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IMA's Small Business Financial and Regulatory Affairs Committee

 Greetings from the world of Professional Advocacy!

I can't believe it has been two years since I became IMA's director of professional advocacy. Since my start on May 1, 2006, I have seen my role evolve in many ways, and I have witnessed IMA achieve several milestones. A major milestone is the launch of IMA's Small Business Financial and Regulatory Affairs Committee.

One of my initial observations was that IMA senior management was serving as an advocate for the 66% of IMA members who work for small and medium-sized entities by writing comment letters to the Securities & Exchange Commission (SEC) about compliance with Section 404 of the Sarbanes-Oxley Act. The key message was IMA's concern about the lack of practical "top-down, risk-based" internal control assessment guidance for management. Advocacy efforts were taken a step further in 2007 when IMA issued a discussion paper that presented the framework for practical internal control assessment for companies of all sizes.

I viewed this activity as groundwork for my professional advocacy

role as it was obvious that IMA's senior management wanted to address issues that impact small and medium-sized entities. This led to the idea of developing a small business committee, and I was given the job to spearhead its formation.

My work started with the creation of a committee charter for the Governance Committee to approve. At first, there were a few questions from some members of the Governance Committee about having two committees dedicated to technical finance and accounting issues because IMA was already benefiting from the work of its Financial Reporting Committee (FRC). But then they realized that there was still a need for a committee that could interact with committees developed by regulatory

bodies to address issues affecting small and medium-sized entities. Thus, the Small Business Financial and Regulatory Affairs Committee was born.

The next task was getting members to serve. With the help of IMA's marketing staff, I prepared announcements that appeared in *ION*, IMA's electronic biweekly newsletter, and in *Strategic Finance* during November 2007. The response was great as the articles generated a strong interest among members with the appropriate backgrounds, and now the Committee has 13 members who are primarily from small private companies. I. Andre Alexander is the IMA Board liaison for the Committee.

Committee Launch

The Committee launched successfully with its first meeting in Dallas, Texas, on March 17, 2008, which was a few weeks after one of the FRC's quarterly meetings. I had asked FRC members to figure out how they could work collaboratively with SBC when possible. They suggested that a liaison be appointed from each Committee to attend meetings of both. Bruce Pounder, SBC member,

attended his first FRC meeting in March as the SBC liaison, and Warren Miller, FRC member, attended SBC's initial meeting as the FRC liaison.

During the meeting, we discussed plans to identify new services and products that would help retain current members and attract new ones, and I asked the group to help IMA identify products and services that would be relevant to the management accounting profession. Cindy Stark-Jones and Marc Palker suggested that IMA look into providing courses for CPE credit that focus on issues pertaining to small businesses. Marc indicated that IMA needs to offer courses that provide practices members can implement in the workforce immediately after they finish the course. I encouraged the Committee to develop an educational subcommittee to focus on such

issues. IMA has a new VP of Professional Development, Debbie Warner, who joined the IMA staff April 1 and will help with the plan to offer new products and services to members.

I also asked Committee members to develop a small working group to create a definition of small business activities. Jeff Foster, Bruce Pounder, Richard Ricketts, and Warren Miller, FRC liaison, volunteered. They will (a) determine the purpose for the development of the definition (Is it for purposes of advocacy, membership, etc.?) and (b) take into consideration definitions that have already been established by the Small Business Administration (SBA) and the American Bankers Association (ABA). The SBA provides guidelines for headcount and revenue by industry as criteria to determine if a company should be considered small or medium-sized.

Bruce Pounder then led a discussion to encourage SBC members to identify organizations with which the Committee can develop alliances to strengthen its work pertaining to small business activities. Here are some of their suggestions:

● **FASB's Private Company Financial Reporting Committee (PCFRC)**—Judy O'Dell, chair of the Financial Accounting Standards Board's (FASB) Private Company Financial Reporting Committee (PCFRC), attended the SBC meeting and was enthusiastic about working closely with the members to address issues that impact small private companies. She expressed a strong commitment to attend Committee meetings regularly or to share PCFRC minutes in order to obtain comments from the SBC. Judy told everyone that there was an interest in having IMA representation on the PCFRC. SBC member Jim Smith will be IMA's representative.

● **FASB's Small Business Advisory Committee**—The development of its Small Business Advisory Committee and PCFRC shows the FASB's efforts to provide guidance to stakeholders other than large public companies. Arrangements have been made for FASB member Leslie Seidman to participate in the SBC's next meeting by teleconference to tell Committee members about the work of the Small Business Advisory Committee.

● **IASB SME's Working Group**—The International Accounting Standards Board's (IASB) working group for small and medium-sized entities met in London last month. The meeting was set up

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to encourage member organizations of the International Federation of Accountants (IFAC) to send representatives to the meeting. SBC members Bruce Pounder and Richard Ricketts attended the meeting on behalf of IMA. IFAC is accepting nominations for its Small and Medium Practices Committee, and I am pleased to announce that IMA is nominating Richard.

- **Small Business Administration**— IMA has made great strides in the past year with developing relationships with staff from the Small Business Administration (SBA) through our advocacy efforts on Capitol Hill. SBC members suggested that we identify staff from the SBA who can attend Committee meetings regularly as a liaison or identify SBA representatives who can attend SBC's meetings that take place in their area.
- **Other Organizations/Alliances**— The Committee also identified the U.S. Chamber of Commerce, American Bankers Association, American Bar Association, and the Internal Revenue Service as organizations for potential alliances.

What Will the Future Bring?

There is a lot of enthusiasm among IMA members about the new Committee, and many of you have asked how you will be informed about the Committee's work. I'm hoping that most of you are familiar with the Professional Advocacy section of IMA's website. You can find a page for the Committee at www.imanet.org/relations_advocacy_small_bus.asp. Articles about the Committee that have appeared in WebCPA.com and CFO.com can be found there. Meet-

ing minutes will also be available for review on the website.

We anticipate that the Committee will meet quarterly. The next meeting is scheduled for June 13, 2008, at the location of IMA's Annual Conference, the Tampa Marriott Waterside Hotel.

Note: We are currently going through our nomination process, and I would like to encourage those of you who are interested in serving on the Committee to let me know. Obviously, we need representatives from small public companies. Becoming a Committee member will give you a chance to speak on behalf of IMA members in the area of small and medium-sized businesses. Please contact me at lmills@imanet.org for additional information about IMA's new Small Business Financial and Regulatory Affairs Committee. ■