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LETTER FROM THE CHAIR

I am writing this month to alert all of our members to a troubling proposal in the ethics arena. In December, the International Federation of Accountants (IFAC) published an exposure draft that contained major revisions to the independence standards in the *IFAC Code of Ethics for Professional Accountants*. The AICPA is an IFAC member body, so the proposal, if enacted, will affect our members. I believe that it could have a detrimental effect on small firms that perform audits for significant public interest entities or those entities that have a significant number of public stakeholders.

The ED would require, among other things, rotation of audit partners on all audits of entities of "significant public interest." These entities are broadly defined to include not only listed entities but also financial institutions, pension plans, government agencies and not-for-profits. Right now, under the international ethics rules, it's possible to apply other safeguards against any familiarity threats in smaller firms that have relatively few professionals with the right knowledge and experience to be audit partners. However, IFAC in this draft has decided to remove this exception for small firms.

Independence is, of course, a hallmark of our profession, but I believe that this proposal is unnecessarily restrictive—more restrictive in fact than the current rules for PCAOB audits. There are many highly qualified sole practitioners with specialized expertise in an audit niche who are providing their clients with quality services and are helping to protect the public interest. The proposed IFAC ethics change would effectively put the sole practitioners out of the audit business. Many multi-partner small firms would be harmed, too, if the practice has only one expert audit partner and no one to take over engagements from him or her.

I believe this change would be an unjustified burden for small practitioners. I urge our PCPS members to review the ED, which can be found at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0075>, and send their comment letters by the April 30 deadline. It's important that we speak up to protect our ability to provide a valuable service offered by many small firms. I hope that you will make your voice heard.

All the best,
David Morgan
Chair, PCPS Executive Committee

LETTER FROM THE VP

As tax season begins in earnest, I want to be sure that members are familiar with a new resource available to them. Your clients may be aware of the value of your services, but others in your community may not be. Or perhaps your clients don't know about all your firm has to offer. The CPA Marketing Tool Kit, a long-standing free benefit for AICPA members, contains many helpful tools to help CPAs spread the word about their practices. And the Institute has now added free tax season materials to the tool kit, designed specifically to help them promote their tax services. The materials include a brochure, speech and PowerPoint presentation on issues of importance in the 2006 tax season.

The online instructions also offer advice on how to make the best use of these materials. For example, you can send the brochure, *Tax Saving Tips for 2006*, to bankers or attorneys who are potential referral sources or to members of the local media, along with a letter describing your firm and your particular areas of expertise. CPAs can also send them to clients with a note asking them to pass them on to people who might need their services or set them out in the reception area as a free takeaway.

Offering presentations and education sessions is another great way to expand awareness of your firm. With that in mind, CPAs can use the speech and PowerPoint presentation to make timely presentations about specific tax law changes and provisions and what they mean to tax planning. Just a few of the topics covered include:

The retirement provisions in the Pension Protection Act of 2006.

Revised charitable giving provisions.

Changes to 529 plans.

New "kiddie tax" rules.

IRA conversions.

There's also information on filing basics and on timing and long-term strategies.

In the midst of offering great services to clients, it's often difficult for practitioners to find the time to market their services, as well. That's why I hope PCPS members will avail themselves of this worthwhile new resource.

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

MAKE THE MOST OF THE MAP COMMENTARY

The 2006 PCPS/TSCPA National Management of an Accounting Practice Survey is a great resource for members, and a companion tool makes it even easier to access the information it contains. "The State of CPA Firms Today: An Analysis of the 2006 PCPS/TSCPA National Management of an Accounting Practice Survey," is a succinct summary of the survey that provides a top-line view of findings in areas such as firm growth, compensation, billing and realization rates. Practitioners can use the analysis to gain an introduction to the state of firm practice management, then examine the data more thoroughly for greater detail on topics of the most interest to their firms. The analysis can be found at

<https://pcps.aicpa.org/Resources/National+MAP+Survey/2006+MAP+Survey+Commentary.htm>.

SAVE THE DATE: AICPA PRACTITIONERS SYMPOSIUM: JUNE 4-6

Don't miss the chance to attend this unique gathering of small firm professionals and take advantage of the \$100 PCPS discount on registration. This year's AICPA Practitioners Symposium will take place on June 4-6 (with an optional pre-conference session on June 3) at the Sheraton Wild Horse Pass Resort & Spa outside Phoenix. As always, there will be nationally known speakers offering sessions on timely practice management issues. Participants will also have the chance to network with professionals who have similar practice experiences and challenges. More information can be found at

<https://www.cpa2biz.com/CS2000/Products/CPA2BIZ/Conferences/Practitioners+Symposium+2007.htm>.

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