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Members in Small·Local Accounting Firms

May 2000

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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AICPA CKRS
201 Plaza 3
Harborside Fin. Ctr.
Jersey City, NJ 07311

AICPA Announces New Information Technology Credential

For practitioners interested in enhancing their technology skills and practice, a new accreditation available to members can help them do just that. The Certified Information Technology Professional designation proposed by the Information Technology Executive Committee will be granted to CPAs involved in information technology strategic planning, implementation, management and business strategies. The new IT accreditation is the first one developed under the auspices of the National Accreditation Commission, a new senior AICPA committee responsible for driving the Institute's accreditation process forward.

Innovative Points System

The designation is granted based on a points system that takes a variety of factors into account, including business experience, life-long learning and examination (see sidebar). The idea is to make the designation accessible to both new and veteran IT professionals. There are minimum requirements for both the business experience and life-long learning areas. The exam is required for those who do not achieve sufficient points through experience and life-long learning.

CITP candidates must earn at least 15 points in business experience within the three-year period before the application date for certification and must complete an online application that evaluates their technology-related experience. A maximum of 25 points will be awarded for each year of 800 or more hours of experience.

In the life-long learning area, candidates must earn a minimum of 30 points within the three-year period before the application date for certification (with at least five points earned each year).

Practitioners who do not have sufficient

points in business experience and life-long learning must take a computer-based exam that will test for professional competency in

IT core areas and will consist of objective format questions such as multiple-choice, fill-in-the-blank, true or false, matching, labeling and sequencing.

technology

Offering IT Services

The CITP accreditation covers a wide variety of topics, including:

- Information technology strategic planning.
- Information systems management.
- Systems architecture.
- Electronic business.
- Security, privacy and contingency planning.
- System development, acquisition and maintenance.
- Systems auditing/internal control.
- Databases and database management.
- Trends—emerging technologies and business processes.

CPAs who earn the CITP designation can assist clients with numerous information technology concerns depending on their expertise. These services include helping select and install computing hardware and software, ongoing monitoring and updating of systems, and upgrading systems in line with business changes. Additional IT services they can provide include:

- Data processing operational and control review.
- Accounting systems evaluation.
- IT assessment.
- IT training.
- Long-range information systems selection.
- Web site design and development.

Who Is Eligible

Granted only by the AICPA, the Certified Information Technology Professional designation

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tion will be awarded to those who meet the following requirements:

- Member in good standing.
- Hold a valid and unrevoked CPA certificate issued by a legally constituted state authority.
- Payment of a \$500 fee, which covers initial accreditation and materials.
- Submission of a written statement of intent to continue to comply with all the requirements for reaccreditation and payment of an annual renewal fee.
- Verification of at least 100 points under the point system.

How to Apply

Applications will be accepted beginning July 1 and the first examination is expected to be available in Sept. for those members not meeting the required number of points. Information kits will be available at the TECH 2000 conference (see sidebar) and by e-mail at infotech@aicpa.org starting June 15.

The New IT Designation: Fast Facts

- Name of designation: Certified Information Technology Professional (CITP).
- Available to all members—public practitioners, consultants, educators, members in government. Business experience requirements reflect the various disciplines.
- The point system allows flexible entry for seasoned or entry level professional.
- More details to be announced at TECH 2000, May 10–12, 2000, in Atlanta. Information will also be presented at Practitioner’s Symposium, AAA, BAP, Assurance Services and Fall Industry conferences.
- Applications to be accepted beginning July 1; an online assessment tool will be available.
- Fulfillment kits available June 15; contact infotech@aicpa.org.

Examples of various ways of achieving 100 points in a three-year period

	EXPERIENCED		INTERMEDIATE		BEGINNER	
	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5	Scenario #6
Experience	70	60	50	40	30	15
Life-Long Learning	30	40	50	60	30	45
Examination	0	0	0	0	40	40
Total number of points	100	100	100	100	100	100

EXPERIENCE (PER ANNUM)

Percentage of Time	Points	Time in hours
40-100%	25	800 +
20-39%	20	400-799
10-19%	15	200-399
5-9%	5	100-199

LIFE-LONG LEARNING	Annual Maximum # of Points
Continuing education*	25
Other Certifications#	15
Presenting	10
Authoring	5
Non-traditional methods*	25

*3 yr cap of 70 points
#3 yr cap of 25 points

Test your point score

Experience:

Year 1 _____
 Year 2 _____
 Year 3 _____

Life-Long Learning:

Year 1 _____
 Year 2 _____
 Year 3 _____

Exam:

Passing Score _____

TOTAL

Published for AICPA members in small firms. Opinions expressed in this supplement do not necessarily reflect policy of the AICPA.

Anita Dennis, supplement editor
 973/763–2608; fax 973/763–7036; e-mail: adennis20@aol.com

Ellen J. Goldstein, CPA Letter editor
 212/596–6112; egoldstein@aicpa.org

CPA WebTrust News

• The Canadian-based online computer retailer ShopCSC.com has earned a *WebTrust* Seal of assurance. “We are thrilled to be the first online computer retailer in the world to earn a coveted *WebTrust* Seal,” said Dan Schneeweiss, CEO of ShopCSC.com. “*WebTrust* allows us to provide the privacy and security that our customers want, giv-

ing them peace of mind that it is safe to buy at ShopCSC.com. We’re confident that *WebTrust* will accelerate our already rapidly growing online business.”

• Bell Canada, the largest Canadian communications company and first of its kind to receive a *WebTrust* Seal, has upgraded to version 2.0 of *WebTrust*. Version 2.0 includes enhancements to



cpa
webtrustSM

CPA WebTrust's Principles and Criteria covering information privacy protection and customer complaint resolution. The Seal has contributed to increased revenue and customer confidence at the Bell Canada site.

• The *CPA WebTrust* Seal is now available to Internet companies in India due to an alliance between U.S.-based Leach Consulting and KNAV Consulting, a Mumbai-based tax and legal consultancy.

Update: Key Points from “Yellow Book” Advisory Council Meeting

Here are the highlights of the “yellow book” advisory council’s Feb. meeting:

• *Auditor independence.* The council recommended that the Comptroller General issue the Preliminary Views (PV) as drafted but said that a number of items should be added to the transmittal letter before issuance. Specifically, the council suggested adding language that would illustrate the explanatory paragraph auditors would add as explanatory language to their reports if they did not meet the organizational independence criteria. The council also requested the staff add questions for respondents to address in their responses to the PV.

• *Attest engagements and other issues related to financial audits.* The council concurred with the revisions to Chapters 4 and 5, which replace the sections on financial related audits with a discussion of attestation engagements. The council also agreed that the three recently issued AICPA Statements on Auditing Standards (nos. 88, 89 and 90) should be incorporated into government auditing standards. The council formed a working group on financial audits to discuss whether any additional standards for attestation engagements should be developed and to identify any other changes that should be incorporated into Chapters 4 and 5 to finalize these chapters.

• *Field work for performance audits.* The council generally agreed that the standards on compliance with laws and regulations and internal control should not be stand alone standards, and suggested they be combined with the planning and evidence standards. The council also agreed with pulling the working paper requirements out of the evidence standard and establishing a working paper standard similar to Chapter 4. The council generally supported other proposed revisions on documentation of EDP decisions and communication of planning information, and requiring, when appropriate, assessing internal control against established criteria. The council asked the staff to review the audit follow-up standard to make it more useful to auditors and evaluators.

• *Reporting for performance audits.* The council suggested several revisions to the proposed draft of Chapter 7. Members generally agreed that the timeliness standard be merged with the report presentation standard and be renamed, but said that the standard should remain basically unchanged from the requirement in the 1994 revision. The council also recommended modifying the proposed added requirement to report on the effectiveness or ineffectiveness of management control significant to the audit objectives. The council supported a more logical organization of the reporting requirements, including relocating the reporting on findings on management control and noncompliance to the audit content standard.

Financing Is Top Challenge Facing Small and Middle-Market Companies, Survey Finds

Financing issues top the list of concerns for small and middle-market companies, according to the *Heller Financial Main Street Business Pulse*, sponsored by Heller Financial, Inc. Nearly half of the more than 800 senior decision makers at firms with revenue between \$5 million and \$250 million that responded consider obtaining financing very or extremely important to their company’s growth over the next 12 months. Moreover, the largest number of

respondents (42%) listed general financing issues—particularly cash flow and adequate capital—as one of the top three challenges facing their business, along with stiff competition, recruiting and retaining key employees.

“Small companies alone employ more than 50% of the U.S. workforce. Getting a bead on what’s important to the leadership of those organizations—their outlook on key issues—will provide valuable insight into the current health and future direction of the U.S. economy,” said Richard J. Almeida, Heller’s chairman of the board and chief executive officer.

Vaulting Hurdles

When asked about the top three challenges facing their business, participants most frequently pointed to financing issues—including cash flow, adequate capital/financing, financial management and general economic conditions—as critical. Recruiting and retaining employees was cited as key by 40%, followed by the threat from strong competition (21%). Fifteen percent considered technology a business obstacle, but only 4% ranked Internet/online issues as a challenge.

Securing cash flow financing is the highest priority for small and middle-mar-

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ket companies, and nearly 40% plan to seek it in the next 12 months. Equipment financing was second most sought-after (33%), followed by real estate (21%) and asset-based (20%) financing.

Optimism Runs High

Small and middle-market companies are optimistic about the future. More than half of the survey respondents (53%) think the economy will improve in the next 12 months, and another 35% expect it to stay about the same. Even more impressive is the confidence participants have in the outlook for their own companies: 82% of them are extremely or somewhat optimistic about their company's prospects in the next quarter.

Respondents' plans reinforce their positive expectations—66% plan to hire additional employees in the next 12 months, and 52% plan to make significant capital investments.

"We know from experience that the bulk of these investments are made in real estate, revenue-generating equipment, information technology systems and the like," said Almeida.

Participants' bright economic expectations are in contrast to the expectations of 150 large-company CEOs. According to the latest Conference Board Survey, only 20% anticipate improved economic conditions over the next six months. (Source: *Business Executives' Expectations, Fourth Quarter 1999, The Conference Board.*)

Stressed for Success?

Given the challenges facing small and middle-market businesses, it's not surprising that 78% of respondents said that their business contributes to stress in their lives. Business-related stress is even more marked for women, affecting 83% of the female executives who responded.

On the bright side, the positive outweighs the stress—89% of all participants said that their business contributes to personal satisfaction. That's good, because 47% percent expect to work longer hours next year. Given an extra hour in the day, however, less than 12% would spend it working, preferring to have more time with family and friends or simply relaxing.



Women on Financial Planning and Financial Planners

Women run their financial lives with great confidence, according to a recent survey. For example, a large majority of women in couples (80%) say they share or take sole responsibility for making finance and investment decisions and 63% of men agree that women either take on or share in these roles.

These are among the major findings of the fifth Shell PollSM, an opinion survey conducted for Shell Oil Company by Peter D. Hart Research Associates.

Most of the surveyed women are very or fairly confident in making a will (73%), setting a budget and sticking to it (70%), purchasing or leasing a car (70%), buying a home (67%) or establishing a 401(k) or similar retirement account (65%).

During the last 30 years, women have apparently become enthusiastic stock market investors. More than twice as many women now say they are personally interested in the day-to-day developments of the financial markets (45%) than in 1971 (21%, according to a Lou Harris for Virginia Slims' survey). More than a third (38%) of women report feeling confident in purchasing stocks or mutual funds, compared with 52% of men.

Who Rates Best

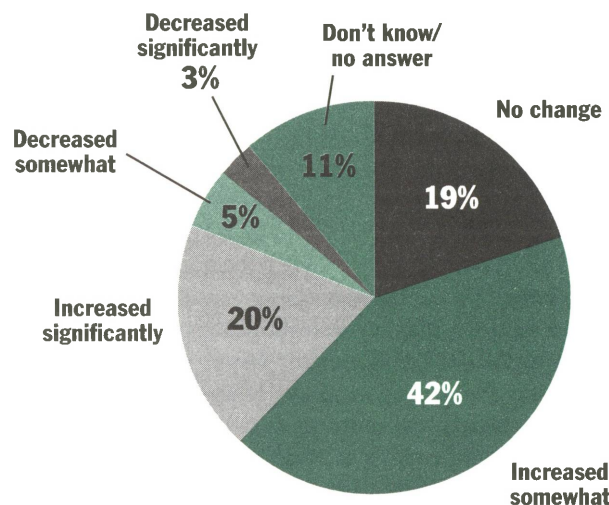
Despite their economic clout and confidence, businesses still don't offer women the same treatment as men, the survey said. Close to half of women (46%) believe investment advisers treat women worse than they treat men (and 39% of men agree). A majority of men (51%) say women are treated better than men in only one of eight types of businesses: clothing/department stores.

Surveyed women report that HMOs (71%), airlines (70%) and department stores (85%) treat women as well or even better than they do men. In each case, no more than one in seven thinks these industries treat women poorly.

A large minority saw room for improvement in some industries: at least one-fifth of women perceive discriminatory treatment from hotels (21%), real-estate companies (33%), and banks and insurance companies (36%).

Companies Spending More on Employee Expense Accounts

Has expense account spending increased at your firm or among your clients? If so, you're not alone, according to a survey of 1,400 CFOs from a random sample of companies who were asked: "How have your company's employee expense account allocations changed compared to five years ago?" Their responses:



Source: Robert Half International Inc.