

FRC and SBC Continue Their Influential Voice

IMA® committees continue to have a great impact regarding technical issues that affect the profession.

This month I thought I would give an update on the work of IMA's Financial Reporting Committee (FRC) and Small Business Financial and Regulatory Affairs Committee (SBC). For those of you who may not be familiar with them, they are a strong part of the IMA® voice related to technical issues that impact the management accounting profession.

FRC is composed mainly of members from large companies, accounting firms, consultants, and other constituents involved in preparing and analyzing large-company financial statements. Some of the companies represented by FRC members are Time Warner, Procter & Gamble, General Electric, and Bank of America, along with the Big 4 accounting firms, accounting consultants, debt and equity analysts, and professors. In contrast, SBC is composed of members who own, manage, and advise smaller businesses and who can therefore speak on behalf of the small-business community. The synergies between the committees are strong. Members of both committees are passionate about keeping

abreast of technical issues that impact the management accounting profession and serving as advocates for IMA. During this past year, they demonstrated their strong influence toward external and internal constituents within the accounting and finance industry.

FRC Update

In a November 2009 statement, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) confirmed their commitment toward their Memorandum of Understanding (MOU) to complete projects by June 2011 that impact the plan for convergence of standards. This plan has kept FRC members quite busy this past fiscal year, monitoring and reviewing proposed guidance issued by both Boards.

FRC members submitted a letter in May 2010 to FASB Chairman Robert Herz and IASB Chairman Sir David Tweedie about the volume of proposed guidance that had been issued in recent months and that is scheduled to be issued over the next year related to the convergence projects. Specifically, they are concerned about the ability of the Boards and their constituents to thoroughly review,

analyze, and provide quality input on the full slate of proposed rules, particularly in light of the volume and complexity of the subject matter at issue. FRC also highlighted the risks inherent to companies in attempting to properly implement such guidance since there are so many new, complex, and interdependent proposed rules to consider. Based on an update the Committee received from FASB member Leslie Seidman at a meeting in June, FRC members got to see how their influence holds some weight regarding the decision process.

Leslie told Committee members that the Boards are taking a hard look at their timeline toward the MOU for the convergence project based on feedback received from the Committee. She indicated that the remaining projects of the MOU have been placed in categories based on priorities and interrelated activities. In general, the Committee was pleased with the report they received from Leslie that revealed the following list of priorities for projects regarding the convergence MOU:

First Priority. Financial Instruments, Comprehensive Income, Fair Value Measurement, Revenue Recognition, and Disclosures on

Loss Contingencies. Guidance issued for the Fair Value Measurement and Disclosures on Loss Contingencies projects will come just from the FASB.

Second Priority. Leasing and Investment Properties.

Third Priority. Financial Instruments with Characteristics of Equity and Financial Statement Presentation. Committee members were particularly pleased with the feedback related to Financial Statement Presentation since they have challenged the FASB with cost/benefit issues related to the project. The other critical projects of the MOU are Consolidations and Derecognition.

FRC experienced such success under the leadership of Mick Homan, controller of Corporate Accounting at Procter & Gamble, who was Committee chair for the past two years. Allan Cohen, VP & assistant controller at Time Warner Inc., is the new FRC chair. He already has incorporated some great plans that will let the Committee continue its role as an influential voice for IMA on technical issues that impact the accounting and finance profession. The Committee meets four times a year, but because of the volume of guidance the FASB and the IASB will issue during the next few months, Allan is encouraging Committee members to have monthly calls to go over their strategy to address concerns related to technical issues. Also, staff from the Securities & Exchange Commission (SEC) and FASB members and staff have participated in FRC meetings to provide updates about their projects. The Committee is seeking similar

input from the IASB since it is playing a critical role with the convergence project.

SBC Update

SBC has made significant contributions that have enabled IMA to provide thought leadership in this important market segment. The Committee was founded in March 2007 to focus on external advocacy initiatives that impact the small and medium-size business communities. Committee members have consistently shown an inter-

The most impressive body of work the Committee has produced is content that was incorporated in a survey administered to a targeted audience of IMA members in May.

est in also providing advice outside the formal charter in the area of educational programs that meet the specific needs of small and medium-size enterprises (SME). SBC members made a strong contribution during IMA Annual Conferences in 2009 and 2010, providing welcome flyers to attendees and serving as moderators and guest speakers at brown bag luncheons and technical sessions. Cindy Stark-Jones served on the Conference program team for two consecutive years and was instrumental in delivering programs that met SME needs.

The most impressive body of work the Committee has produced is content that was incorporated in a survey administered to a tar-

geted audience of IMA members in May. The objective of the survey was to get input from members to determine how IMA could better meet the needs of SMEs in terms of professional development programs (CPE, conferences, etc.), certification, services, and advocacy. The results from the survey provided great feedback for IMA's management team regarding products, offers, and services targeted to the SME market. The SBC's focus this fiscal year will be external advocacy initiatives related to the small and medium-size business community. As the IMA management team progresses in targeting offers to this segment, the Committee could also serve as a focus group.

Bruce Pounder, president and founder of Leveraged Logic, served as the founding chair of SBC. We thank Bruce for his service to IMA and the Committee. To demonstrate the "value in volunteerism," as a result of his industry knowledge and role on SBC, Bruce has a regular feature on advocacy issues on CFO.com to complement other media coverage related to the SBC. Bruce also writes the Financial Reporting column for *Strategic Finance*. Andre Alexander, CFO for CFED, a not-for-profit organization located in Washington, D.C., is the new SBC chair.

SBC Recruitment

Although the committee recruitment process officially takes place during the spring of each fiscal year, there is room for more SBC members. It has 15 members now but, according to its charter, can have up to 25. But for the Committee to meet its objectives with

external advocacy, potential members must meet specific criteria. The Committee needs members who have experience with small to medium-size public companies that regularly monitor technical issues that impact the small and medium-size business community. Specifically, SBC needs members who have written letters to regulatory bodies such as the FASB, SEC, IASB, and the IRS and to other organizations such as the Small Business Administration (SBA) to express concerns about technical issues that impact their communities. IMA members can commit to being full members of the Committee or serve as an occasional resource to the Committee.

If you are interested in working with IMA's Small Business Financial and Regulatory Affairs Committee, please contact me at lmills@imanet.org.