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TNN

Team Network News

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Assurance Services — The Future of the CPA Profession

Carmela Chinnici

The information contained in this report is based on the findings of the Special Committee on Assurance Services.

The situation.

Assurance services are independent professional services that improve the quality of information needed by business or individual decision makers. The audit of historical financial statements — traditionally, the CPA profession's core assurance product — has been declining in usefulness over the past few years and thus has become a less marketable product. In other words, the practice of auditing is not growing. This trend is evidenced by the fact that revenues from audits have decreased since 1989, as seen by the 60 largest CPA firms (data are adjusted for inflation). One reason for this phenomenon is that there has been an increase in competition, and investors and lenders are looking elsewhere for their financial information. Also, companies rely on their own internal audits for some needs and fewer small companies need audits.

Though the threat is real, there is light at the end of the tunnel. Opportunities exist in the assurance

services arena that may meet the challenge by enabling CPAs to provide services that are more useful to decision making. To remain relevant in the future, a CPA's service may include reporting on nonfinancial aspects of a business (rather than the historical financial data) that could be important to an investor or creditor. For example, leading indicators, or current data that suggests future results, may be more relevant to users than summaries of events that have already taken place. In addition, operating data, such as customer satisfaction or quality, might also be more useful to decision makers.

Importance to members.

The future of the audit function has tremendous consequences for a large portion of our members. For obvious reasons, it will most affect those CPAs offering no services beyond the traditional audit, or those who count on the audit for their primary revenue source. These CPAs especially will have to provide services that add more value if their businesses are to survive.

Committee involved.

The committee working on this issue has been the Special Committee on

Assurance Services, chaired by Robert K. Elliott of KPMG Peat Marwick in New York and currently a member of the AICPA Board. Basically, this committee's goal was to transform the audit/assurance function into a higher-value service that will be demanded in the marketplace. Focusing on the current status and future of the audit/assurance function and the existing and changing needs of business decision makers, the Committee has determined how best to improve related services to those parties.

The Special Committee on Assurance Services has developed a report that will soon be issued on the AICPA's home page. The report redefines the business of the CPA firm and concludes that the best business opportunities lie in assurance services. Although the Committee identified 300 new services, it focused on six broad areas into which accounting firms can expand their practices. The Committee predicts that these six new assurance service areas could double or triple current revenue levels. The Committee has now concluded its work and the implementation of these recommendations will be the responsibility of a new committee —

the Assurance Services Committee, chaired by Ron Cohen and supported by K. Casey Bennett, the new Director/Development of Assurance Services at the AICPA.

Examples of Potential New Services

"Assurance services" is a broad term that has been given to a variety of potential new CPA services that extend far beyond the boundaries of traditional auditing. Here are a few examples.

ElderCare or geriatric services.

CPAs can assure quality of home health care and assisted living services, as well as provide household financial assistance to the elderly (i.e. balance checkbooks, ensure that health care providers are efficient, etc.).

Health care effectiveness. CPAs can evaluate the effectiveness of health care provided by hospitals, HMOs, etc.

Electronic commerce. CPAs can evaluate the confidentiality of electronic transactions.

Internet services. CPAs can evaluate the quality, sources and credibility of information obtained over the Internet. ■



Staff Motivation: Incentive for Team Success

Raymond J. Lipay

Everyone wants to feel important. It's a basic tenet of human nature. Regardless of staff level in a day-to-day work team, it is essential that individuals feel important and valuable to the team. This feeling of importance can be generated by creating a motivational atmosphere whereby team members feel as though they are part of a great team. Motivation

In order to instill motivation, expectations of team members must be made clear by managers and supervisors.

enables team members to work with enthusiasm and commitment at daily activities. In order to instill motivation, expectations of team members must be made clear by managers and supervisors. However, instilling motivation should not

rest solely on management's shoulders. It also must be intrinsic. In other words, self-motivation is needed to do the best job we can.

What Managers, Supervisors and Team Leaders Can Do

Most individuals tend to do what is expected of them. Management's expectations of his or her subordinates should be carefully thought out and clearly communicated to all team members. This can be accomplished through up-to-date job descriptions, organizational charts, policy and procedures manuals, and informal discussions. It does not hurt to reaffirm expectations, because sometimes people forget what they hear. Managers should get feedback from team members in order to assure a clear message and stimulate team members to action.

Hopefully, this approach will generate an environment in which expectations are evident and team members are provided with the opportunity to excel.

In order to motivate team members and in turn stimulate productivity, team members should be "used" to their fullest potential. This is beneficial to the individual as well as the day-to-day work team. Here are some ways motivation of staff can be accomplished.

- **Cross training** — Make the job diverse by cross training team members in different aspects of the project. Of course, this would depend on the nature of the job and the required skills. In any event, cross training can be an insurance policy for getting things accomplished whenever there is a staff shortage. In this way, individuals will feel like members of a team.
- **Levels of responsibility** — Challenge team members by giving them more responsibility as they move from one assignment to another. As a result, new challenges should induce learning. Obtain feedback from team members at every level of responsibility to determine whether or not they are being overextended or sufficiently challenged.
- **Appropriate facilities** — Productivity is commensurate with the appropriate atmosphere and work environment. The layout of individual offices and work stations should be structured so that team members have some measure of privacy. The layout should also be accessible to office machines, supplies, filing space and reference materials.

- **Recognition** — When a good job has been performed, words of acknowledgment and approval should be rendered to all team members. Such encouragement should boost morale and self-esteem and hopefully encourage continued productivity.

What Team Members Can Do

"You can lead a horse to water but you can't make it drink." This is an old adage, but seems to have relevance when it comes to motivation. Management can do certain things to motivate team members, but motivation must also come from within the individual. As a team member, you need to motivate yourself on a regular basis. For example, plan your work day as best you can. Set priorities. You may fall short, but the effort should give you a sense of accomplishment and spark self-confidence. Most important, understand what is expected from you by your supervisor. If in doubt, ask for clarification. Challenge yourself to learn new things and possible shortcuts to become more efficient in expediting your functions.

Ask yourself questions, such as: "What does the task call for?" "What does my supervisor expect?" Some assignments may require strict attention to detail, while others may require timely delivery of services. Understand which is important to the task at hand. At the end of the work day, you might ask yourself: "Have I learned anything new today?" Strive to learn something new every workday as it relates to your job. Knowledge is power and instills self-confidence which goes hand in hand with motivation. ■

New Team Members Needed!

The Communications Implementation Team is looking for 3 new members to join us in our mission to, "ensure development of timely communications of critical issues, both internal and external, that impact Team AICPA."

If you are:

- a solid writer who enjoys writing with a creative style,
- a good communicator who is able to work well with others, and
- someone who can give as well as receive constructive advice,

summarize, in writing, your background and why you would like to become a Communications Implementation Team member.

Submit your summary (max. 1/2 page) to team co-leaders Joanne Lindstrom or Rich Peden by February 21.

Member Segment Team Update: State Societies and Associations for CPA Firms

Jessica Sacco

The State Societies and Associations for CPA Firms Member Segment Team (SS & ACF) has worked with the State Societies & Regulatory Affairs Team, the Marketing & Product Management Team and the CPE/Conferences Team to improve our communications and services to the executive directors of CPA firm associations.

This effort was in response to concerns and comments made regarding the AICPA at the annual meeting of the full-service CPA firm associations. The SS & ACF Team believed that the executive directors of the CPA firm associations should be treated in the same manner as an executive director of a state CPA society since each association represents a sizeable portion of our membership through the firms that are their members.

- First, executive directors of firm associations were added to the mailing list to receive our regular publications (i.e., *Journal of Accountancy*, *the CPA Letter*) and the Team AICPA telephone directory.

- Second, their names were entered into our membership database and assigned a "customer number". This enables them to order AICPA products at member discount prices and also utilize the AICPA's library services.
- Third, the AICPA CPE/Conferences Team is giving the executive directors of firm associations the opportunity to attend a few AICPA conferences each year at a reduced rate (our cost). Additionally, they will now receive invitations to attend the Spring and Fall meetings of AICPA Council.

These are just some of the ways that we are trying to improve the relationship between the firm associations and the AICPA. As the SS & ACF Team conducts its In-Depth Interviews with the CPA firm associations, we will be listening carefully to their needs and looking for ways to make future improvements. ■

Upcoming! A New and Improved *TNN*!

In November 1996, the Communications Implementation Team distributed a survey asking for feedback on *TNN*. We have analyzed the preliminary results of the survey, and in response to your input, we are implementing some changes to *TNN*.

- 1.) *TNN* is getting a new format! Beginning with the February 1997 issue, it will be larger and more reader friendly. *TNN* also will be distributed monthly.

- 2.) We are developing an opinion/editorial section in the newsletter. It will be an open forum for anyone to express his or her opinion about a relevant topic. Here's how it works. You choose the topic, write your opinion or "letter to the editor," sign it, and send it along to a member of the Communications Implementation Team. It's that simple!

- 3.) *TNN* also will regularly feature critical information on the AICPA and the accounting profession.

Don't forget, *TNN* is your newsletter. If there is some issue or event that should be discussed or communicated, by all means let us know! ■



Team Network News is written and edited by a cross-functional team. Decisions regarding this publication are made collectively by members of the Communications Implementation Team, including RoseAnn Beni, Carmela Chinnici, Irene Cohen, Krissy Korte, Joanne Lindstrom, Ray Lipay, Rich Peden, Ed Rose, Kim Shapiro, and Louise Williamson.

What's the Communications Forum?

An exciting new attempt to bridge the communications gap within the Institute was recently born, with the creation of the Communications Forum. This forum, which has evolved from the old Journal of Accountancy Internal Advisory Board meetings, has been spearheaded by Colleen Katz, Editor of the Journal of Accountancy, and Geoffrey Pickard, Vice President of Communications.

The Communications Forum's purpose is to better serve our members by having a better informed staff. It is designed to primarily assist those who are directly involved in member affairs, but all Institute employees are invited to attend. Participants share information on projects, news, new products and developments that others at the AICPA should be aware of in order to better serve members. Attendees who come just to learn rather than talk are also always welcome.

"We hope to finally bring the diverse areas of the Institute together to share information across the organization on a monthly basis," says Pickard. "The idea is off to a good start, but we really need continued strong attendance from all levels of staff from each day-to-day work team to make it an effective gathering on a long-term basis."

Early signs are positive. The first meeting totaled over 50 participants located in all three AICPA offices, talking via teleconference. Many important topics were covered and, perhaps best of all, the discussion lasted only one hour.

The next meeting will take place on February 4 in the Chairman's Conference Room (NY), Room 2 (Harborside), and Room A (Washington). Call Katz at x3456 or Pickard at x6299 for more information.