

Members in Business and Industry

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AICPA

Accounting and Finance Starting Salaries to Increase 3.1 Percent in 2006

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news update

Heightened competition for accounting and finance professionals will lead to increases in base compensation this year, according to the recently released *2006 Salary Guide* from Robert Half International Inc.

Starting salaries in accounting and finance are projected to rise an average of 3.1 percent in 2006. Research shows that starting salaries for personnel involved with corporate governance initiatives such as internal auditors, information technology (IT) auditors and public accountants are expected to see the strongest growth.

"Organizations are actively recruiting accounting and finance staff to support business expansion initiatives and corporate governance efforts," said Max Messmer, chairman and CEO of Robert Half International. "To attract and retain skilled financial professionals, firms are reassessing their hiring practices and enhancing compensation packages for current staff."

Auditing Remains Strong in Corporate Accounting

For the second consecutive year, corporate auditors can expect to see the strongest salary growth. IT auditors can expect the largest percentage increase in base compensation of any position in 2006, with average starting salaries forecast to rise 11.2 percent, to between \$67,000 and \$94,250 annually. Entry-level internal auditors at small companies (up to \$25 million in sales) will see average starting salaries increase 9 percent, to \$35,500 to \$43,250 per year.

Public Accounting Outlook

Public accounting firms are raising salaries

across the board as they compete with companies in private industry for top accounting staff. Average starting salaries for entry-level accounting professionals at small firms are projected to climb 6.5 percent, to between \$35,500 and \$42,500. Senior managers/directors at large firms (\$250 million+ in sales) can anticipate a 4.2 percent increase in average starting salaries, to \$85,500 to \$130,000 annually. Senior accountants at midsize firms (\$25 million to \$250 million in sales) will see base compensation rise to \$50,000 to \$70,000—an increase of 8.8 percent from 2005.

Other key findings reported in the 2006 Salary Guide:

- Tax managers at midsize companies will see average starting salaries of \$57,750 to \$74,000—up 4.6 percent over 2005 levels.
- Bookkeepers can anticipate a 6.8 percent rise in base compensation in the year ahead.
- Entry-level accountants at midsize companies will see starting salaries rise 4.1 percent, to \$32,000 to \$38,250 annually.
- Mutual fund accountants can anticipate a 4.7 percent gain in base compensation, to the range of \$38,000 to \$51,250 annually.
- Accounts receivable/accounts payable managers at small companies will see starting salaries climb 5.2 percent, to the range of \$33,750 to \$41,500.

Nationally, demand for accounting and finance professionals is expected to be particularly strong in the manufacturing, real estate and construction industries. (All salaries listed are national averages.

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However, hiring activity and compensation vary significantly by geographic market. A regional analysis of hiring trends and compensation variances for select U.S. markets is included in the *Salary Guide*.)

Information in the *Salary Guide* is based on the thousands of job searches,

negotiations and placements managed each year by the company's staffing and recruiting managers. Continuing or on-going salaries are not reported because many external factors—such as seniority, work ethic, job performance and training—impact the salaries of full-time professionals as work histories develop.

Robert Half International Inc. has more than 330 locations throughout North America, Europe, Australia and New Zealand, and offers online job search services at:

 www.rhi.com

President's Advisory Panel on Tax Reform Issues Report

The President's Advisory Panel on Federal Tax Reform submitted two proposals to the Treasury Department after months of work. As reported by WebCPA, the first plan pushes for major simplification of the current income tax system, referred to in the report as the Simplified Income Tax Plan, and a second, referred to as the Growth and Investment Tax Plan, also includes many of the simplification recommendations but also includes proposals for more significant changes in business taxes that lean more towards an indirect tax on consumption.

Under both of the panel's plans, most of those deductions, credits, exemptions and other preferences would be scrapped in order to streamline the income tax and simplify paperwork. The report indicates that the Panel considered a progressive consumption tax system but was unable to come to consensus on including it in the Report. It also considered ideas for a value added tax and a

national retail sales tax and decided against both of those.

The difference between the two Plans relate primarily to differences in the treatment of dividends and capital gains and changes in business taxes. Under the Simplified plan, 100 percent of dividends and 75 percent of capital gains would be excluded from individual income; interest would be taxed at regular rates. Depreciation, interest received and paid and international taxation for businesses would be essentially unchanged.

Under the Growth and Investment Tax Plan, dividends, capital gains and interest would all be taxable to individuals at a 15 percent rate. However, all new business investment would be expensed rather than depreciated, interest would be non-taxable and non-deductible (except for financial institutions) and the international tax system would be changed to a destination basis system that would involve border-tax adjustments.

The full report is available at :

 www.taxreformpanel.gov/

now
available

The Institute for Fraud Prevention Offers Academic Grants

The Institute for Fraud Prevention (IFP), a consortium of organizations and companies committed to deterring fraud and corruption, is offering academic grants for the study of different aspects of fraud. IFP wants to improve the ability of business and

government to combat fraud and to educate the general public on effective methods for recognizing and deterring it. The grants focus on financial statement fraud through management override, identity theft and procurement fraud.

The AICPA is one of the founders of IFP and John Morrow, Vice President—New Finance, represents the AICPA on the IFP board. If you know any organizations inter-

ested in becoming a sponsor of IFP—contact John Morrow directly at:

 jmorrow@aicpa.org

For more information about fraud, visit the AICPA Antifraud & Corporate Responsibility Resource Center at:

 www.aicpa.org/antifraud/homepage.htm

Write CPA Letter Articles, Receive CPE Credit

The CPA Letter Business and Industry supplement encourages readers to share information and experiences through bylined articles on subjects of interest to your fellow practitioners. Moreover, if the topic fits our editorial calendar and your article is featured, you may claim continuing professional education credits for the time you spent preparing the article (in accordance with the Joint AICPA/NASBA Statement on Standards for Continuing Professional Education, revised as of Jan. 1, 2002). The first step is to submit article topics for approval to:

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Developments in Management Accounting

The AICPA and the Chartered Institute of Management Accountants (CIMA) have agreed to work collaboratively to jointly develop products and services that are in the common interest of each organization's members in business and industry. With its focus on management accounting and the latest developments in global business, CIMA is a natural partner with the AICPA's Financial Management Center, which serves CPAs working in business and industry. The first collaborative effort is the "Developments in Management Accounting," which has multiple titles concentrating on current management accounting issues and principles and offers strategies for implementation. AICPA members can download each of the titles for free by visiting the AICPA's Financial Management Center at:



www.aicpa.org/fmcenter

Management Accounting Change

Recent research shows that 60% of organizations experience significant change each year. This resource will provide the finance professional with an understanding of the critical nature of management change to enable them to play a proactive, rather than reactive role in effective change management.

It concludes with a discussion based on real life case studies of the role of the management accountant in the change management process.

Corporate Performance Management (CPM)

Few high-performing firms are successfully redefining finance's

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available

role to meet the decision-support needs of senior executives. Corporate performance management (CPM) is an opportunity for the finance professional to be in a better position to provide senior management with the information and analysis they need to formulate and execute business strategies leading to corporate success. The resource will look at all the current approaches to CPM and more importantly, provide an understanding of why firms are failing to utilize CPM effectively, through insights gained from working with the leading exponents of CPM.

Multidimensional Performance Management

In today's dynamic business environment, traditional performance measures are no longer suitable. This resource highlights a range of multidimensional performance measures and aims to provide the finance professional with a range of tools to monitor and review performance. In addition, it introduces a new concept, the CIMA Strategic Scorecard, which has the potential to make a significant contribution to greater board effectiveness and, in consequence, improved company performance by helping maintain effective board oversight over strategy.

Multinational Performance Management

The resource outlines the common organizational structures, with particular emphasis upon the divisionalized form. This form has allowed organizations to become multinational enterprises which has created a series of new challenges for company reporting and performance measurement for the finance professional. The aim of this resource is to provide an understanding of the specific issues affecting control and responsibility in multinational organizations, particularly transfer pricing and related issues.