	looseleaf	
<i>PCPS Peer Review Manual (1986)</i>	paperback*	
<i>PCPS Peer Review Manual (1986)</i>	looseleaf	
<i>Directory of Member Firms (annually, every fall)</i>	paperback	Distributed to SECPS and PCPS member firms, state society executive directors, members of the academic community, Robert Morris Associates, and others interested in self-regulation by the accounting profession. It lists names and offices (city and state) of member firms as of Sept. 1.

*The paperback volumes are an integral part of the looseleaf peer review manuals.

<i>PCPS Reporter</i> (quarterly)	newsletter	Distributed to PCPS members to update them on section activities and to provide information that will help them in maintaining and improving the quality of their practice.
<i>What is Peer Review?</i> (1984)	brochure	For CPAs to distribute to clients, the business community, and the general public to explain quality control standards and peer review.
<i>Why You Should Join the Private Companies Practice Section</i> (1985)	brochure	Provides information to practicing CPAs about the benefits and requirements for membership.
<i>PCPS Member Information Manual</i>	looseleaf	Provides a concise summary of services available to members of the PCPS and of the Institute, along with other materials designed to be helpful to member firms.

K. Conferences

A PCPS Conference is sponsored annually in the spring to provide PCPS members and others with information on professional and technical developments that directly relate to practices of local and regional accounting firms. The division usually sponsors a full-day course on conducting peer reviews immediately following the conference.

VIII. Assistance Available to State Societies

- A. Regional spokesmen, staff, and committee members are available to speak about the Division for CPA Firms and peer review at state society meetings.
- B. Provides guidelines on administering a Peer Review Program of the Division for CPA Firms. (See IX and X.)
- C. Distributes materials (speeches, articles, brochures, etc.) to help state societies promote membership in the division to its members.

IX. Guidelines for State Society Involvement in the Peer Review Program

- A. Objective

To enable state societies to become involved in and/or cooperate in the administration of the peer review program of the AICPA Division for CPA Firms.

B. Limited Involvement

Some state societies because of their size, population, or other reasons may not wish to become fully involved in administering the program. These states may wish to advance the program by other means, such as the following:

- 1) Sponsor articles and speeches on quality control and the peer review program.
- 2) Encourage firms to participate in the program through promotional efforts.
- 3) Offer CPE programs on the subject of quality control.
- 4) Encourage capable state society members to qualify as reviewers in the program.
- 5) Suggest qualified reviewers for use in the program.

C. Full Involvement

State societies that wish to administer peer reviews should note the following requirements:

- 1) Prior to commencing peer reviews, a state society must submit a "plan of administration" to the applicable section's peer review committee for approval. The plan should delineate the procedures that the state society will follow in administering the peer review program.
- 2) State society sponsored reviews must be conducted in accordance with the plan of administration approved by the committee and with the applicable section's "Standards for Performing and Reporting on Peer Reviews."
- 3) Triennially, the state society must submit its procedures for administering the peer review program to a review by an independent reviewer. The initial review should be performed during the third year that the state society is involved in the peer review program.

D. Administration*

A state society that wishes to administer peer reviews should establish a quality control review committee. The committee should be responsible for the following:

- 1) Developing the plan of administration.
- 2) Developing and maintaining the pool of reviewers.
- 3) Scheduling the reviews and selecting the reviewers.

- 4) Training and evaluating the reviewers.
- 5) Determining that reviews are conducted in accordance with SECPS guidelines.
- 6) Resolving disagreements that may arise between a reviewed firm and the state society reviewers, and reporting unresolved disputes to the section's peer review committee.
- 7) Maintaining files containing information on peer reviews administered by the state society. Such files would normally include:
 - a. Data regarding the qualifications of reviewers.
 - b. A list of firms reviewed, reviewers on each review, and dates of the reviews.
 - c. Review team working papers retained in accordance with the section's requirements.
8. Coordinating the state society program with the section's peer review committee.

***The preceding section has been excerpted from the *PCPS Peer Review Manual* and the *SECPS Manual* (1986 eds.).**

EXAMINATIONS DIVISION

I. Objectives

- To prepare the Uniform CPA Examination and operate the Advisory Grading Service.

II. Staff

20 employees: seven CPAs (director, assistant director, and five individuals engaged in test construction), psychometrician, systems and security coordinator, five permanent grading individuals engaged in supervising and supporting grading activities, and six individuals engaged in examination production and clerical support functions.

Key Staff Contacts:

- James D. Blum, director, (212) 575-6495
- Steven Rubin, assistant director, (212) 575-6499

III. Assistance Available to State Societies

Elijah Watt Sells Awards are presented to those CPA candidates who take all four sections of the Uniform CPA Examination at one time and receive the highest grades. In February and August (following the November and May CPA Exams), the division notifies state society executive directors of the award winners in their states, and offers to send the societies the engraved certificates for the CPA candidates who are receiving awards. State societies interested in presenting the certificates during award ceremonies in their states should contact the Examinations Division within a month from the time they are notified.

IV. Division Activities

- A. Prepare content specifications, questions and answers, and grading guides for each examination. These are submitted to the Board of Examiners for approval.
- B. Maintain tight security during all phases of preparing, editing, reviewing, proof-reading, and storing of examination materials.
- C. Grade the Uniform CPA Examination for the 50 states, Guam, Puerto Rico, Virgin Islands, and District of Columbia. This licensing examination is administered every May and November.
- D. Publications
 - CPA Examinations — Semiannual Volumes

Each volume contains the complete text of the most recent CPA examination, along with unofficial answers and study references.

- **CPA Examination Questions and Unofficial Answers Indexed to Content Specification Outlines — Annual Volume**
Each annual volume contains the latest 10 examinations indexed to content specification outlines.

V. Relevant Statistics

A. Grading statistics — Approximately 200 CPAs and attorneys are hired to grade the examination along with 140 clerical support staff. The grading process for each examination takes about 2½ months.

B. Candidate Statistics:

	<u>Number of Candidates</u>	<u>Number of Papers</u>
May 1986	67,300	240,500
November 1985	72,200	261,000

STATE LEGISLATION DEPARTMENT

I. Objective

- To work closely with state societies on accountancy legislation that protects the interests of all practitioners and the general public. To provide a national perspective on state legislative and regulatory matters.

II. Staff

Four employees: technical manager, two technical advisors, and a secretary.

Key Staff Contacts:

- William M. Crane, technical manager, (212) 575-6210
- Kenneth R. Jackson, technical advisor, (212) 575-6458
- Ralph N. Villanova, technical advisor, (212) 575-6211
- Juliette-Rose Garvey, secretary, (212) 575-3860

III. Assistance Available to State Societies

- A. Analysis of proposed legislation and rules and regulations.
- B. Bill drafting and amendment services to accomplish specific legislative or regulatory objectives.
- C. Research materials on subjects such as two-tier licensing, education and experience requirements, continuing professional education requirements by state, etc.
- D. Legislative workshops and advice on conducting and planning campaign finance sessions.
- E. Advice and counsel on political action committees, legislative programs, key man programs, and sunset reviews of state accountancy laws.

IV. Publications

Title

Legislative Report

Audience/Purpose

This newsletter keeps CPAs, state society executive directors, state board members, and others informed about events and trends in state regulation of the profession.

<i>The Key Man Program (1985)</i>	Tells how state society legislative committees and staff can form and operate Key Man legislator contact and grass roots programs.
<i>Political Action Committee Handbook (1985)</i>	Informs state society leaders, including society officers, executive directors, and appropriate committees, of the benefits of forming a Political Action Committee (PAC).
<i>Campaign Treasurer's Handbook (1981)</i>	Helps campaign treasurers and managers of state and local campaigns ensure that they are meeting state political financing laws.
<i>Manual for State Legislative Programs (1982)</i>	Basic information and suggestions for state legislation committees to use when forming and operating a state legislative program.
<i>AICPA/NASBA Digest of State Accountancy Laws and State Board Regulations (1985)</i>	For use by practitioners, accounting firm administrators, and accounting libraries. This book presents a synopsis of state accountancy laws and state board regulations on licensing requirements, reciprocity, and CPE requirements.
<i>Brief Questions and Answers About CPAs (1985)</i>	For distribution by state CPA societies to state legislators. The pamphlet describes the licensing procedure for CPAs and can be used to obtain legislators' support for the regulatory system espoused by the profession.
<i>AICPA/NASBA Model Public Accountancy Bill (1984)</i>	It serves as a guide for state societies and boards of accountancy in formulating accountancy legislation.

V. State Campaign Finance and Disclosure Sessions

A suggested program and helpful ideas for holding state campaign financial disclosure sessions has been developed for presentation before audiences of candidates, campaign treasurers, and political action committees. The program package contains information on legally required reporting on campaign finances, and describes the accounting procedures and controls that could be of assistance in maintaining compliance with state campaign finance laws.

VI. Conferences

A national conference on state regulation of the profession is held as needed, usually every other year. The three most recent conferences were jointly sponsored with the National Association of State Boards of Accountancy. State society executive directors and presidents, state board of accountancy members and staff, and others concerned about the regulation of the profession are encouraged to attend the conference.

VII. Committee and Area Planning Subcommittees

A. The State Legislation Committee serves the public interest by seeking consistency in state accountancy legislation and regulation. It identifies and studies the use of CPA services by state governments, and advises AICPA senior technical committees and state society legislation committees on relevant matters with the view of encouraging the most effective utilization of the capabilities of CPAs. It has 16 members and meets three or four times each year.

B. Area planning subcommittees of the State Legislation Committee were formed to serve as a forum for the dissemination of legislative information and to foster cooperation among the state CPA societies and the AICPA State Legislation Committee. Approximately 150 people serve on the five subcommittees, which meet twice annually, usually in May and November. The subcommittees are as follows:

Area I — Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Area II — Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands, Virginia, and West Virginia.

Area III — Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Area IV — Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

Area V — Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

VIII. Requests for State Society Input

A. Letters are sent to state society presidents (copies to executive directors) in April requesting two nominations from each state to serve on a state legislation area planning subcommittee for the committee year, which commences in October. Nominations should be received by the State Legislation Department by July 1.

B. Monthly questionnaires are sent to state society executive directors and state

society legislative committee representatives when the state's legislature is in session. The responses help the AICPA monitor state legislative developments and facilitate staff identification of national trends in accountancy-related legislation.

- C. At times survey forms concerning important aspects of regulation of the profession are mailed to state CPA societies. Responses are tabulated, interpreted, and become part of the State Legislation Department's issue files.

CONTINUING PROFESSIONAL EDUCATION DIVISION

Overview

Objectives

- To assure development and delivery of appropriate and timely programs of high quality and value to serve the ongoing education needs of the membership.
- To provide leadership in curriculum and program development.

Staff

Approximately 92 individuals work in five departments of the CPE Division:

- Administration
- Course Development
- Marketing
- Operations
- Accounting

CONTINUING PROFESSIONAL EDUCATION DIVISION

I. Administration

A. Objective

- To administer comprehensive continuing professional education programs in a manner consistent with AICPA standards of quality and value.

B. Staff

Four employees: vice president, curriculum coordinator, executive secretary, and receptionist.

Key Staff Contacts:

- Thomas J. Murphy, vice president, (212) 575-5498
- Lorrin Philipson, curriculum coordinator, (212) 575-5402

C. Conferences

Annual CPE Conference held in July/August. (See Marketing, page 59.)

D. Committees

- 1) The objective of the CPE Executive Committee is to establish policies for the constituent committees and the Continuing Professional Education Group. Composed of 12 members, the committee meets four times a year in March, June, September, and December. In addition, representatives of the Executive Committee meet throughout the year with members of Certified Public Accountants/Society Executives Association (CPA/SEA) in order to strengthen the service relationship between the division and the state societies.
- 2) The National Curriculum Subcommittee oversees the implementation and revision of a national curriculum. The curriculum is scheduled for release in 1987.

E. Documents

Various communications to state society leadership in respect to emerging issues and specific projects of the division, i.e., National Curriculum Project.

F. Requests for State Society Input

State societies are frequently called upon for input on division projects, such as the development of the CPE Mission Statement. In addition, at the July 1986 CPE Conference state society leadership was asked for input on the implementation of the National Curriculum Project.

II. Course Development

A. Objective

- To develop quality continuing professional education programs and materials to meet the membership needs of the state societies and AICPA.

B. Staff

31 employees: two directors, four administrative managers, manager, 14 project managers, three technical editors, two instructional designers, coordinator, evaluation and data analyst, and three support staff.

Key Staff Contacts:

- Lochlann Dey, director, Program Development Group-Study, (212) 575-6233
- Ronald Ledwith, director, Self-Study/Video/Conferences, (212) 575-5261

C. Assistance Available to State Societies

- 1) Guidance on implementation of CPE *Statement on Standards for Formal Group and Formal Self-Study Programs*.

D. Publications

Title

Statement on Standards for Formal Group and Formal Self-Study Programs (1976)

Audience/Purpose

Pertinent to those involved in CPE for CPAs. Statement of minimum standards to insure that CPAs receive quality CPE.

E. Subcommittee

- 1) The objective of the EDMAX (Educational Materials Exchange) Subcommittee is to study and promote the exchange of CPE materials and methodologies, and to recommend policy for the operation of the AICPA materials exchange library. In accordance with the "Principles of Operations," the composition of the subcommittee includes one representative from state societies that are members of EDMAX. The subcommittee meets two times a year, usually in June and November.

F. Contract/Agreement

Brokering agreement for state society-developed, instructor-independent courses.

G. Documents

Various communications to state society staff on CPE committees with respect to issues on individual courses or course evaluation forms.

H. Requests for State Society Input

Occasionally the CPE Division course development staff may call upon the state societies or a particular committee of the societies to assist with the assessment of course materials. This may be done to determine the appropriateness of materials for a special group, to determine accuracy of materials, to help isolate the best source for fulfilling a certain need, or when trying to meet a time constraint for review of voluminous materials.

For example, assistance from state society Industry Committees is being solicited this year to determine the appropriateness of course materials available from an outside vendor for the member in industry. Approximately 70 titles need reviews. To accomplish this through individual reviewers would be administratively time-consuming, and reviewer resources would be quickly depleted. With help from the state societies, the task can be accomplished effectively and efficiently using existing expertise.

I. Other Liaison Activities

Communication with state societies regarding seminars in which societies select discussion leaders who use AICPA prepared course materials.

III. Marketing

A. Objectives

- To provide state societies and members with course information.
- To conduct market research in order to identify member needs.
- To develop market strategies and promotional materials.
- To act as a liaison with state society leadership in order to strengthen distribution of CPE courses.
- To assure acceptance of the national curriculum.

B. Staff

12 employees: director, three managers, four coordinators, and four support staff.

Key Staff Contacts:

- Mac Buhler, director, (212) 575-7085
- Barbara Gargiulo, manager, (212) 575-5582
- Gail Smolar, coordinator, (212) 575-3816
- Wendy Rand, coordinator, (212) 575-6643

C. Assistance Available to State Societies

- 1) Direct and indirect marketing assistance.
- 2) Direct mail promotional materials, including mailing lists and catalogs.
- 3) Promotion of seminars and conferences.
- 4) "Hot Line" for state society CPE staff and one for member leaders.

D. Contract and Agreement

- 1) In-House Agreement governs the sale of AICPA CPE courses and materials through state societies to firms.
- 2) Various licensing agreements permitting the nonexclusive distribution of state society-developed courses by the AICPA.

E. Publications

Title

Audience/Purpose

Seminar Catalog

Published annually in April, this catalog aids members in selecting courses to meet continuing education requirements. Distributed to selected practitioners, state society CPE administrators, and by individual request.

Self-Study CPE Catalog

Lists and describes over 200 AICPA self-study courses available to the profession. Published annually in April and distributed to state society CPE administrators and firm users of self-study (sole practitioners, partners and employees of firms in B states only), in addition to members in industry (president, vice president, assistant treasurers, and controllers), and educators — B states only.

Video Catalog

Published annually in March, the video catalog lists and describes courses that can be utilized for a firm's in-house training. Distributed to state society CPE administrators, members who have expressed direct interest, members of Fortune 500 companies, and firms of two or more partners.

Public Presentation Planning Handbook

Published annually in July, the handbook is a resource to be utilized in planning, administrating, and promoting public presentation of group-study courses. Copies are sent to CPE administrators and are distributed to committee members and other staff involved in CPE planning.

F. Conference

Annual CPE Conference held in July/August. Attended by state society executive directors, CPE administrators, and CPE committee members.

G. Subcommittee

The objective of the CPE Marketing and Distribution Subcommittee is to recommend administrative policies and procedures for the promotion, scheduling and distribution of CPE programs, and to suggest ways to strengthen the service relationship between the CPE Division and the state societies. Composed of 12 members including state society executive directors and CPE directors, the subcommittee meets three times a year in November, April, and September.

H. Documents

- 1) Various communications to state society executive directors relating to policies, pricing, promotional campaigns, and conference activities.
- 2) Minutes and agendas of Marketing and Distribution Subcommittee Meetings to state society executive directors, CPE administrators, and committee chairmen.

I. Requests for State Society Input

- 1) During the fall planning cycle, requests are made for states to inform the department of course seminar listings for inclusion in CPE catalog and group-study promotional material.
- 2) Other issues of concern to state societies may be brought to the attention of the Marketing and Distribution Subcommittee.

J. Other State Liaison Activities

- 1) Visit state society offices to meet with CPE staff and various committee members to brief state society leadership on curriculum and objectives for new and existing courses.
- 2) Participation in state and regional CPE planning sessions in order to provide assistance in planning course schedules and developing promotional material.

IV. Operations

A. Objectives

- To maintain high standards of quality in editorial production of programs.
- To maintain high standards of service to members in order processing, fulfillment, and faculty recruitment.
- To ensure proper monitoring of divisional budgets and financial analysis.

B. Staff

35 employees: director, four managers, assistant manager, five supervisors, two coordinators, two production schedulers, eight editorial production staff, three clerical support staff, and nine course assembly staff.

Key Staff Contact:

- Mary Anne Tait, director, (212) 575-5660

C. Activities

- 1) Editorial production
- 2) Materials management
- 3) Inventory maintenance
- 4) Production scheduling and shipping
- 5) Faculty administration
- 6) Course materials assembly

D. Assistance Available to State Societies

- 1) Assistance in familiarizing new state society CPE personnel in course ordering procedures.
- 2) Guidance in selecting discussion leaders for seminars.

V. Accounting

A. Objectives

- To plan and account for all revenues and expenses of the division.

B. Staff

Seven employees: director, secretary, computer operator, accounting supervisor, senior bookkeeper, and two accounting clerks.

Key Staff Contact:

- Robert Boos, director, (212) 575-6242

C. Activities

- 1) Revenue and expense reports
- 2) Product pricing
- 3) Financial analysis
- 4) Accounts payable/accounts receivable
- 5) Inventory perpetual records
- 6) Contract maintenance

PUBLICATIONS

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JOURNAL OF ACCOUNTANCY

I. Objectives

- To keep members of the Institute and other readers, including business and governmental executives and academics, as well as accountants who are not members of the Institute, informed of the latest technical and professional developments that affect the accounting profession.
- To deal with materials at the cutting edge of current professional thought in accounting, auditing, taxation, MAS, and practice management, and to help readers sort out the confusing technical and theoretical issues and problems of the day.

II. Staff

A director of publications has responsibility for the overall management of the *Journal of Accountancy*, *The Tax Adviser*, and other AICPA newsletters.

22 employees: editor, senior editor, news editor, technical editor, feature editor, associate editor — special projects, assistant editor — departments, assistant editor — manuscripts, assistant editor — news, production manager, assistant production manager, two production associates, art coordinator, word processing coordinator, and two secretaries; advertising manager, advertising sales representative, advertising production coordinator, classified advertising correspondent, and secretary.

Key Staff Contacts:

- Robert P. Rainier, director, (212) 575-6264
- Barbara J. Shildneck, editor, (212) 575-6272
- Bill Liebttag, news editor, (212) 575-6275
- Alexandra D. Coclin, production manager, (212) 575-5518
- Richard J. Flynn, advertising manager, (212) 575-6286

III. Selection of Articles

- A. Close to 50 professional accountants assist the editors of the *Journal of Accountancy* in selecting material of high quality for publication. This group of editorial advisers includes accounting practitioners from firms of varying sizes, accountants in industry and education, and accountants with expertise in various accounting specialties.
- B. Manuscripts submitted to the *Journal* are acknowledged by the editors and forwarded to at least three reviewers.

- C. Major articles of the *Journal* should have broad appeal and should focus on practical applications. The elements considered in a reviewer's evaluation include readability, technical soundness, originality, and interest to readers.

IV. Relevant Statistics

- Published monthly.
- Circulation more than 279,000.
- Over 43 percent of the *Journal's* readers are in public practice and nearly 38 percent are in industry. The remainder consists of governmental executives and students.

V. Mailings to State Societies

State society executive directors and/or presidents are on the complimentary list for the *Journal*.

THE TAX ADVISER

I. Objectives

- To keep practitioners informed of the latest technical and professional developments in federal taxation.
- To provide a practical and sophisticated approach in dealing with specific tax problems and planning opportunities.

II. Staff

Four employees: editor, associate editor, managing editor, and support staff member.

Key Staff Contacts:

- Nicholas J. Fiore, Esq., editor, (212) 575-6314
- Sandra K. Lewis, Esq., associate editor, (212) 575-6315
- Debra Weingarten, managing editor, (212) 575-6313

III. Selection of Articles

- A. More than 25 tax professionals assist the editors of *The Tax Adviser* in selecting material of high quality for publication. This group of editorial advisers includes tax accountants, lawyers and professors, with both general and specialized tax knowledge and expertise.
- B. Manuscripts submitted to *The Tax Adviser* are acknowledged by the editors and reviewed by an editorial adviser.
- C. Major articles in *The Tax Adviser* should be fairly technical and should focus on practical applications. The elements considered in a reviewer's evaluation include technical accuracy, readability, originality, and interest to readers.

IV. Relevant Statistics

- Published monthly.
- *The Tax Adviser* has a circulation of approximately 23,000.
- Over 60 percent of *The Tax Adviser's* readers are in public accounting practice. The remainder are in law, industry, government, and education.

EDITORIAL — NEWSLETTERS

I. Specific Activities

Responsible for the design, preparation, and production of two newsletters.

A. *CPA Client Bulletin*

A monthly four-page newsletter available in bulk to CPAs for distribution to their clients. It is directed to small business interests and individual clients, and includes items on management, government regulations, and taxes of particular interest to the smaller client. Cost: \$135 per year for minimum order of 50 copies; \$36 per year for additional lots of 25. Imprinting of firm names is also available.

Circulation: 7,500 practice units that distribute nearly 900,000 copies to small business clients.

Key Staff Contact:

- Art Lodge, editor, (212) 575-6277

B. *The Practicing CPA*

An eight-page monthly newsletter sent to all practice units represented in the AICPA and to individual members upon request. It deals primarily with practice management issues and practical applications of professional standards for local practitioners.

Circulation: 55,000 practice units and members.

Key Staff Contact:

- Graham Goddard, editor, (212) 575-6278

II. Mailings to State Societies

Both newsletters are sent to state society executive directors.

PRODUCTION AND EDITORIAL SERVICES DEPARTMENT

I. Objectives

- To oversee the production of audit guides, research monographs, special reports of committees and task forces, statements on standards, statements of position, directories, and other publications from manuscript to final (published) form.

II. Staff

11 employees: administrator, production manager, senior production associate, editor, two assistant editors, four production associates, and secretary.

Key Staff Contacts:

- Katharine Coveleski, administrator, (212) 575-6260
- Robert DiCorcia, production manager, (212) 575-6261
- Glenn Shephard, editor, (212) 575-6263

III. Activities

- A. Provide editorial and rewrite services for manuscripts in preliminary draft stage. Copyedit and design formats for final manuscripts.
- B. Prepare basic manufacturing specifications for competitive bids on typesetting and printing, and suggest appropriate vendors.
- C. Schedule publications and handle trafficking of documents through various stages of the manufacturing process—typesetting, printing, binding, and delivery.
- D. Mark up manuscripts for typesetting, proofread galleys and pages, do layouts, and check blueprints.
- E. Monitor costs throughout process and maintain quality control at all stages.
- F. Provide timely information to promotion department, to editors of newsletters and magazines, and to the purchasing, inventory control, customer service, and shipping departments.
- G. Develop and acquire publications that serve member needs.
- H. Administer AICPA rights and permission policies.

IV. Relevant Statistics

- **Between 60 and 70 new titles are produced each year, and between 80 to 90 reprints of inventory items.**

PROMOTION DEPARTMENT

I. Objectives

- To plan and prepare programs and materials to promote the sale of all AICPA magazines, subscription services, and other publications.
- To promote attendance at AICPA and CPE conferences and seminars.
- To promote and control the commercial use through rental of AICPA mailing lists by companies and other organizations.
- To coordinate all bulk mailings made by the AICPA.

II. Staff

Six employees: manager, supervisor, graphics designer, production associate, and two support staff.

Key Staff Contacts:

- Mitchell Gresser, manager, (212) 575-6282
- Julia Esposito, supervisor, (212) 575-6283
- Patricia Rowe, list sales coordinator, (212) 575-3896

III. Activities

- A. Write folders, brochures, self-mailers, booklets, letters, display advertisements, order forms, etc., for use in the promotion of AICPA products, services, and meetings.
- B. Design all the above materials.
- C. Plan and follow up on the production of the above materials.
- D. Plan and supervise the distribution of the above materials.
- E. Budget and analyze the effectiveness of specific promotion programs.
- F. Manage and supervise mailing list rental activity.
- G. Provide design and copywriting services for all AICPA divisions and departments.
- H. Schedule and manage all AICPA bulk mailings.

INDUSTRY AND PRACTICE MANAGEMENT DIVISION

I. Staff

Five employees: director, two technical advisors, and two support staff. In addition to programs on practice management and those for industry members, staff is also responsible for minority business development. See page 109.

Key Staff Contacts:

- Nancy Myers, director, (212) 575-6436
- Robert Gannon, technical advisor, (212) 575-3826
- David McThomas, technical advisor, (212) 575-3885

II. Practice Management

A. Objectives

- To ensure that high quality service is available to the public from local CPA firms.
- To help firms improve the operation of their practice and increase their profitability.
- To promote a positive image of CPA firms among the business community and general public.

B. Assistance Available to State Societies

Help in planning and administering MAP programs, i.e., MAP conferences and roundtables.

C. Publications

<u>Title</u>	<u>Form</u>	<u>Audience/Purpose</u>
<i>Management of an Accounting Practice Handbook</i> (updated annually)	Three vols.; looseleaf subscription service	Offers CPA practitioners practical techniques, tested procedures, and expert advice that will help them operate their practices more effectively. Cost for members is \$155 for the complete handbook and \$42.50 for the 1986 supplement.

<i>MAP Selected Readings</i> (1985 and 1986)	Soft cover subscription service	Selected from leading CPA periodicals and other professional, business, and international magazines. This companion book to the <i>MAP Handbook</i> includes articles on all aspects of practice management. The cost to members is \$35.00.
<i>MAP Roundtable Discussion Guidelines</i> (1980)	Six-page manual and discussion outlines	Aids practitioners in establishing and operating a MAP Discussion Group; covers administrative matters and suggests topics for roundtable discussions. To guide the group in their discussions, outlines on over 20 MAP topics are available.
<i>Services for Local Practitioners</i> (1986)	brochure	Describes AICPA services offered to members. It is distributed to state societies and mailed to members on request.
<i>Choosing the CPA Firm That's Right for You</i> (1986)	brochure	Distributed to colleges, state societies and firms, this local firm recruiting brochure reminds professors and students that local firms offer interesting, challenging careers.

D. Conferences and Seminars

- 1) Sponsors two annual three-day practice management conferences. State societies in states in which the conferences are being held have the option of cosponsoring the conference with the Institute.
- 2) A small firm conference is offered twice a year, in the summer and fall, at different sites. The conference program has the greatest appeal for sole practitioners and firms with two or three partners.
- 3) An annual meeting with state society MAP committee chairmen and executive directors is held in July. Information on current AICPA and state society activities is exchanged.
- 4) An annual Quality of Life Seminar is held in May. Geared to local practitioners and their spouses, the program focuses on developing a more fulfilling lifestyle, relieving the special stresses associated with public ac-

counting, and better understanding the interrelationship between personal and professional life.

- 5) An annual seminar for marketing directors and practice development partners is held in June. The seminar offers marketing and practice growth topics.
- 6) A Conference on the Future is being held in 1986. Its purpose is to alert firms to economic, technological, and socio-political trends that will affect their practices.

E. Local Firm Management Consultation Program

This program offers firms consultation on ways to improve their practices. A confidential two-day consultation is conducted by two CPAs with firm management responsibility. Total cost for a consultation is \$1,700.

F. Other Department Activities

- 1) Serves as a clearinghouse of information for firms looking for assistance on developing capability brochures, client newsletters, and other printed material.
- 2) Responds to practice management inquiries from members.
- 3) A task force recommends services for the special needs of minority-owned firms.

G. Committee

The AICPA MAP Committee assists members of the Institute in the effective operation of their professional firms and promotes high standards of practice management in CPA firms.

H. Requests for State Society Input

Members and staff of the AICPA MAP Committee request state society MAP committee chairmen to provide them with information on state society programs.

III. Industry

A. Objectives

- To ascertain what services the AICPA should provide to members employed in industry.
- To increase participation of industry members in AICPA affairs.
- To increase industry members' awareness of professional responsibilities.

- To promote an integrated profession.

B. Assistance Available to State Societies

Counsel on initiating and planning programs for state society members employed in industry.

C. Publication

An *AICPA Industry Member Forum Manual* is sent periodically to state society executive directors and chairmen of industry committees. It describes a program designed to encourage better communication among members through local, informal discussion groups.

D. Conferences

- 1) Sponsors a National Conference for CPAs in Industry. This two-day conference focuses on a wide range of technical, professional, and management subjects. The conference has been specially developed to help financial executives in industry achieve greater professional success in today's business environment. The conference is usually held in the spring.
- 2) Sponsors an annual conference of state society industry committees. It is held in the spring, immediately prior to the National Industry Conference. It provides a forum for state society industry committee chairmen, executive directors, and other staff members to exchange information on current AICPA and state society activities.

E. Committees

The Industry Committee advises other committees and boards of the interests and needs of industry members, and implements programs for this segment of the membership. One state society executive director is appointed to serve on the Industry Committee as a consultant.

F. Other Activities

- 1) The division also encourages the appointment of more industry members to Institute committees. A task force is currently studying the charges and activities of all AICPA committees to ascertain their pertinency to industry members' needs, and to recommend committees that need more industry members serving on them.
- 2) The division is working with the CPE Division on developing more CPE courses of interest to members in industry.
- 3) The committee is exploring the effect of accountancy legislation on industry members and is studying the use of the CPA title by industry members.

IV. Upward Mobility of Women in Accounting Special Committee

A. Objective

- To recommend strategies to the AICPA Board of Directors to strengthen the upward mobility of women in the profession.

B. Requests for State Society Input

- State societies will be asked for comments and recommendations on the issue.

LIBRARY SERVICES DIVISION

I. Objectives

- To provide information service to AICPA members by lending material, such as books and journals, providing photocopies, preparing bibliographies on requested topics, and answering quick research requests.
- To support accounting research through compilation and production of the *Accountants' Index*.

II. Staff

20 employees: 10 professional librarians and 10 support staff.

Key Staff Contacts:

- Karen Neloms, director, (212) 575-6319
- Lillian Rosenfeld, librarian, (212) 575-6320
- Linda Pierce, editor, *Accountants' Index*, (212) 575-6326

III. Hours

9 a.m. to 5 p.m. Monday through Friday, except Tuesday, when library opens at 10 a.m.

IV. Telephone

- United States: (800) 223-4155
- New York State only: (212) 522-5434

V. Assistance Available to State Societies

The library extends to state society staff the same privileges as AICPA members, i.e., lending, bibliographies, and quick research.

VI. Publications

- A. *Accountants' Index*. Quarterly with annual cumulations. The *Accountants' Index* data base (1974 to current) is available for on-line searching through SDC Information Services.
- B. *AICPA Library Acquisitions List* (monthly).

- C. *AICPA Library Guide*, 1983 rev. ed.
- D. *Accountants' Index Master List of Subject Headings*, 1985 ed.
- E. *AICPA Library Classification Schedule*, 1986 ed.

VII. Relevant Statistics

A. Collection Size

- 66,000 catalogued pamphlets
- 22,000 books and bound journals
- 800 current periodical subscriptions
- 1,200 periodical titles
- 67,000 microfiche U.S. and international annual reports

B. The division has access to hundreds of data bases on the Dialog, BRS, SDC Information Services, and Mead Data Central systems.

C. The division handles 100-120 telephone requests daily; assists 50-55 visitors to the library daily, and lends over 60 items per day.

D. All items listed in *Accountants' Index* are located in the AICPA library.

INSURANCE PLANS

I. AICPA Insurance Trust

The Insurance Trust was created by the American Institute of CPAs in 1947, and is operated under the direction of an Insurance Committee appointed by the Institute's Board of Directors. The trust makes available term life insurance, accidental death and dismemberment insurance, and long-term disability income.

II. Three Plans are Available Under the Trust

A. CPA Plan

Provides up to \$500,000 of term life insurance plus accidental death and dismemberment coverage for eligible state society members who are also members of the Institute. Members may begin or increase their participation in the CPA Plan on April 1.

Fifty-three state societies currently sponsor the plan.

B. Long-Term Disability Income Plan

Provides insurance protection for individual members of the AICPA against what can be severe economic consequences of prolonged disablement. With a \$500 to \$5,000 range of monthly benefits, the Long-Term Disability Income Plan may be used by eligible members as either supplementary coverage to strengthen existing arrangements or as a basic plan of disability.

C. Group Insurance Plan

Provides up to \$200,000 of term life insurance plus accidental death and dismemberment benefits on an employee benefits program basis. Participants are public accounting firms that use the plan to cover proprietors, partners, firm members, and employees. Dependent coverage is also available on an optional basis, as well as provisions for payment of premiums on disability of the subscriber.

III. Plan Agent

Rollins Burdick Hunter Co.
605 Third Avenue, New York, NY 10158

For information, telephone:

CPA Plan... (800) 223-7473
Long-Term Disability Income Plan... (800) 221-4722
Group Insurance Plan... (800) 221-3019
New York State, call collect... (212) 661-9000

IV. Underwriting Insurance Company

The Prudential Insurance Company of America

Professional Liability Insurance Plan

I. Broker and Administrator

Rollins Burdick Hunter Co. is both the insurance broker and administrator for the AICPA Professional Liability Insurance Plan.

II. Underwriter

Crum and Forster Insurance Companies, with assets over two billion dollars, is the underwriter and has made a long-term commitment to the AICPA to provide a stable market for professional liability insurance.

III. Basic Protection

The policy provides protection for compensatory damage arising from professional services performed for others by one acting in the capacity of a professional accountant through:

- neglect, error or omission;
- misrepresentation, dishonesty, or fraud, except* if made with affirmative dishonesty or actual intent to deceive or defraud, or
- civil libel, slander, or defamation of character, except if committed in bad faith.

IV. State Society Involvement

The Institute asks state societies to endorse the AICPA professional liability insurance plan. If a state society does so, the endorsement is mentioned in promotional material sent to AICPA members in that state. The AICPA promotes its insurance program to its members in all states.

*As to these exceptions, defense coverage is provided to the point of legal judgment.

Linebacker Personal Umbrella Liability Plan

I. Broker and Administrator

Marsh & McLennan is both the insurance broker and administrator for the AICPA Linebacker Personal Umbrella Liability Plan.

II. Underwriter

Wausau Insurance Companies, with combined assets of almost three billion dollars, is the underwriter for the plan. The Wausau Insurance Companies rank in the top one percent of the more than 2,600 Property/Casualty insurance companies in the United States.

III. Basic Protection

The policy provides high coverage affordable protection by building on an individual's present line of personal liability insurance coverage — with policies on cars, homes, boats, and recreational vehicles. The liability coverages on primary insurance pay first. Linebacker takes over to furnish any excess required.

Linebacker provides protection for compensatory damage arising from personal, non-business liability lawsuits against the policyholder. The plan, designed to provide limits up to \$10,000,000, goes into effect once the limit on the primary insurance policy has been paid.

IV. For further information or an enrollment form, contact Steve Gutmore, director of Member Programs, at (212) 575-3659.

BENEVOLENT FUND

I. Objective

- To help members, former members, and their immediate families through periods of financial difficulty by administering the donations received from AICPA members.

II. Requests for State Society Input

If state society staff knows of an AICPA member, former member, or family in need of financial assistance (other than a scholarship or business loan or due strictly to unemployment), they should contact Steve Gutmore, director of Member Programs, at (212) 575-3659.

III. Reports

A copy of the last annual report filed with the New York State Board of Social Welfare may be obtained upon request by writing to:

AICPA Benevolent Fund, Inc. 1211 Ave. of the Americas New York, New York 10036	or	New York State Board of Social Welfare Office Tower, Empire State Plaza Albany, New York 12242
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Information on fund procedures and operations may be obtained by writing or calling:

Director of Member Benefits
AICPA Benevolent Fund, Inc.
1211 Avenue of the Americas
New York, New York 10036
(212) 575-3659

ANNUAL DUES

	<u>Length of Time CPA Certificate Held</u>	<u>Dues Schedule</u>
1. Partners, Practitioners, and Shareholders/Officers — Members, at the beginning of the fiscal year, engaged in public accounting practice as partners, individual practitioners, or shareholders/officers of professional corporations formed to practice public accounting.	Three years or less	\$ 70
	Three to six years	\$100
	Six to 10 years	\$130
	Over 10 years	\$170
2. Educators and Government — Members whose principal occupation at the beginning of the fiscal year is employment by recognized colleges or universities or by government.	Three years or less	\$ 50
	Over three years	\$ 55
3. Other — Members, at the beginning of the fiscal year, employed as staff accountants or in other occupations not specified in sections (1) and (2).	Three years or less	\$ 50
	Three to six years	\$ 55
	Six to 10 years	\$ 70
	Over 10 years	\$ 75
4. Retired — Members who at the beginning of the fiscal year, will have retired from practice or other work and have notified the Institute of these facts.	Retired before 9/1/71	\$ 10
	Retired 9/1/71 to 7/31/75	\$ 15
	Retired 8/1/75 to 7/31/82	\$ 20
	Retired after 8/1/82	\$ 25
5. International Associates		\$ 70

FEDERAL GOVERNMENT RELATIONS DIVISION

I. Objectives

- To represent the accounting profession in Washington and assist in the development of a more effective working relationship with leaders in the legislative and executive branches of the government.
- To provide a better understanding of the role of the public accounting profession in the economy and public affairs at all levels of society.
- To determine the appropriate Institute committee to represent the AICPA in specific matters relating to Washington activities.

II. Staff

Six employees, including four CPAs: director, three technical managers, and two support staff.

Key Staff Contacts:

- Joseph F. Moraglio, director, (202) 872-8190
- Maryn Fisher, technical manager, (202) 872-8190
- William Holmes, technical manager, (202) 872-8190
- Frank Synowiec, Jr., technical manager, (202) 872-8190

III. Assistance Available to State Societies

- A. Identifying and contacting on behalf of members federal departments and regulatory agency officials, as well as congressional staff aides and the General Accounting Office, on all accounting related matters, except federal income taxes.
- B. Providing information on pending legislation and regulations.

IV. Division Activities

- A. Maintain a liaison with Congress and the executive branch, and provide technical advice and assistance on legislative and regulatory matters by personal contacts, comment letters, and testimony.
- B. Hold national conferences on banking, current SEC developments, savings and loan associations, and federally assisted programs.
- C. Publish audit guides, statements of position, and suggested guidelines.

V. Publications

<u>Title</u>	<u>Audience/Purpose</u>
<i>Federal Financial Management: Accounting and Auditing Practices (1976)</i>	For use by CPAs performing accounting and auditing functions for government agencies. This study explains in detail how the government budgets, plans, accounts for, and audits federal funds.
<i>Contracting for Audit and Management Advisory Services with the Federal Government (1981)</i>	Designed to help accounting firms take fuller advantage of this area of professional practice by emphasizing the "how to" aspect of providing audit and MAS services for federal agencies and federal grant recipients.
<i>Federal Grands-in-Aid: Accounting and Auditing Practices (1983)</i>	Explains the general accounting and auditing criteria that most government grantors require.
<i>Compliance with Federal Election Campaign Requirements: A Guide for Candidates (1983)</i>	Directed to candidates for the U.S. Senate and House of Representatives and their campaign committees. The guide provides information that will help them ensure that their organizations are effectively complying with federal election campaign laws. It covers guidelines for the preparation of a candidate's personal financial statement and tax considerations for candidates and their political organizations.
<i>Federal Conflict of Interest Laws as Applied to Government Services by Partners and Employees of Accounting Firms (1980)</i>	A summary of laws and regulations that apply to partners and employees of accounting firms planning to enter public service in the federal government.

VI. Committees

In addition to the AICPA staff, the Federal Government Relations Division consists of a total of 12 committees that hold about 70 meetings per year. In addition, there are 13 task forces.

POLITICAL AND LEGISLATIVE AFFAIRS

I. Objectives

- To monitor, track, and analyze all proposed federal laws, rules, regulations, and court decisions that have the potential to affect the accountancy profession.

II. Staff

Six employees: director, two managers, assistant manager, staff assistant, and coordinator.

Key Staff Contacts:

- Mary Frances Widner, director, (202) 872-8190
- Shirley L. Hodgson, manager, (202) 872-8190
- Gina M. Rosasco, assistant manager, (202) 872-8190
- Martha A. McDonough, staff assistant, (202) 872-8190
- Jessica E. Sacco, coordinator, (202) 872-8190

III. Assistance Available to State Societies

Provide state societies with current information on the numerous Congressional and regulatory issues that have the potential to impact the profession.

IV. Division Activities

- A. Maintain an active liaison with members of the executive branch, Congress, and the independent regulatory agencies. This liaison encompasses attendance at numerous congressional hearings, both oversight and legislative.**
- B. Publish *AICPA Washington Report*, a weekly newsletter that alerts members of the profession and the AICPA professional staff to proposed laws, rules, and regulations that have the potential to affect CPAs and their practices.**
- C. Political and Legislative Affairs Division director actively lobbies for legislation and issues of importance to the profession. Accordingly, the director is a registered lobbyist who must file quarterly reports with the U.S. Senate and House of Representatives detailing such activity.**
- D. Coordinate activities of the Federal Key Person Program. Federal key person coordinators are CPAs from each state with close personal and/or professional relationships with elected members of Congress. The Key Person Program is utilized when it becomes important for particular committees or the entire Congress to become aware of the profession's position on issues.**

V. Conference

Federal key person coordinators, state society presidents, and executive directors are invited to attend the annual Federal Key Person Coordinator Conference held in Washington, D.C. At this conference, participants receive the most current information on issues and activities of Congress and the federal independent regulatory agencies and, if appropriate, are alerted to the potential need for their assistance. It also affords participants the opportunity to personally visit with their elected senatorial and congressional representatives in their offices.

VI. Requests for State Society Input

If it is determined that all or part of the Federal Key Person Program is vital to the promotion of a particular position or to a plan to oppose an issue vigorously, the federal key person coordinators and state societies are contacted by the AICPA's Washington office. The federal key person coordinators then assume the primary responsibility for ensuring that the appropriate CPAs establish immediate contact with congressional members and their staff. The views of the profession are thereby transmitted to Congress.

More routinely, state societies and federal key person coordinators are contacted by the AICPA's Washington office for their insights into U.S. senate and congressional races. This enables the AICPA to monitor the leadership and potential direction of the numerous congressional committees and subcommittees of importance to the profession.

LEGISLATIVE BREAKFAST PROGRAM

I. Objective

- To favorably increase the awareness and visibility of the accounting profession in Congress. The AICPA brings together representatives of the various state CPA societies with their senators, congressmen, key Capitol Hill staffers, and Institute officials.

II. Staff

The vice president, Government Relations, and director, Political and Legislative Affairs, are responsible for the program. The AICPA Chairman of the Board and President also participate in all breakfast meetings.

Key Staff Contacts:

- Ted Barreaux, vice president, (202) 872-8190
- Mary Frances Widner, director, (202) 872-8190

III. State Society Participation

- A. Six to eight state societies are selected each year to participate in the Legislative Breakfast Program.
- B. The number of participants invited from the state society is usually limited to the number of representatives and senators in the state's congressional delegation. Other participants in the breakfast program are the state society president, executive director, and federal key person coordinator.

IV. Participation by State Society Executive Director and President

- A. The state society president and executive director, along with the federal key person coordinator, select participants from the CPA society. A CPA selected to participate should have close personal or professional relationships with a federal legislator. For example, the designated CPA may be the personal accountant or campaign treasurer for a senator or congressman.
- B. Participation in the program by the president, executive director, and others from the society requires one and one-half to two working days. Arrivals in Washington, D.C., should be planned for late afternoon. The evening prior to the breakfast, a briefing dinner is held for the participants. Attendance is essential for a successful outcome to the next day's meetings with the congressional delegation. The briefing is conducted by the AICPA Chairman of the Board, President, and Washington staff.

- C. The breakfast meeting begins at 8:00 a.m. and adjourns one hour later. During the meeting, the state society president is asked to speak, following short presentations by the AICPA Chairman and President. The society president is the spokesman for the state society at the breakfast meeting with legislators. AICPA Washington staff provides discussion points in advance for the state society president.
- D. After the breakfast, the state society president and executive director take part in follow-up meetings in congressional offices, and attend a debriefing luncheon for all participants with the AICPA Washington staff.

V. Expenses

All costs of this program, including transportation and hotel accommodations, are assumed by the AICPA.

PUBLIC RELATIONS AND COMMUNICATIONS DIVISION

I. Objectives

- To build a public image for the accounting profession and the AICPA by disseminating information through the media, and to serve as the voice of the Institute.

II. Staff

17 employees: vice president, director, two managers, executive editor, four program coordinators, video director, video assistant, assistant coordinator, and five support staff.

Key Staff Contacts:

- William Corbett, vice president, (212) 575-7089
- David DeMala, director, (212) 575-3877
- Helene Kennedy, manager, (212) 575-3880

III. Assistance Available to State Societies

- A. Brochures, speeches, interview guides, slide shows, public service announcements, newspaper columns, seminar materials, basic and special news releases, plus video programs, are developed to help societies in their PR efforts.
- B. PR staff will help societies obtain maximum use of AICPA public relations materials and provide general public relations assistance.

IV. Publications

A. Brochures

Title

What Does a CPA Do? (1986)

What Else Can Financial Statements Tell You? (1982)

Audience/Purpose

Educates students, clients, the media, and general and business audiences on the various roles of the CPA.

For distribution to business owners, clients, the media, and the general public to make them aware of how to use a company's financial data to answer a wide range of nonfinancial questions.

<i>How to Choose and Use a CPA (1982)</i>	Provides guidance to business owners, taxpayers, the media, and the general public on how to select a CPA, and how to get the most value from a CPA's services.
<i>Public Service and the CPA (1982)</i>	Explains how CPAs can select a public service assignment and offers examples of how CPAs are involved in their communities.
<i>Public Service Awards Brochure (annual; available in October)</i>	Identifies state society public service award winners; for state societies and CPAs to use to promote the fact that CPAs are active in public service.
<i>Public Relations Guide for CPAs (1984)</i>	Helps practitioners plan a public relations program. Includes step-by-step procedures for conducting press interviews, issuing news releases, appearing on radio and TV talk shows, and addressing groups.
<i>Understanding and Using CPA Services</i>	Helps the public and potential users of CPA services better understand the CPA's role and how to find a CPA.
<i>The CPA as Management Consultant</i>	Explains how CPAs use their management skills to assist businesses and increase their efficiency.
<i>The CPA as Personal Financial Planner</i>	Explains the CPA's role as personal financial planner. Describes how businesses and individuals can benefit from personal financial planning advice of CPAs, and discusses how to tell when you need a financial planner.
<i>The CPA as Estate Planner</i>	Describes how CPAs can assist individuals with their estate plan and the qualifications of CPAs.
<i>The CPA as Tax Advisor</i>	Advises CPAs on how they can assist individuals and businesses on tax matters.

B. Giveaways

These printed items can be distributed to an audience after a talk or mailed to clients:

- Year-End Worksheet for Tax Planning (1983)

- Budget and Cash Flow Worksheet (1982)
- Personal Financial Statement Worksheet (1983)
- Tax Season Giveaway (only available December-March)
- Choosing the Right Credit Card (1986)

C. Newsletter

The CPA Letter

A semimonthly newsletter automatically sent to all members. It carries brief reports on current technical and professional developments. Nonmembers (about 1,000) can subscribe at a cost of \$45 per year (first class mail).

Circulation: 240,000

V. Speeches (15-minute talks)

A. For General Audiences

- Your 1986 Federal Income Tax Return (only available late December-March)
- Year-End Tax Planning (only available September-October)
- Tax Planning: A Year-Round Necessity
- What are You Worth Today? How to Prepare Your Personal Financial Statement
- Credit Cards: The Responsibilities of the Consumer

B. For Business Audiences

- Going Concerns
- How to Help Clients Prepare to Apply for a Bank Loan
- To Sell or Not to Sell: A Question for Business Owners
- How to Be Sure Your Business Is Located in the Right Place
- Estate Planning for Owners of Small Businesses
- How CPAs Solve the Problems of Local Business Owners
- Microcomputer Applications for Small Businesses

- **Keeping it All in the Family: The Problems of Succession in Family Businesses**

VI. Interview Guides (for 10-minute television and radio interviews with CPAs)

- Tax Season Script (only available January-March)
- Year-End Tax Planning Script (only available September-October)

VII. Slide Show

This 20-minute tax season presentation for general audiences includes a script and colored slides offering advice on preparing federal income tax returns (only available September-October).

VIII. T.V. and Radio Public Service Announcements

Thirty-second spots with a “tag line” for each state society are issued several times a year. State societies can place the announcements, which offer lively financial and tax tips, on local T.V. and radio stations.

IX. Money Management Columns

This weekly column of ideas and advice on all areas of personal finance is developed for state societies to distribute to editors of local newspapers. A complete set of columns for the following month is sent to state society PR committee chairmen, executive directors, and PR staff during the first week of each month.

X. Financial Management Seminar for Nonprofit Organizations

This full-day seminar is designed for CPAs to present to representatives of nonprofit organizations to increase their understanding of basic accounting and financial concepts, and their awareness of the services CPAs can provide to nonprofit groups.

XI. Video (tapes are available in all cassette formats)

CPA VIDEO JOURNAL

This series of video programs keeps CPAs up-to-date on professional developments, conferences and controversial issues, and provides new ideas for practice management. Some programs qualify for one hour of CPE credit. Current titles include:

- *AICPA Update: Current Developments in the Profession*
- *Public Relations Conference for State CPA Societies*

- *AICPA Special Report: The Dingell Congressional Hearings*
- *Personal Financial Planning — A Potential New Profit Center for CPA Firms*
- *Public Service as Practice Development*
- *The Road to Growth and Profit for CPA Firms*
- *Marketing CPA Services to Clients*
- *1984-85: The AICPA Year in Review*

XII. Conference

A Public Relations Conference for State Societies is held for two days each July in a different part of the country. It is primarily an information exchange and instructional seminar for state society public relations managers, public relations committee chairmen, and executive directors who may not have their own public relations staff.

XIII. Requests for State Society Input

The Public Relations Division welcomes suggestions for additional brochures, speeches, video programs, and other materials.

STATE SOCIETY RELATIONS DIVISION

I. Objectives

- To provide a liaison between the AICPA and state societies, foster coordination of AICPA and state society programs, and serve as a clearinghouse of information on state society operations and activities.
- To provide staff support for the AICPA 1987 Centennial Celebration.
- To maintain communication with international and foreign accountancy bodies and foreign accountants via correspondence and meetings.
- To provide an exchange of information between AICPA and CPA firm associations.

II. Staff

Four employees: director, editor, program coordinator, and administrative secretary.

Key Staff Contacts:

- James F. Flynn, director, (212) 575-3882
- Mary Anne Rohmann, editor, (212) 575-3885
- Melisa A. Palacio, program coordinator, (212) 575-6464
- Monserrate Melendez, administrative secretary, (212) 575-3858

III. State Society Relations

A. Publications

<u>Title</u>	<u>Audience/Purpose</u>
<i>State Society Coordinator</i>	This newsletter keeps state societies, AICPA leaders, and others informed of AICPA and state society activities; it is issued 10 times a year.
<i>State Society Digest</i>	This news summary of AICPA Board, committee, and staff actions is distributed to state society presidents and executive directors after each AICPA Board meeting (five times a year).
<i>CPA/SEA Management Information Profile (MIP) Handbook</i>	An annual supplement provides state society executive directors with updated

MIP Handbook (cont'd)

information on society operations and activities.

State Society Coordination Handbook

This publication for state society presidents-elect and executive directors outlines AICPA's organization, identifies Institute assistance available to state societies, and indicates where state societies' input is requested. It is also designed to help AICPA staff provide information and answer questions about the AICPA when making presentations before state societies and other groups. It is updated annually in the fall.

B. Conferences and Meetings

- 1) A National Planning Conference for State Societies is held each November. The conference is intended to help presidents-elect prepare for their term as presidents, effectively plan and implement programs as professional leaders, and become more aware of the AICPA and its assistance available to state societies.
- 2) AICPA hosts an Orientation Program for New Executive Directors at its New York office. The purpose of the program is to help new executive directors gain a better understanding of the organization and operations of the AICPA, and to encourage improved communication between the AICPA and state society staff.
- 3) An annual series of Local Practitioners Seminars and Member Roundtables are organized and administered with assistance from state societies. The two programs provide an opportunity for AICPA and state society members to meet with the Institute's executive staff and discuss topics of professional and technical interest, and enable AICPA and state societies to better understand the needs and problems of their members.

C. Other Activities

- 1) A Speakers Referral Service provides speakers (AICPA staff and committee members) for meetings of state societies and other groups.
- 2) The division annually compiles the Tabulation of CPAs, which shows the number of AICPA and state society members by state. It is distributed to state society executive directors and members of the AICPA Council.
- 3) The division annually updates a set of state society mailing lists that provides a direct line of communication between AICPA staff and state society leaders. Lists are compiled for state society presidents, presidents-elect, other members of executive committees, executive directors, and chairmen of a number of committees.

- 4) An important function of the division is answering state society inquiries about AICPA programs and services.

D. Committee

The Relations with State Societies Executive Committee is composed of AICPA members who are former state society presidents and several state society executive directors. It is responsible for fostering coordination of AICPA and state society programs, acting as an advisory group on AICPA – state society relations as needed, and planning and conducting the National Planning Conference for State Societies.

E. Requests for State Society Input

- 1) State society officers, executive directors, PR and CPE staff, and committee members are encouraged to suggest articles and to submit information on their societies' programs and services for inclusion in the *State Society Coordinator*.
- 2) Updated information for the MIP Handbook is requested from state society executive directors in October. The update is mailed to directors the following April.
- 3) Statistics for the annual Tabulation of CPAs is requested from state society executive directors in August. The tabulation is mailed to them in October, and is reprinted in the *State Society Coordinator*.
- 4) Recommendations of individuals to participate in the Local Practitioners Seminars are requested from state society executive directors in February. The meetings are held in May.
- 5) Requests for recommended member roundtable participants are sent to state society executives in July or August. The roundtables, which executives directors are also invited to attend, are held October through December.
- 6) In May, state society executive directors are requested to supply the division with the names of executive committee members and chairmen of those committees that have AICPA counterparts. This information is available to state societies upon request.

IV. AICPA Centennial Celebration

A. Goals of the Centennial

To raise the visibility of the profession in a dignified way and to reveal CPAs in a favorable light; to enhance the self-image of AICPA members and other CPAs; to strengthen their pride in the profession, and to promote a renewed sense of dedication to the organization's highest ideals among its members.

B. Audience

All CPAs and others who are interested in or affected by the accounting profession, including corporate management, bankers, lawyers, educators (including deans of business schools), government officials, users of financial statements, students, the media, and the public, especially the tax paying public.

C. Theme

“A Century of Progress in Accounting” to cover the following: how the CPA profession has progressed to meet the changing needs of corporations, investors, credit grantors, labor, government, and the general public; how business and government have benefitted from the profession’s expanded and high quality services in an increasingly complex economy, and how the CPA’s independence and objectivity have helped serve the interests of investors, credit grantors, and the general public.

D. Committee Structure

- 1) The Steering Committee provides overall planning and direction for the AICPA Centennial Celebration. This includes appropriation of funds for the different activities conducted during the centennial year.
- 2) An annual meeting committee is responsible for planning the 1987 annual meeting that will be the crowning event of the yearlong centennial celebration.
- 3) A public relations committee is responsible for determining the types of public relations activities for the AICPA centennial that would be most effective and meaningful for members.
- 4) Five advisory committees provide counsel to the work of the Steering Committee and the operating committees. Three of the committees — members in industry, members in government, and members in education — will be asked to advise on how the celebration can best serve and represent the interests of these segments of the AICPA’s membership.

A committee on liaison with state societies and other professional groups will advise on how state CPA societies and other professional groups can be actively involved in the centennial. This will include recommending centennial programs and speakers for the 1987 annual meetings of state societies and other groups, and suggesting how their participation in the AICPA 1987 annual meeting can be most effective.

A committee on international liaison will provide advice primarily on programs and activities for international guests at the 1987 annual meeting.

V. International Relations

- A. The division arranges meetings for foreign delegations and interacts with inter-

national accountancy bodies.

- B. On a daily basis, staff responds to inquiries about the practice of public accounting in the United States.

VI. Relations with Firm Associations

- A. An annual meeting of AICPA staff and chief staff executives of major CPA firm associations is held in August to provide a forum for discussing issues of common interest.
- B. An updated list of CPA firm associations for AICPA staff is maintained by this division.
- C. The *State Society Coordinator* and *State Society Digest* are distributed to CPA firm associations to keep them up-to-date on AICPA and state society programs and activities.

RELATIONS WITH EDUCATORS DIVISION

I. Objectives

- To address, formulate, and recommend policy on, and to take action upon, all matters that concern the quality of education of entrants into the profession.
- To maintain cooperative relationships between the practicing and academic segments of the accounting profession.

II. Staff

Four employees: director, manager, coordinator, and secretary.

Key Staff Contacts:

- James H. MacNeill, director, (212) 575-6357
- Beatrice Sanders, manager, (212) 575-6434
- Mary McInnes, coordinator, (212) 575-5504

III. Assistance Available to State Societies

- A. Recruiting brochures, films, and videos.
- B. Information on state society and AICPA education activities.
- C. Printed materials on the postbaccalaureate education requirement aimed at teachers, legislators and practitioners, and suggested legislative programs for state societies.
- D. Presentations by members of the Postbaccalaureate Education Requirement Special Committee and assistance in developing a program of legislative implementation.

IV. Publications/Video

<u>Title</u>	<u>Form</u>	<u>Audience/Purpose</u>
<i>Accounting Education Update</i>	newsletter	Focuses on current developments in accounting education; issued several times a year as news warrants to state society presidents, executive directors, public relations staff, education committee chairmen, and others.

<i>Careers in Accounting</i> (1981)	brochure	For recruitment of high school and college students.
<i>"The Profession of Accounting Is..."</i> (1981)	16mm film, ¾" videocassette	For presentation before late high school and early college students to encourage their interest in the profession.
<i>Accounting: It Figures in Your Future</i> (1981)	handout	For high school and college students; contains a coupon for <i>Careers in Accounting</i> .
<i>Programs for Students and Educators - A Compendium of Education Activities of State CPA Societies and AICPA</i> (rev. 1983)	looseleaf	For use by state society presidents, education committee chairmen, executive directors, and other staff members involved in planning programs for students and educators.
<i>"Which Way Is Up?"</i> (1985)	½" VHS or ¾" U-matic videocassette	For presentation before accounting majors to inform them about the alternative career paths in accounting.
<i>Why Graduate School for Careers in Professional Accounting</i> (1985)	brochure	Explains the benefits of obtaining a graduate education in accounting.
<i>Presentation Guide</i> (1986)	booklet	To assist members in preparing career presentations.
<i>The Supply of Accounting Graduates and the Demand for Public Accounting Recruits</i>	booklet	Annual survey of numbers of accounting graduates and public accounting hirees.
<i>AICPA Accounting Testing Program</i>	brochure	Describes AICPA orientation, aptitude, and achievement testing program.
<i>A Proposal to Increase the Education Requirement to Sit for the CPA Examination</i> (1980)	brochure	Focuses on the need for education beyond the bachelor's degree.

V. Conference

State Society Conference on Education Activities provides a forum for exchanging information on state society programs for educators and students. It is held every few years, usually in the fall. State society education committee chairmen, executive directors, and other staff involved in the society's education activities are invited to attend.

VI. Other Department Activities

- A. Communicate and work with students, faculty, academic administrators, practitioners, and other committees and divisions of the AICPA insofar as their activities relate to pre-entry education. This is done both on an individual basis and with organizations such as the American Accounting Association, the American Assembly of Collegiate Schools of Business, the Federation of Schools of Accountancy, Beta Alpha Psi, the state CPA societies, colleges, and universities.**
- B. Develop, administer, and revise aptitude, orientation, and achievement tests for use by colleges and firms.**
- C. Recruiting: development of recruiting policy, selection of media, development, production, distribution, and revision of recruiting materials.**
- D. Administer grants, awards, and scholarships as follows: financial assistance program for those entering doctoral programs in accounting; grants-in-aid program for doctoral candidates in the dissertation stage; outstanding accounting educator awards; John L. Carey scholarships, and accounting literature awards in participation with the American Accounting Association.**
- E. Responsible for research and surveys, including The Supply of Accounting Graduates and the Demand for Public Accounting Recruits (annual), statistical survey on accounting education (every five years), and market surveys on testing program.**
- F. Implement AICPA pre-entry education policies through, for example, writing and distributing brochures and other materials, planning campaigns, giving speeches and other presentations, and developing materials for standardized speeches.**
- G. Participate in the accreditation of accounting programs in schools and colleges, including the development and monitoring of the standards and their implementation.**

VII. Committees

- A. In addition to AICPA staff, the division consists of the Education Executive Committee, the Accounting Literature Awards Committee, the Subcommittee on Personnel Testing, the Subcommittee on Relations with Educators and Students, the Financial Assistance Task Force, the Educators Award Task Force, the Doctoral Grants-in-Aid Task Force, and the task force to write achievement test questions.**
- B. State society officers and executive directors, among others, have served on a number of these committees.**
- C. The Postbaccalaureate Education Requirement Special Committee was formed in 1984 to develop a program to achieve a postbaccalaureate education require-**

ment and to help key states in its implementation.

VIII. Requests for State Society Input

- A. During the past year, state societies were contacted by the chairman of the Postbaccalaureate Education Requirement Special Committee to find out the current status of activity and opinion on legislation for a 150-semester hour education requirement.
- B. Each year, the state societies are invited to submit nominations for the AICPA Outstanding Accounting Educator Award. The AICPA also offers to participate in a joint outstanding educator award on the state level.
- C. Periodically the Relations with Educators and Students Subcommittee contacts state societies' education committees to be updated on societies' activities.

MINORITY RECRUITMENT AND EQUAL OPPORTUNITY DEPARTMENT

I. Committees and Objectives

A. Minority Recruitment and Equal Opportunity Committee

To implement the 1969 resolution of Council to integrate the profession by encouraging and assisting young men and women from minority groups to prepare themselves for professional careers in accounting, and encouraging public accounting firms and other business organizations to take special affirmative action to recruit and promote qualified members of minority groups.

B. Minority Doctoral Fellows Committee

To award doctoral fellowships to minority professors from historically minority institutions.

II. Staff

Two employees: CPA manager and support staff member.

Key Staff Contact:

- Sharon L. Donahue, manager, (212) 575-7641

III. Activities

A. Scholarship Program

The AICPA scholarship program continues to be nationally recognized, as evidenced by both the increasing number of application requests from schools, organizations, and individuals and the widening geographical distribution of applications received.

The number of applications received in July 1981 increased significantly and that increase was maintained in July 1982 and 1983. The decreases in federal grants and loans and increases in college costs have encouraged more students to apply. The numbers of applications received in July 1984 and 1985 decreased; however, for the July 1986 awards, a record number of applications was received. The implementation of the postbaccalaureate education requirement by states will also increase the demand for scholarships.

1. Scholarships — Relevant Statistics

	<u>Fiscal year</u>				
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
December					
Applications considered	274	362	210	250	238
Number of awards	86	116	64	92	81
Total amount of awards	\$ 28,250	\$ 35,750	\$ 19,250	\$ 34,750	\$ 33,750
Number of schools involved	54	67	48	59	51
July					
Applications considered	866	841	726	701	929
Number of awards	343	353	301	317	405
Total amount of awards	\$174,500	\$202,250	\$184,750	\$247,250	\$308,000
Number of schools involved	137	140	145	134	169

2. Fiscal 1985 Designated Scholarship Awards

<u>Name</u>	<u>Number of awards</u>	<u>Amount</u>
Arthur Andersen—AICPA	17	\$13,000
General Mills—AICPA	10	5,000
RCA—AICPA	13	7,500

Contributions have been received from General Mills and RCA for fiscal 1986 and we believe that Arthur Andersen plans to continue its support.

3. Monitoring of Scholarship Recipients

The Minority Recruitment and Equal Opportunity Committee shares the concern of the Trustees of the AICPA Foundation that we try to identify and communicate with all students who have received financial aid through grants or scholarships to learn (1) whether they have become professional accountants and (2) what their experiences have been. The first report on these students was issued in August 1979 and was updated in August 1982. Almost all of the students who received AICPA scholarships have completed college and become professional accountants.

B. Minority Recruitment and Equal Opportunity Annual Report

The committee issues an annual report that covers the following:

1. Results of the survey of minority employment in major accounting firms. (Requests are mailed to all firms who have 25 or more AICPA members.)
2. Results of the survey of minority employment in minority accounting firms. (Requests are mailed to Asian, black, and Hispanic firms.)

3. Results of the survey of predominantly minority schools showing the number of accounting majors, number of accounting majors graduated, and placement of graduates.
4. Students receiving AICPA scholarships in July and December showing name, school, and expected graduation date.

The committee distributed over 2,500 copies of its 1984 annual report. State society presidents and executive directors receive copies of the report.

C. Career Development Seminars

The committee determined a forum was needed to learn from minorities in the profession what their employment experiences had been and what they viewed as problems relating to upward mobility and retention. In 1978, a Career Development Seminar was held for black professionals; in 1979, a similar seminar was held for Hispanic professionals, and in 1983 a seminar was held for Asian professionals.

The results of the follow-up with participants in the 1978 seminar and review of the AICPA surveys of minority employment indicated that the situation for black professionals has shown little change. In April 1983, a seminar was held for black partners in large national firms. Invitations were extended to 20 individuals, most of whom attended the 1978 seminar as managers and seniors, and 14 attended. Representatives of 11 firms, primarily national personnel partners, attended the Thursday evening and Friday sessions. Major sections of the program were devoted to small group discussion experiences, and suggested solutions. The program was enthusiastically received and positive ideas were developed.

A sample of the ideas developed includes:

1. Recruiting
 - a) Consider initiative, self-discipline, and environmental stresses as well as grade point average.
 - b) Develop meaningful minority involvement in the recruiting process.
 - c) Establish continuing relationships with faculty at traditionally minority schools.
2. Assignments
 - a) Provide more diversified and growth assignments.
 - b) Plan opportunities for performance on the same client at increasing levels of responsibility.
 - c) Dispel the myth of nonacceptability of blacks by clients.

3. Evaluation and Counseling

- a) Conduct fair, honest, open, and objective evaluations.
- b) Assign counselors who are especially sensitive to the problems facing minorities and effectively monitor career development.

D. Doctoral Fellowships

1. Objective

The long-range objectives of this program are to increase the number of minority Ph.D.'s in accounting, and to improve the research and teaching competencies of faculty members in the traditionally minority colleges and universities. The doctoral fellowships provide the financial assistance necessary for minority faculty members to pursue doctoral study. Because doctoral programs extend over at least three years, a doctoral fellowship grant entails a moral obligation to renew the grant, assuming that the recipient is making satisfactory academic progress and has financial need.

2. Relevant Statistics

The status of individuals who have received fellowships is as follows:

Received terminal degree and teaching:	
Minority institutions	7
Majority institutions	2
Completing dissertation and teaching in a minority institution	2
Teaching in a minority institution	1
Not renewed:	
Continuing in program	3
Not in program	3
Fellowships 1985-86	<u>5</u>
	<u>23</u>

Arthur Young has contributed \$7,500 for five years to support an Arthur Young-AICPA Doctoral Fellowship.

E. Faculty Summer Seminar

The 16th annual Faculty Summer Seminar for representatives of accounting faculty in the traditionally black and minority colleges and universities was held May 25 through May 30, 1986, in Louisville, Kentucky. The program was attended by 75 individuals from 62 schools. The sessions were led by 23 discussion leaders, all with expertise in accounting, auditing, or minority education. A comprehensive

participants' manual was provided and 26 hours of CPE credit was recommended. There is a strong consensus among participants, discussion leaders, and committee members that the effect on accounting education in the schools represented is both positive and significant.

State societies are invited to contribute toward the cost of this program as a cosponsor when the seminar is held in their states.

MINORITY BUSINESS DEVELOPMENT

I. Objectives

- To promote the establishment and successful operation of minority owned businesses.
- To organize AICPA positions and activities relating to minority businesses.
- To publicize AICPA minority business programs to the general public and business community.

II. Key Staff Contact

- Nancy Myers, director, (212) 575-6436

III. Assistance Available to State Societies

- A. Help in implementing a Minority Small Business Consultation Program on the state level, including guidelines on selecting minority business owners to participate in the program, and providing coordination between the state society and local Small Business Administration (SBA) office. A manual providing this information was developed for state societies and sent to them in August 1984.
- B. Provide information and speakers on available federal minority business assistance programs.

IV. Publications

- A. The *Business Information Guide* was developed in 1972 (updated in 1980 and 1984) to provide a set of guidelines to those who plan to start or already own a small business. Principal sections deal with starting a business, records, chart of accounts, business statements, taxes, using outside help, computers for small businesses, and business words.
- B. The *MBE (Minority Business Enterprise)* newsletter is sent quarterly to minority business owners providing them with financial and management information to help them run their businesses successfully.

V. Committee

The Minority Business Development Committee assists state societies and members in organizing and implementing programs to provide accounting assistance to minority business persons. Members of the committee are willing to address state society groups about federal minority business assistance programs.

VI. Requests for State Society Input

State societies that participate in the Minority Small Business Consultation Program will be asked to inform the Minority Business Development Committee of the results of their programs so that the AICPA can disseminate the results to all participating parties and modify the program as needed.

FULFILLMENT DIVISION

I. Objectives

- Provide services to members who want to purchase or subscribe to AICPA publications and self-study materials.
- Responsible for collecting membership dues.

II. Staff

48 employees: director, four managers, three supervisors, and 40 support staff.

Key Staff Contact:

- Charles Hynek, director, (212) 575-6481

III. Activities

A. Circulation

Process orders and maintain records for a variety of subscription services. Collect and maintain records of AICPA and ARA (Accounting Research Association) membership dues.

B. Order Department

Receive and process all orders for AICPA publications and self-study materials. State societies wishing to order publications or CPE self-study materials should call Michele Quiros (212/575-6426) or Mercedes Ferreiras (212/575-6432). CPE group-study materials should be ordered by calling CPE Marketing (212/575-3817).

C. Credit and Collections

Approve credit orders for above materials. Follow-up on outstanding receivable accounts.

D. Customer Service

Handle problems and questions related to activities and products mentioned above, excluding dues. State societies should call (212) 575-6428.

MEMBERSHIP ADMINISTRATION

I. Objectives

- **Process 1,800–2,000 applications monthly from CPAs for placement on a monthly ballot for admission to the Institute. State societies receive copies of the monthly ballots that list CPAs who are employed in their states and have applied for membership in the AICPA. They are requested to notify the Institute if they know of any reason why an individual should not be admitted to membership.**
- **Generate all reports and handle all questions and problems related to admissions.**
- **Maintain up-to-date records for each Institute member, as well as a file of firms and practitioners.**
- **Responsible for production of *Accounting Firms and Practitioners* directory, published in odd-numbered years. The publication is sent to state society executive directors.**

II. Staff

20 employees

Key Staff Contacts:

- **Steve Gutmore, director, (212) 575-3659**
- **Joan Deutschmeister, manager, (212) 575-6420**

MEETINGS & TRAVEL SERVICES DIVISION

I. Objective

- To provide professional and cost-effective management of Institute meetings, conferences, and travel.

II. Staff

15 employees: director, manager, four conference managers, three administrators, two coordinators, assistant, and three support staff.

Key Staff Contacts:

- Charles McGrath, director, (212) 575-6444
- Marilyn Stoddard, manager, (212) 575-5495

III. Assistance Available to State Societies

A conference schedule listing AICPA conferences to be held during the next five years is sent monthly to state society executive directors so that they can avoid conflicts when planning society conferences.

IV. AICPA Annual Meeting

A. Staff and Committee Activities

This meeting is scheduled 10 years in advance upon approval of the Board of Directors and attracts an attendance of 2,500. The Meetings & Travel Division staffs the Annual Meeting Committee and the Annual Meeting Hospitality Committee. This department controls the following activities in relation to this meeting:

- | | |
|------------------------|---------------------------|
| • Budget | • Board of Directors |
| • Promotion | • Activities |
| • Printing | • Optional Events |
| • Registration Process | • Social Activities |
| • Spouse Activities | • Transportation |
| • Program Format | • On-Site Facility |
| • Site Selection | • Management |
| • International Guest | • Exhibition Show Liaison |
| • Activities | |

B. State Society Input

Approximately 24 months prior to the date of the annual meeting, the chairman of the AICPA will appoint an Annual Meeting Hospitality Committee Chairman and Vice Chairman from state society members in the host city as recommended by the executive director of that society. This enables members in the host city to participate in the planning and development of social activities.

The Hospitality Committee is appointed 12 months prior to the annual meeting and is composed of the following:

Chairman	Opening Reception Chairman
Vice Chairman	Entertainment Chairman
Spouses' Activity Chairman	Transportation Chairman
Hospitality Chairman	Staff Aide
Promotion Chairman	

V. Conferences

This division plans and directs 45 annual conferences ranging in attendance from 125 to 900. Each meeting planner is responsible for eight to 10 conferences and performs the activities as noted for the Annual Meeting that relate to each particular conference. These conferences provide education in tax, industry, private companies, estate planning, microcomputers, banking, SEC, and numerous other topics of interest to the profession.

VI. Committees

This division also schedules all meetings of the 120 AICPA standing committees and over 70 special committees and task forces. These meetings total 1,100 over the year and 50 percent are held in the AICPA facilities in New York and Washington, D.C.

VII. Travel

In an effort to obtain the lowest possible airfares for traveling staff personnel, the AICPA now has an in-house American Airlines Sabre System. This gives the AICPA the opportunity to control costs in a centralized area.

The centralization of the Meetings & Travel Division controls the ever rising cost of travel and gives the AICPA a negotiating edge in the hospital industry.

MANAGEMENT INFORMATION SYSTEMS

I. Objectives

- To support the business and financial operations of the Institute by developing and implementing computer systems and applications.

II. The division consists of four departments:

A. Data Entry

- Using a Sperry Univac key-to-disk system, this group keys data from source documents onto machine readable media for processing by the computer. Typically, these source documents are orders for publications and CPE materials, new subscription orders and payments, journal entries, and address changes.

Staff: 12

Key Staff Contact:

- Alan Frotman, director, (212) 575-6297

B. Data Processing Operations

- The Institute's computer facility consists of two Burroughs medium computers and an IBM System/38 with the normal complement of tape drives, disk drives, and printers. Twenty-five CRT terminals are on-line to the computers to support the various applications.
- Some of the major applications are financial reporting, membership records, invoicing, inventory, and accounts receivable for miscellaneous publications and CPE course materials, magazine subscription fulfillment, labels, order entry, and dues billing.
- Several Institute publications are computer typeset from files maintained on the system. They are *Index to Accounting and Auditing Technical Pronouncements*, *Accounting Firms and Practitioners*, *List of Members*, *Committee Handbook*, and *Accountant's Index*.

Staff: Six

Key Staff Contact:

- Alan Frotman, director, (212) 575-6297

C. Programming and Systems

- The staff of this department provides technical support and program main-

tenance to users of current EDP applications. They also develop new systems and programs to meet the changing requirements of the Institute.

Staff: Nine

Key Staff Contact:

- Alan Frotman, director, (212) 575-6297

D. Microcomputer Services

- This department supports microcomputer use throughout the Institute. The staff is responsible for hardware and software selection, training, troubleshooting, and consulting with users on applications.
- Microcomputer applications are developed, such as systems for the Meetings & Travel Division, data bases for CPE to track payments for course instructors, and orders for courses from state societies.
- Every two years this department conducts a survey of the membership on use of EDP hardware and software. The results are distributed as needed to members, who can also call for assistance in locating software products for their own applications.

Staff: One

Key Staff Contact:

- Robin Hoffman, microcomputer services manager, (212) 575-6294

III. Membership Statistics (See page 11.)

TEXT PROCESSING

I. Objective

- Provide essential support services to AICPA staff (79 cost centers) involving text editing (word processing), typesetting, communications (mainframe, Western Union), scanning (OCR), reader (MDR), and facsimile.

II. Staff

Nine employees: manager, supervisor, editorial assistant/proofreader, lead typesetting operator, two typesetters, two word processing operators, and input/output coordinator.

Key Staff Contacts:

- Irene K. Rhubright, manager, (212) 575-6336
- Donna M. Cirino, supervisor, (212) 575-3812
- Louise Birk, input/output coordinator, (212) 575-6339

III. Activities

Text (reports, correspondence, list maintenance, graphics, brochures, manuals, forms, transparencies, etc.) is input, revised, manipulated, and retrieved in preparation for draft or final camera-ready copy.

IV. Equipment

A. Word Processing

- 1) CPT 8100 & 8525 standalone systems
- 2) letter quality printer
- 3) matrix printer
- 4) heavy duty line printer

B. Digitized Typesetting

- 1) Itek Digitek 3000 typesetter with remote terminal
- 2) IBM PC with specialized Type Processor One (Best Info) program — used as input terminal to typesetter

C. Scanner

Burroughs OFIS 1240 Optical Character Reader (OCR B, Letter Gothic, Courier, Prestige Elite)

D. Reader

Multiple Disk Reader (MDR) equipped with approximately 50 programs on-line to CPT and Itek hosts

E. Communications

- 1) Burroughs Dex 2100 telecopier (facsimile) automatic receiving:
(212) 575-3846
- 2) EasyLink (Western Union electronic mailbox) telegrams, mailgrams, cablegrams — transmitted and received
- 3) Telex: 70 3396
- 4) Modem (data communications) linked to word processing equipment and mainframe computer: (212) 575-6340

V. Relevant Statistics

- Handle approximately 45-50 assignments per week.

Our thanks to the Text Processing Center for typesetting this handbook.

Mailings to State Societies

The items listed below are sent to state societies on a regular basis, as close as possible to the month or frequency indicated on the chart. In addition to these items, state societies also receive copies of newly developed brochures, pamphlets, and other materials that are suitable for distribution to CPAs, their clients, students, or the general public. Special projects, such as manuals developed or updated periodically for state societies, are not listed here.

Publications and Other Documents	January	February	March	April	May	June	July	August	September	October	November	December	Monthly	Semi-monthly	Weekly	As Published	On Request	
	Committee Handbook																	
Exposure drafts and final documents of the following:																		
SAS																✓		
SOP on Auditing Standards																✓		
SOP on Accounting Standards																✓		
SSARS																✓		
Statements on Tax Policy																✓		
Statements on Responsibilities in Tax Practice																✓		
MAS Standards																✓		
Tax Division Newsletter																✓		
Tax Division Position Papers																✓		
Joint Trial Board Division Manual																✓		
PCPS Reporter	✓																	
Directory for Member Firms (Division for CPA Firms)																		
Legislative Report																		
Washington Report																		
CPE Catalog																		
Self-Study CPE Catalog																		
In-House CPE Catalog																		
CPE Professional Planning Handbook																		
Journal of Accountancy																		
The Tax Adviser																		
The CPA Letter																		
CPA Client Bulletin																		
The Practicing CPA																		
Public Service Awards Brochure																		
Money Management Columns																		
State Society Coordinator																		
State Society Digest																		
Tabulation of CPAs																		
Accounting Education Update																		
Supply of Accounting Graduates and Demand for Public Accounting Recruits																		
AICPA Conference Schedule																		
AICPA Staff Directory																		
Elijah Watt Sells Award																		
Biennial Directory of Accounting Firms and Practitioners Represented in AICPA Membership																		
MBE Newsletter	✓																	
In Our Opinion	✓																	

