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# FRC and SBC Update

Although we're approaching the cold days of the fall and winter season, IMA's Financial Reporting and Small Business Committees (FRC and SBC) are "hot" with speaking out on various issues on behalf of IMA. In September, the FRC held its annual meeting with the Financial Accounting Standards Board (FASB) in Norwalk, Conn. Then the SBC met in October in Baltimore, Md.

## **FRC Update**

IMA Chair Fred Schea attended his first FRC meeting and told the group how impressed he was with the body of knowledge represented by the members. He also thanked them for serving as IMA's spokesperson on technical issues that impact the management accounting profession.

FRC members were grateful for the commitment that FASB members and staff made time to meet with them despite challenges the Board has been faced with this year. Earlier this year, the Financial Accounting Foundation (FAF) decided to reduce the FASB from seven to five Board members. This decrease in size will require the Board to prioritize resources to determine which meetings

they should attend. FASB staff attended the meeting on September 16 to provide updates to the FRC about specific projects. The FRC met with FASB Chairman Bob Herz along with other Board members and staff on September 17 to discuss broader issues that impact the management accounting profession. Similar to what I mentioned in my August 2008 article about the Securities & Exchange Commission (SEC), the commitment made by the FASB to attend an FRC meeting despite their limited resources shows that the Committee has established a reputation over the years as a very influential and knowledgeable group of accounting and finance professionals. They do a great deal of preparation

to determine what topics should be discussed with the FASB, which also helps solidify their influence.

George Batavick, retired FASB member, served as the FASB representative to the FRC for many years. George always made a strong commitment to attend FRC meetings regularly to provide Committee members with updates about FASB projects. On behalf of IMA and the FRC, I would like to express appreciation for his commitment to and support of IMA, and we all hope he enjoys his retirement.

The meeting at the FASB headquarters opened with remarks from FRC Chair Mick Homan and Bob Herz. Mick explained that the FRC is in a position to express well-rounded views because of the Committee members' backgrounds and experience. Bob Herz noted that issues that would be discussed were critical based on what has been going on with capital markets.

A topic of particular interest was an update about the FASB's Codification project. FASB member Larry Smith told meeting participants that the Codification project is still expected to go live by April 2009 and that FASB staff members were

still working through comments received during the verification process. He said that the general feedback from constituents regarding the project has been positive, with the exception of those who are strongly technical—i.e., people who remember paragraph references. Generally Accepted Accounting Principles (GAAP) literature will be frozen as stated as of March 31, 2009, in preparation for the Codification to go live by April 1. After April 1, any updates will be an amendment to the Codification.

FRC members attending the meeting expressed a variety of concerns regarding the status of the Codification project, including whether constituents are adequately educated about the use of the Codification. Further, even though there are approximately 28,000 registrants for the Codification, FRC members were concerned that most registered users may not be actually using it and may not be representative of the broader community of accounting professionals. FRC members were generally aligned that more clarity was needed regarding how the Codification will impact the general organization of the body of U.S. GAAP—for example, a completely new numerical reference system. A general discussion followed about the relative merits of delaying the rollout of the Codification and/or a renewed focus on increasing training and awareness of its status.

This is a great opportunity for IMA to educate members about a project that will have a major impact on how management accounting professionals will conduct their research assignments. I will have the pleasure of serving as a moderator for a February 2009 webinar that will tell IMA members about the

project. Bruce Pounder will be the guest speaker. This will be the second time that I've conducted a webinar with Bruce on a critical subject. Our first was in July 2008 on the topic of International Financial Reporting Standards (IFRS). You can obtain access to the slides and the audiotape for the webinar in our archived files on IMA's website at [www.imanet.org](http://www.imanet.org) under Professional Development/Live Webinars/Webinar History (members only).

For more information about the Codification project, see the "Financial Reporting" column in the October 2008 issue of *Strategic Finance*. It will be good preparation for the webinar.

### **SBC Update**

This committee continues to make great strides in its first year. Its current focus is to ensure that IMA members' concerns related to small business issues are being heard. SBC members are currently exploring ways to identify these issues and address them accordingly. Bruce Pounder, SBC member Charna Watts, and I participated in a teleconference last month to talk with IMA member representatives from chapters and councils about the SBC and give them an opportunity to tell us their views about what the Committee's area of focus should be. SBC member Cindy Stark-Jones is on the program committee for IMA's 90th Annual Conference & Exposition in 2009 to ensure that some of the presentations at the Conference will address issues that impact the small business community. ■

**Please contact me** at [lmills@imanet.org](mailto:lmills@imanet.org) to express your views on what issues should be addressed by IMA's Small Business Committee.