



# SMALL FIRM SOLUTIONS

WINNING STRATEGIES FOR PROFITABLE FIRMS

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## HOT TOPICS FOR SMALL FIRMS

### FROM JAMES METZLER, AICPA VICE PRESIDENT, SMALL FIRM INTERESTS

*Welcome to the first issue of Small Firm Solutions, a new AICPA quarterly e-newsletter specially designed to inform and enhance the professional lives of members in the smallest firms. In every issue, we'll update you on important developments in the profession and offer practical advice to help you meet the challenges facing small practitioners.*

My chief role at the Institute is to advocate on behalf of small firm members, making sure that their concerns are addressed and that their voices are heard when decisions that will affect them are being made. With that in mind, I'll alert you in every edition to significant new developments and update you on the progress we've made in promoting small firm interests. I also want to hear back from you! Please e-mail me your comments and concerns: [jmetzler@aicpa.org](mailto:jmetzler@aicpa.org).

**Private company financial reporting.** The AICPA's joint private company financial reporting initiative with the Financial Accounting Standards Board recently passed a milestone with the first meetings of the FASB's new Private Companies Financial Reporting Committee. Many people believe it simply does not make sense to require private companies to follow the same financial reporting rules that public companies do, and this committee will explore areas where differential standards may be warranted. The notion of different generally accepted accounting principles (GAAP) for private companies has been discussed in the profession for a very long time, but in recent years it has moved closer to becoming a reality. The new committee will offer recommendations to the FASB on modifications to new and existing standards for private companies. It already has begun offering recommendations to the board.

**Why it's important for small firms:** Small practitioners will be better able to serve private company clients using financial reporting standards with generally accepted accounting principles that are more appropriate and meaningful for their businesses. Small company clients seek information that they can put to use and that carries a cost benefit related to the work that you do for them, and these modified standards are more likely to fit that bill. Among other benefits for firms, changes will result in

fewer writedowns than would be the case when firms implement standards that, although required, are less applicable or meaningful for the client and third parties. Other benefits will be increased client satisfaction and acceptance of the fees that they pay, as well as less pressure for firms to keep up with standards that don't make sense for their clients.

*Where to learn more:* [www.pcfri.org](http://www.pcfri.org)

**IFAC independence rules.** We at the AICPA — and many small firms and small firm advocates — were deeply concerned late last year when the International Federation of Accountants (IFAC) published an exposure draft with major revisions to the independence standards in the *IFAC Code of Ethics for Professional Accountants*. The AICPA is an IFAC member body, and our members as a result could potentially be subject to these rules. The proposed changes, among other things, call for mandatory partner rotation for what are known as "significant public interest entities." Traditionally defined, these are entities that are not listed but that have a large public component. This would include small banks, mutual insurance companies and the like. Under the IFAC exposure draft, not-for-profits and employer plans potentially could be included in the definition, as well.

For the more than 33,000 sole owners in firms, the impact would be huge, because small firms are the auditors for thousands of these type of clients. Because sole owners do not have partners, a mandatory partner rotation requirement is in essence equivalent to firm rotation. Thus, if enacted, the requirement could put small firms out of the audit business for this type of client. The ED would have prevented sole practitioners from doing audits and would have had deterred many smaller multi-partner firms from doing them, too.



*What's been done for small firms:* In its comments on the ED, the AICPA Professional Ethics Executive Committee, with the input and collaboration of many interests throughout the AICPA, recommended against the most troubling requirements and called for allowing IFAC member bodies to work independently with their regulators to consider whether the requirements would be appropriate in their own countries. We will continue to monitor the ED as IFAC considers a final version, and to speak out on behalf of small firms.

*Where to learn more:* <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0075>

**Professional mobility.** CPAs today serve clients across town and around the world, no matter the size of their firm. However, in recent years, state rules and requirements that do not protect the public interest have made it very difficult for CPAs to practice across state lines. But if one driver's license is sufficient for 50 states, why should practice requirements be any different? When we drive into a state, we agree to comply with the local laws and meet the requirements of our own state. The same would be true when we practice in a different state. The AICPA has taken the initiative to work with the National Association of State Boards of Accountancy on proposed revisions to the AICPA/NASBA Uniform Accountancy Act (UAA). In particular, the current notification requirement in the UAA's Section 23 has been considered a significant obstacle to achieving uniform mobility. An exposure draft issued by the AICPA and NASBA calls for registration only when a firm serves an audit client that has its home office in another state. Progress on this issue already has begun: many states have moved to adopt favorable rules.

*What it means for small firms.* In reality, many small firms are practicing across state lines and are unaware of what the requirements (and the negative effects) can be. Firms generally cannot use the state's court system when not registered, and we are finding that when malpractice cases come before a trier of fact, an accusation of practicing without a license does not bode well. Large firms may have the administrative staff necessary to comply with a wide variety of unnecessary regulations, but small practitioners do not. As a result, this array of regulations is a particular burden for small firms. Substantial equivalency will allow them to offer clients the services they need, regardless of geographic boundaries, and remove artificial barriers preventing practice development.

*Where to learn more:* [http://www.aicpa.org/download/states/UAA\\_Section\\_23\\_Exposure\\_Draft\\_2006.pdf](http://www.aicpa.org/download/states/UAA_Section_23_Exposure_Draft_2006.pdf)

**New business valuation standards.** The AICPA Consulting Services Executive Committee has issued its first professional standard on valuation services, Statement on Standards for Valuation Services No. 1, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*. The standard provides guidelines to CPAs for developing estimates of value and reporting on the results. It applies to AICPA members who perform an engagement that estimates the value of a business, business interest, security or intangible asset for numerous purposes — including sales transactions, financing, taxation, financial reporting, mergers and acquisitions, management and financial planning and litigation.

*Why it's important for small firms:* Business valuation is a hot practice area that offers a great deal of growth potential. Small firms are well-suited to develop expertise in this area, and this standard offers them a framework for their services and reinforces CPAs' image as competent professionals. It establishes a shared set of expectations that applies to all CPAs in firms of all sizes. You will find that compliance with these practical standards involves plain old-fashioned good business practice for firms. It's important to note that the multiple exposure draft process was a success, and these final standards were put into final form with input and suggestions from a wealth of small practitioners and with significant and active personal involvement. Thanks to all for your input.

*Where to learn more:*

<http://bvfls.aicpa.org/Resources/Laws+Rules+Standard+s+and+Other+Related+Guidance/AICPA+Valuation+Standard+and+Implementation+Toolkit.htm>

**SAS 112.** Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, has an impact on practitioners and clients alike. A related article in this issue describes the resources we have made available to help members work with the SAS and introduce clients to it. I do receive many comments from members on the new standards, and we are continuing to develop new practical tools on all of the new standards. The ASB continues to be dedicated to increasing audit quality.

Having been a partner in a small firm for 32 years, let me offer my perspective and an insight into their intended purpose. There are opportunities here not only to do a better job with our audits, but also to look at the audit and the client holistically for process improvement in all facets of the client relationship. This involves owners and partners becoming proactive



in client planning meetings and audit procedures, and sharing your years of client knowledge with the staff.

Those are some of the areas in which we've been involved that are important to small practitioners. I look forward to sharing more with you in the future. In the meantime, I am always interested in hearing your comments and suggestions on how the Institute can

help enhance your professional life. Don't hesitate to contact me at [jmetzler@aicpa.org](mailto:jmetzler@aicpa.org) to share your ideas and opinions. ■

## THE SMALL FIRM ADVANTAGE

### NEW MARKETING BROCHURES PROMOTE YOUR MANY ADVANTAGES

This past year, PCPS launched its "Small Firm Advantage" initiative, an ongoing program to highlight small firms' unique strengths and help them communicate them to prospective and current clients and when recruiting new staff. PCPS has created two new brochures that CPAs can use to give them a competitive edge:

- "The Smaller CPA Firm: Your Trusted Business Adviser" tells clients about the personalized service, high quality and responsiveness they can expect when working with smaller practices.
- "Why A Smaller CPA Firm Is A Great Place to Work" describes the many appealing reasons to work in a small firm, including access to clients and firm leaders, flexible schedules, the chance to create your own career path and a fun work environment.

Firms can print their contact information on each brochure and hand them out to prospective clients or at recruiting events. They are available exclusively to PCPS members for free download in PDF format at <http://pcps.aicpa.org/Resources/Marketing+and+Practice+Growth/Small+Firm+Marketing+Brochures/>.

Not a PCPS member? For many firms, membership can easily pay for itself because of members' access to a host of free resources, such as these brochures; Webcasts by top consultants on topics of interest to small firms; and discounts on conferences, publications, business services and products. The cost to join PCPS is only \$35 per CPA in the firm, not to exceed \$700. Thus, for many sole practitioners, the total cost is only \$35. For more information, go to the PCPS Firm Practice Center at [www.aicpa.org/pcps](http://www.aicpa.org/pcps). ■

## STAFFING STRATEGIES

### A DIFFERENT TAKE ON THE STAFFING CRISIS

*Staffing is a universal concern throughout the profession, one that has led the PCPS Top 5 MAP Issues list since its inception. Firms are scrambling to improve their recruitment opportunities and to become the kinds of places that can hold on to talented people. One sole practitioner, however, has stopped focusing on trying to reel in more staff and instead has found ways to work smarter with the ones she has.*

#### Creating Plan B

Roughly a year ago, Christine Lauber, who runs an eight-person solo practice in South Bend, Indiana, came to the conclusion that it was time to change her approach to staffing. "There are going to be more Baby Boomers leaving the profession than there will be members of the new generation to fill their jobs," she notes. She found herself fighting for the same candidates, but unable to pay them as much as many larger rivals. At the same time, workload compression remains a challenge. Whenever she tried to attract an experienced staffer from a larger firm, "they inevitably chose an industry job."

Given those discouraging realities, Lauber decided that she had to accept the fact that recruiting and attempting to retain CPAs or prospective CPAs were not necessarily going to be the answers to her problems. Instead, she developed several other solutions:

*Enhance technology and shift the labor burden to clients.* Lauber has invested in integrated technology so that programs — rather than people — can transfer data from one use to another. "There's usually a large one-time start-up cost, as opposed to labor, which is an annual cost," she says. She's also raised her standards for what she will accept from clients. "We don't accept shoeboxes full of receipts," she says.



“We can’t bill for the time we spend inputting information, so we educate the client about what we expect. What the client really wants from us is knowledge, not labor. You have to find a way to shift the labor to the client, and technology allows you to do that.”

*Use paraprofessionals.* Lauber actively recruits at community colleges, seeking people with two-year accounting degrees. “There are many very bright people at these schools who can be very valuable for lower-end tasks,” she says. “I can give them the simpler engagements, or a piece of a larger job. They can take my numbers and put them in five different forms. They can do a fixed asset schedule or a tax return as long as it’s reviewed by a more senior person.” She now has four paraprofessionals on staff. She finds little competition in recruiting for these workers, and great success in retention. “They usually stay on about 8 to 10 years,” she says. To improve her recruitment efforts, she is on the community college advisory board. “You want smart kids who are at the top of their class and who like variety.” She also invests in further developing these staff members, offering them training and CPE.

*Find ways to increase productivity.* Lauber ties all salary increases to new proficiencies. “I tell them that when they’ve mastered, say, fixed assets or sub S returns, they’ll get paid more.” This inspires greater productivity and takes the confusion out of salary structures and what it takes to get a raise. Lauber also believes that small firms have to assign different staff members to be responsible for various areas of expertise. “As a firm, we have to be generalists for our clients,” she says, “but the breadth of knowledge is too big for each of us to be an expert in everything.” Parceling out responsibility makes it possible for the firm as a whole to offer greater breadth of knowledge to clients.

#### A New Approach

“There is a shrinking pool of talent,” Lauber notes, “and the situations that have caused that fact aren’t going away.” As a result, “we have to change how we do business.” By making the most of technology, recruiting from a different pool of candidates and maximizing efficiency, small practitioners can exert greater control over their firms’ current and future success. ■

## PRACTICE DEVELOPMENT

### STEP ONE: TAX SEASON. STEP TWO: MORE SERVICES FOR TAX CLIENTS

*The summer months are a good time to revisit tax season client files to search out further engagement possibilities. It can be a very successful practice development strategy, according to Ed Mendlowitz, a partner of WithumSmith+Brown, New Brunswick, New Jersey, and the author of 17 books, including Introducing Tax Clients to Additional Services. “It’s not the clients who resist new services, it’s the accountants who will resist because they think the client will say no,” he says. Here are five tips from Mendlowitz on creating new opportunities:*

*Meet with the client during the summer to go over the return line by line.* “During tax season, it’s impossible to reflect on the return,” Mendlowitz says, so he lets clients know he’ll be in touch down the road. The summer meeting — which lasts about 1 ½ hours and for which Mendlowitz charges — offers the chance to consider the client’s financial situation and how further services might help enhance it. “We look for tax saving and financial planning opportunities,” he says. “I explain to them that the point of the meeting is to try to help them save money, and also to be able to fully understand their return.”

*Ask about their will.* A will may be one of many items to discuss during the summer meeting. Some tax return clients may not have complicated estate planning concerns, but they all need a will, Mendlowitz points out. “Many don’t have them, though, especially young people.” He reminds them of the importance of naming a guardian for their children and that, without

a will, their family members will have to go to court to be named guardian and make arrangements for that guardian to get an allowance from the estate to raise the child. “I tell them that what they pay me is far less than what their loved ones would have to pay in legal fees if they died without a will,” he says. He and the client discuss all the financial issues associated with the will so that the client is fully prepared when going to an attorney to draft one.

*Talk about retirement, even if the client isn’t there yet.* “It’s a good idea to discuss retirement with people when you’re doing their taxes, then send them an article on the subject if they express interest or concerns,” he says. Mendlowitz subsequently calls the client in June to let them know that he offers retirement planning services. He does this even with clients in their 40s, who he says will appreciate the chance to plan ahead. “I tell them we’ll spend 1 ½ hours going



over their finances to see what we can do to set them up for the future. People don't usually say no."

*Reorganize as necessary.* When clients owe money, Mendlowitz calls them in to review the return and change their estimated taxes or withholding tax. Also, if they have received an inheritance or other added funds, he arranges a meeting to discuss the tax consequences and their investment choices.

*Examine asset allocation.* Tax season is a great time to ask questions about clients' investment choices, and the months after busy season are an opportunity to consider whether their assets are properly allocated

based on their investment goals, age and risk tolerance, he notes.

"The summer months don't have to be slow," Mendlowitz says, advising that it's possible to generate in the range of \$12,000 to \$15,000 during this period by following up with tax season clients and considering what else their CPA can do for them. This also creates a good foundation for the future relationship with that client. When practitioners introduce clients to the breadth of their services, "they think of you as their CPA, not just their tax preparer," he says. ■

## THE NEXT GENERATION

### SUCCESSION PLANNING: WHERE DO YOU STAND? *By Joel Sinkin*

*CPAs help clients to plan their retirements and exit strategies many years in advance, but many fail to take their own advice and wait too long to start the process of succession planning. By considering the answers to a couple of questions, practitioners can gain a better perspective on what steps they need to take to ensure a smooth transition.*

*When do you start to plan your exit strategy?* If you expect to sell your practice one day, there are many interim steps that you can take to maximize the value of your firm. Many professionals want to gradually reduce their time commitment to the practice and ultimately sell, but may not wish to walk away completely. How will that transition work? The first thing a practitioner must do is try and envision how many more years — or tax seasons — they want to work full-time. Most smaller accounting practices have a significant number of personal and business clients they deal with only annually. Some other clients may have contact with the office or staff throughout the year, but see the owner only once a year.

If you are five years from seeking to reduce your role, that may seem like an eternity, but in reality it adds up to just five visits for many clients. That's important because, in most cases, if clients were able perform the work we do for them, they would not have hired us. Thus, they really aren't equipped to judge whether we are great, adequate or inept at what we do for them. So, why do they choose your firm?

The answer in most cases is because the client likes and trusts you! Of course, fees, location, service procedures and other elements all are critical as well. But if the client was not comfortable with you, in most cases they likely would choose another alternative.

With that in mind, it's important to remember that the key to any firm acquisition is client retention. That's

why it's important to start the process by reviewing how much longer the owners will have client contact. In a perfect world, we should affiliate with our ultimate successors well enough in advance to give the clients an opportunity to gain a comfort level with them. There are methods of affiliating that enable the retirement-minded members of a firm to maintain control and income while gradually acclimating their clients and successor to each other. For more information on this process, see the *Journal of Accountancy* article, "Two-Stage Deals" (<http://www.aicpa.org/pubs/jofa/mar2006/sinkin.htm>).

*What are your firm needs and commitments?* Besides years until retirement, there are other variables that can affect succession. If you are about to relocate, make a major investment in technology, add staff or institute another significant change, this may be the time to review your succession plan. Before you act, consider whether there is another firm or practitioner with whom you can affiliate that will participate in the investment. Or, perhaps the affiliation itself may satisfy your need because of the other firm's resources. If you need additional staff capacity or technology to enhance your practice but you are thinking of reducing your role in the next five years or so, an affiliation now with another firm that has that technology or excess capacity can possibly achieve all your goals.

Lease terminations also can play a significant role in the timing of your succession plan. If you are fewer



than five years from reducing your time commitment to your firm, then now's not the time to enter into a long lease for your space. If you have a lease, you will limit your potential audience of successor firms to ones that can live with another location or do not currently have one. Firms that take on leases at this stage likely will reduce the size of the offers they receive by this additional cost factor. Enabling a successor firm to move your practice into their infrastructure makes a more profitable deal for the successor firm, which means they can afford to pay you more for your firm.

**Taking Action Now**

Your practice has its greatest value while it is running at top efficiency. By creating your succession plan in advance when the practice is peaking, you can structure the most lucrative deal. Remember, it takes time to transition the relationships that took years for you to establish and nurture. This action agenda will help you begin the process:

1. Decide how many years you have until retirement or a reduction of hours.
2. Review your exit strategy options. If you expect to sell your firm, assess the following:
  - Is our current staffing sufficient?

- Will we need more staff in the near future?
- Is our technology adequate as is? Will it need to be updated soon?
- Will we need to relocate in the near future? If not, how long is our current lease? When does it expire?

3. Given the answers to question 2, what steps should be taken to make the firm more attractive to a prospective buyer? Would an affiliation with another firm satisfy our staffing/technology/space or other needs? Would any commitments or investments made now limit the offers from prospective buyers in the future? ■

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## PRODUCTIVITY BOOSTERS

### MICROSOFT ACTION PACK: LOWERING YOUR COST TO UPGRADE MICROSOFT APPLICATIONS *By Roman Kepczyk, CPA.CITP*

*Let's face it, the accounting profession runs on Microsoft products for everything from server and workstation operating systems to productivity software built upon the Office suite. The latest release of Windows Vista, particularly Office 2007, will have a lot to offer CPAs once the products have been tested and approved by accounting software vendors. While it is expected that accounting vendor remediation will be completed by the end of this year, we anticipate most firms will not go to the new platform until after May 2008, when firms have completed their own testing and transition to new computers capable of running optimally on Windows Vista.*

To promote Microsoft applications (particularly Office Accounting), Microsoft created the Professional Accountants Network (MPAN) that is free to join and includes member access to their Action Pack subscription for \$299 per year. This is an exceptional opportunity for CPAs to access many of Microsoft's server and workstation licenses at a substantially lower cost than buying the licenses individually. In effect, firms can save \$10,000 to \$20,000 in their software costs and transition to Office 2007/Vista along with more robust server applications.

The Action Pack subscription includes 10 licenses of Vista Business and 10 licenses of Office 2007 Enterprise, which firms can use to upgrade existing workstations that they want to transition to the new environment. This item alone pays for the subscription 10 times over. While just joining MPAN will provide firms access to one license of the Microsoft Office Accounting Professional application and 27 hours of CPE, the Action Pack provides an additional nine licenses for internal use. For firms needing more robust accounting, the program includes access to their Great Plains product.



The real value, however, is in the server licenses provided. Action Pack currently includes server licenses for Small Business Server, Windows Terminal Server, SQL 2005, SharePoint Server and Exchange 2007, which are expected to become the standard for firms upgrading their e-mail servers and incorporating knowledge management, beginning next year. Finally, the Action Pack subscription includes unlimited support calls for certain applications through September 2008, which will help IT personnel work

through transition issues now. All in all, joining MPAN and buying into Action Pack today is an extremely cost effective way to upgrade your server and workstation licenses. They provide an immediate return on your technology investment. ■

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## FOCUS ON TECHNICAL ISSUES

### UNDERSTANDING SAS No. 112

*Initial implementation of SAS No. 112, Communicating Internal Control Related Matters Identified in an Audit, was a critical concern for many CPA firms during this year's busy season because it represented a significant change in the way auditors must think about internal control over financial reporting, and about concepts such as significant deficiencies and material weaknesses. And it wasn't just CPA firms that had to absorb these ideas: It also was necessary to educate clients on the standard's requirements and how they would affect them.*

In this issue, we'll review some of the key facts — and fallacies — about SAS No. 112 associated with one situation: when auditors prepare the client's financial statements. We'll also describe some resources — most of them free — that are available to help ensure your firm is up to speed.

**Fallacy:** *The auditor cannot prepare the client's financial statements.* There is no such restriction in SAS No. 112 (for more information, refer to AU 110.03). It is true that the auditor cannot act as a control within the client's internal control system, but providing information or assisting in drafting a client's financial statements, in whole or in part, does not mean that the client has a control deficiency.

**Example one:** The client has a sophisticated accounting staff, including CPAs who could prepare their own financial statement but have asked the auditor to do it for them. Once the auditor has prepared the statements, the client reviews them for material misstatements. This situation may not even be considered a control deficiency because the client's review serves as the necessary control. The auditor will need to assess if the client's accounting staff has the capability and proper control to ensure proper financial statements with full footnote disclosures.

**Example two:** At a small company client, the only person in the accounting department is the bookkeeper, who would not be able to prepare complete financial statements without assistance. The client asks the auditor to draft the financial statements and is able to understand and accept responsibility for

the financial statements. However, the entity has not designed any controls to prevent or detect misstatements. This client would have a control deficiency and, most likely, material weaknesses.

**Fallacy:** *If a material weakness is identified, SAS No. 112 requires clients to take specific actions.* Under the standard, auditors must communicate in writing about control deficiencies that they identify and that rise to the severity of a significant deficiency or material weakness, but that's as far as it goes. The statement does not set forth requirements for how the client addresses the deficiencies.

For example, assume that the auditor has identified a material weakness because the client does not have sufficient in-house expertise to properly draft a complete set of financial statements, just as in example two above. SAS No. 112 does not mandate any particular solution. The client's options include:

- Hiring a new staff member who is capable of performing this task.
- Hiring another CPA firm to prepare the financial statements.
- Deciding that costs exceed the benefits — therefore, there is no justification for any action.

Taking no action may be an acceptable course of action if the client understands their risks and they are willing to accept those risks caused by the control deficiencies. What's important is that management and those charged with governance understand all the applicable risks.



CPAs should encourage clients to consider their options, which brings us to the next fact.

**Fact:** CPAs can seize the opportunity to educate clients about internal control issues and risk management in general. In discussing a deficiency or material weakness, practitioners can help clients understand the associated risks facing their company and the cost/benefits of possible responses. Taking no further action may be the best course in some cases, but there may be other situations in which the CPA can help clients improve their own internal systems and procedures. Let the client know that the point of the exercise is to enhance their knowledge and give them the information they need to make important risk management decisions. Clients who understand the weaknesses in their own systems will be better able to address fraud, cash management and other key concerns. CPAs can encourage clients to perform a cost/benefit analysis to determine whether any corrective actions are needed.

**Fact:** There are many resources available to help CPAs understand and implement SAS No. 112. They include:

- The SAS itself (<https://www.aicpa.org/download/members/div/auditstd/AU-00325.PDF>).
- The PCPS SAS 112 Toolkit (<http://pcps.aicpa.org/Resources/Keeping+Up+With+Standards/SAS+No.+112/SAS+No+112+Toolkit.htm>), which contains a combination of tools, including some that are available free to all AICPA members and some that are exclusive PCPS member benefits. Free resources include an archive of the PCPS Webcast, “Understanding SAS 112” and FAQs.
- An article on the SAS by AICPA Vice President, Professional Standards and Services Chuck Landes (<http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Practice+Aids+and+Tools/Understanding+SAS+No+112.htm>).
- The audit risk alert, *Understanding SAS No. 112 and Evaluating Control Deficiencies*.
- Information on the AICPA Governmental Audit Quality Center about the standard’s effect on OMB Circular A-133 (<http://gaqc.aicpa.org/Resources/Illustrative+Auditors+Reports/#OMB>), including illustrative auditors’ reports reflecting SAS No. 112 terminology and a link to OMB guidance. ■

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**SMALL FIRM SOLUTIONS** is a quarterly e-newsletter designed to help AICPA members in the smallest firms make the most of their opportunities and keep track of important developments in the profession. It offers news updates as well as articles with practical solutions to common practice challenges. ■

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