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LETTER FROM THE CHAIR

I want to update you on some very important developments that will have an impact on small practitioners. For the past year, I have been serving as the Chair of the AICPA Reliability Task Force, which has studied and made recommendations on changes that would bring more flexibility to the accounting and review services standards. Many small businesses depend on their CPAs for a variety of services, including financial reporting. CPAs' close relationship with business owners and their knowledge of the companies they serve ultimately help strengthen the quality and reliability of these small businesses' financial reporting. However, under our independence rules, this very relationship may also impair the CPA's independence. And yet, except in cases where independence is impaired by a financial or ownership interest, many financial statement users—local bankers, for example—are not concerned about the CPAs' independence and usually value practitioners' expert insights into their clients' situation.

To solve this problem, and make it easier for CPAs to provide clients with the services they truly need, the Reliability Task Force—in a report presented to AICPA Council in May—recommended revising the applicability of the existing compilation and review services. Specifically, we asked the Accounting and Review Services Committee to consider changes to the standards which would place the main focus on reliability of the financial statements—not the independence of the CPA.

I'm happy to report that the task force's recommendations were well received. In fact, we're expecting an exposure draft of a proposed statement on standards for accounting and review services in the fourth quarter of this year.

The PCPS Executive Committee strongly advocates development of this new option because it would make it possible for CPAs to provide needed services without running afoul of the independence rules. This is just one example of the advocacy work we do to speak out on behalf of small practitioners and help enhance your practice opportunities. Working together, we can ensure that the small firm perspective is heard and addressed.

All the best,
David Morgan, CPA/PFS
Chair, PCPS Executive Committee

LETTER FROM THE VP

One of the most pressing issues facing practitioners today is the question of who will lead our firms into the future. The next generation of leaders will have to operate in a work environment much different from the one we know now. That's why PCPS became involved in the AICPA Emerging Partner Training Forum. This unique two-day gathering offers hands-on training and insights from nationally recognized consultants and successful firm leaders. It's a great way for smaller firms to expose their future leaders to the wisdom of experts in a variety of fields.

I recently attended this year's Forum, in Scottsdale, Arizona. As has been the case in the past, it included a very impressive group of professionals who I believe got a great deal out of the Forum. They had the chance to learn from the presenters involved as well as from each other.

Many times, partners return home from a conference full of fresh ideas and, unfortunately, eager to place blame on others within the firm who aren't following the new insights they've acquired. The Forum takes a different approach, encouraging participants to take responsibility for effecting change within their firms. Sessions on conflict management and handling tough conversations emphasize enhancing our own effectiveness by altering our ways of dealing with others. In addition, sessions on leadership, marketing, client retention and satisfaction and management are specially geared to prepare promising professionals for the demands they will face in the future. If you missed this year's Forums, we're planning another round—for new participants and alumni from past Forums—for next summer.

As the Forum demonstrates, PCPS works to provide our members with convenient access to resources that will benefit small practitioners. With that in mind, I hope members regularly visit the PCPS Human Capital Center, which contains a host of resources designed to help firms address staffing issues. As you'll see in another item in this News & Views, we've recently added some valuable materials related to in the sections that focus on Generation/Diversity Integrations and Strategic Planning. In addition, watch for announcements coming soon about the new PCPS Succession Center.

Best regards,
Jim Metzler, CPA.CITP
AICPA Vice President, Small Firm Interests

