



[NEWS]

## IFAC Publishes Two New Handbooks

KATHY WILLIAMS, EDITOR

The International Federation of Accountants (IFAC) released two new handbooks last month. They are the *2005 Handbook of International Auditing, Assurance, and Ethics Pronouncements* and the *2005 Handbook of International Public Sector Accounting Pronouncements*. Both are available electronically and in print from the IFAC website at [www.ifac.org/store](http://www.ifac.org/store).

The first book contains all pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and the Ethics Committee through December 31, 2004. Examples are:

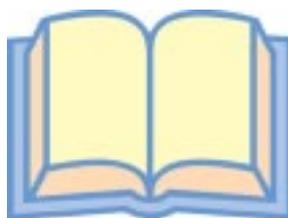
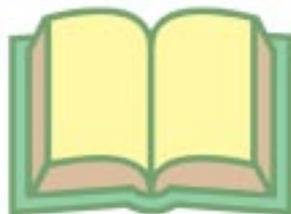
- ◆ IFAC's Code of Ethics for Professional Accountants, which applies to all professional accountants, including those employed in public practice, the private sector, government, and academia.
- ◆ International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs), which deal with the audit and review of historical financial information.
- ◆ International Standards on Assurance Engagements (ISAEs), which deal with assurance engagements other than the audit or review of historical financial information.

Prices are listed on the website.

The second handbook features all International Public Sector Accounting Standards (IPSASs) issued as of December 31, 2004, including two new ones: the Cash Basis IPSAS, "Financial Reporting Under the Cash Basis of Accounting," and IPSAS 21, "Impairment of Non-Cash-Generating Assets."

It also includes an updated glossary of terms, summary of occasional papers and studies, and a selected bibliography. This book is free, except for shipping charges.

All the standards were developed by IFAC's International Public Sector Accounting Standards Board (IPSASB) to improve the quality of public sector financial reporting and accounting practices around the world, the group says. ■



## FILLING OPEN POSITIONS

➤ It now takes CFOs about four weeks to fill a staff-level accounting position and six weeks to hire a new manager in the accounting area, a recent survey by Robert Half International found. While this seems like a long time for accounting departments already stretched thin by limited resources and Sarbanes-Oxley and other compliance initiatives, the executives say they want to make sure they hire the right people.

Max Messmer, chairman and CEO of Robert Half International, noted that hiring wisely is essential but that taking too long to make a decision could lead to further turnover in the workplace if the rest of the employees feel overburdened. He advises companies to view recruitment as an ongoing process even if they aren't actively looking for staff. ■





## Letters to the Editor

### Errata

In "How Risky Are Your Capital Expenditures?" [February 2005], there were errors in Tables 4 and 5 on pages 46 and 47. In Table 4, the sum of Initial Outlay Costs should have been \$3,090,000, not \$5,000,000. In Table 5, Initial Outlay Costs for Hardware should have been \$90,000, not \$900,000. We apologize for any inconvenience this may have caused.

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### "Robbing U.S. Blind"

I read with great interest and a high degree of foreboding the article "Robbing U.S. Blind" by Christopher Dowsett [Books, February 2005].

When I was in college and then entering the accounting profession, the accountant was a responsible professional looking after the interest of the public. What has happened to this profession, and when did it change? Where were/are the internal accountants, internal auditors, and external auditors when all of this was/is taking place?

Are we to become the butt of the joke at opening ceremonies instead of the attorneys, or are we to step forward and regain our position as the professionals that the public can look to for independence in the operation of our governments and industry?

I think we need to get this changed and now, not later—no more "turning our backs."

**James O. Benson, Jr.**



### [GOVERNMENT]

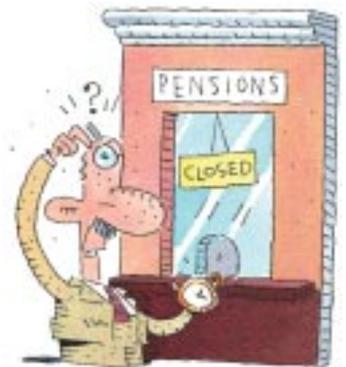
## U.S. Chamber of Commerce to Seek SOX Changes

STEPHEN BARLAS, EDITOR

Despite accommodations the Securities & Exchange Commission has made for the filing of some types of Sarbanes-Oxley reports, there is still a substantial determination on the part of the business community to first convince the SEC and then, if necessary, Congress to relax some of that law's provisions, particularly those concerning internal controls testing, reporting, and auditing. David Hirschmann, senior vice president of the U.S. Chamber of Commerce, says his group will approach the SEC this spring with a list of reforms it would like the Commission to make. "We'll be taking a look at where the SEC's implementing regulations on Section 404 got carried out in way we believe is excessive and doesn't add value for shareholders and companies," he explains. "These internal control regulations use up so many compliance dollars and so much of senior management time that it makes it hard for companies to buy new IT systems or find the time to make acquisitions." Hirschmann points out that the wording in Section 404 is relatively short and sweet but that the regulations developed by the SEC are very detailed and create an "excessive corporate bureaucracy" that fosters a number of negative trends, such as accountants spending more time covering their backsides than actually auditing internal controls.

### Administration Wants to Increase Pension Premiums

Companies that have done a good job of funding their single-employer, defined-benefit pension liabilities are apt to be the biggest complainers about the Bush administration's proposal to rescue the Pension Benefit Guaranty Corporation (PBGC), the government body that pays pensions to workers whose corporate pensions have gone kaput. The PBGC payments are made with revenue from a \$19-per-participant insurance premium paid by companies, which brought in \$600 million in 2004. Unfortunately, that was \$23 billion less than the PBGC paid out. Moreover, current unfunded pension liabilities are \$450 billion. There's no way in the current system that the PBGC will be able to take care of the 34 million Americans owed retirement money. The administration's plan has three aims. Companies would have to do a better job of fully funding pensions. The plan replaces multiple measures of pension liabilities with one measure, adjusted to reflect risk of termination. A plan's funding targets would be based on the pension plan sponsor's financial health. The \$19 fee, set in 1991, would be increased to \$30. And there would be a second "risk" premium paid only by underfunded plans and assessed based on how underfunded a plan is. ■





## [BOOKS]

## Maintaining a Company's Tao

Sun Tzu's *The Art of War* has long been considered one of the most important works on war and strategy. And many have taken Sun Tzu's principles and applied them to areas far from the battlefield. Sun Tzu describes how all effective, successful strategies are derived from five basic arts: possibility, timing, leverage, mastery, and leadership. A general, a manager, or even a coach who knows and understands these five precepts will be victorious on the battlefield, the boardroom, or the playing field. In *The Art of Business*, Raymond Yeh, with Stephanie Yeh, illustrates how the truly great companies have a soul, or Tao, because their leaders and management excel in Sun Tzu's five key arts.

According to Sun Tzu, there is no authoritative definition of Tao—it can't be written down or even grasped fully. Yeh describes Tao as, among other things, the feeling of being “in the zone;” the life force that continuously tries to reveal itself through different aspects in each of us; pure consciousness; and the essence of life's creative processes. In order to have Tao, organizations must work to “evolve and grow as a living system.” Through his experiences, Yeh has found that only a company working with Tao has the true potential for long-term gains, expansive growth, and the ability to dominate its industry.

The most important step in turning a company into a living system—and not a “mechanical expression of man-made goals over the years”—is defining its vision, purpose, and values (the VPVs) statements. The VPVs are what make up the company's soul. The *Vision* statement is the ideal picture of what the company can become. This is the company as its founders dreamt it could be. It is the focal point around which its members work. “A shared vision provides a collective identity for the organization to move forward as a whole,” Yeh explains. The *Purpose* statement gives the organization's specific destination—the route it will take to achieve its vision. “The purpose guides the people in the organization to move in synchrony towards

its vision,” Yeh says. Finally, the *Values* statement forms the “ethical guidelines or boundaries for employees or officers, within which empowered actions and decisions can occur.” This is an important element that describes how the company will behave—both externally and internally—while moving forward. It's important that a company is driven by

the desire to improve the world around it in some form. “The best companies have a soul,” Yeh notes, “and they find a way to make profit consistently while also serving the community.” The key to living in Tao is making a positive difference, and the Values statement helps keep an organization on that path.

To be a living system, to operate with Tao, management must trust their employees. Management must have faith that employees will know what the right deci-

sions are and that they will act on them properly. The workers know what their jobs are better than anyone. They know what will help them—and, by connection, their department and company—and what won't. With everyone aligned and working toward the same vision, this occurs organically—workers won't need to be told what to do or how to do things. Imbued with the shared sense of the VPVs, they will already know what's best for the company. As Yeh explains, it's not merely the vision or mission statements that create “success, longevity, or dominance. It is the ability to stay inspired and re-create that statement on a daily basis.” With trust and freedom, employees are empowered to do just that.

Yeh also delves into the other strategic arts of Sun Tzu, describing various aspects of successful companies along the way to illustrate how they embody the essential qualities needed to be a great organization. He delivers an insightful examination into the soul of businesses and shows how others can follow this framework and begin to live and operate with Tao—and reap the benefits of doing so. ■

—Christopher Dowsett

