

SFbulletin

By Stephen Barlas, Michael Bollinger, Dennis Whitney



FSOC Recommendations Could Dictate Business Access to Bank Services

By Stephen Barlas

One of the most controversial provisions in the Dodd-Frank financial regulatory reform bill Congress passed July 21, 2010, is the implementation of the Volcker Rule, which has companies worried about the potential curtailment of some banking services. The rule prohibits banking entities from engaging in proprietary trading and from maintaining certain relationships with hedge funds and private equity funds. David Hirschmann, president and CEO of the U.S. Chamber of Commerce's Center for Capital Markets Competitiveness, says the Volcker Rule doesn't prohibit banks from using investments to hedge for customers. He and others want the new Financial Stability Oversight Council (FSOC), also created by the Dodd-Frank bill, to take that position in

the recommendations for implementation of Volcker that it is supposed to submit to federal bank regulatory agencies this month. Hirschmann also wants the FSOC to look into the Financial Accounting Standards Board (FASB) and International Accounting Standards Board's (IASB) convergence efforts in regard to financial instruments. "The FASB and IASB proposals on financial instruments differ in some respects, particularly on the expansion of the use of fair value in determining the value of certain liabilities," Hirschmann says. "It is unclear if these differences will be resolved. We recommend that these financial reporting issues be taken into account and considered by the Council in its study."

HHS Adds Flexibility on Healthcare Plans under ACA

Companies got a tad bit of breathing room in November with regard to one key aspect of the Affordable Care Act (ACA). That healthcare reform bill requires companies to beef up their employee health insurance plans to be in

continued on next page

NAM Opposes Regulation of Foreign-Exchange Swaps and Forwards

Another big issue for large corporations when the Dodd-Frank bill was debated was the regulation of derivatives and swaps. For the most part, the law says companies that use swaps have to report execution of orders to a clearing agency. That process means new fees for companies. Foreign-exchange (FX) swaps and FX forwards are a carefully defined special class of transactions that is included within the definition of "swap" under the bill unless the Secretary of the Treasury makes a written determination that FX swaps and/or FX forwards shouldn't be regulated as swaps and aren't structured to evade Dodd-Frank. Dorothy Coleman, vice president, tax, technology & domestic,

National Association of Manufacturers, says, for some companies, managing fluctuating currency exchange rates is the primary focus of their risk management and hedging programs. The use of FX swaps and FX forwards is paramount to these hedging programs. "Many American manufacturers hedge the economic risk for long-dated exposures as well as short-dated exposures," Coleman explains. "Any actions that potentially discourage the use of derivatives or discourage the use of derivatives for a specific tenor for hedging foreign currency risk could lead to increased economic risk for manufacturers and increased volatility in cash flows and earnings."

SFbulletin

continued from p. 23

line with a number of new requirements—unless their health plan is grandfathered under the new law. The ACA said plans in existence as of March 23, 2010, are grandfathered in. Companies very much want their pre-March 2010 plans to be grandfathered, and they don't want to lose that status just because their insurance carrier drops them or goes out of business, the insurer changed the formulary, or the employer changed the deductibles or cost shares. The ACA didn't address these kinds of issues head-on. Last June, the U.S. Department of Health and Human Services (HHS) published an interim final regulation in which it tried to read Congress's mind on what constitutes loss of grandfathered status. But fogginess remained, forcing the HHS to subsequently put out four sets of guidance this fall trying to clarify the issue. Those clarifications didn't calm the business world, either. So in mid-November the HHS

tried to assuage corporate angst once again by issuing an "amendment" to the June IFR, which stipulated that a group health plan doesn't cease to be grandfathered merely because the plan (or its sponsor) enters into a new policy, certificate, or contract of insurance after March 23, 2010. But the amendment doesn't appear to give companies flexibility to change aspects of existing plans, such as formulary or copays, without risking loss of grandfathered status. Steven Wojcik, vice president, public policy, National Business Group on Health, says, "The added flexibility permitting employers who insure to switch carriers without automatically losing grandfathered status is welcome news. However, plans that make changes in benefits (i.e., employer subsidies, cost-sharing, covered benefits) beyond what the law permits will still lose grandfathered plan status regardless of whether they self-insure, insure and stay with the same carrier, or insure and switch carriers."



Congratulations, New CMAs

The following IMA® members became a CMA® (Certified Management Accountant)

between July 1, 2010, and September 30, 2010.

Ahmed Abd El Hakim Ahmed, Sr., CMA	Bryan S. Aldrich, CMA	Srikrishna Kumar Ayagari, CMA	Jon S. Byers, CMA
Ahmed H. Abd El Wanis, CMA	Ahmed Mohamed Ali, CMA	Mohammed Abdul Aziz Zainuddin, CMA	Matthew Calabro, CMA
Amany Abdel Kareem Attia, CMA	Shaima Ahmed Ali, CMA	Joshua V. Azran, CMA, CPA	Kerry L. Calnan, CMA
Salah Ahmed Abdelall, CMA	Ahmed Y. Almehaiza, CMA	Claire Balcerski, CMA	Kelly L. Cannon, CMA
Sameer Nidal Abdulhadi, CMA	Ahmed Taher Alruby, CMA	Madhav Baliga, CMA	Eric Carlson, CMA
Abdallah M. A. Abu Awwad, CMA	Gregory J. Anshus, CMA	Anupam Banerjee, CMA	Craig M. Carter, CMA
Samih Y. Abu Minshar, CMA	Dimitri C. Antonius, CMA	Aninda Banerji, CMA	Ryan A. Castle, CMA, CPA
Evgeny Adishchev, CMA	Faheem Mazher Anver Ali, CMA	Eric S. Becker, CMA	Deborah Ceglarski, CMA
Nabeel Ahmed Nowshad Ali, CMA	Arash Ardalan, CMA	Paul R. Belletini, CMA, CPA	Jennifer L. Cejka, CMA
Eyad K. Al Bahsh, CMA	Ahmad O. Asfoura, CMA	Karl Bergmann III, CMA	Yun Chai, CMA
Ameena A. Al Haddad, CMA	Erinc Atilla, CMA	Davinder Singh Bhatia, CMA	Jacxy Ouseph Chalissery, CMA
Mohammed Al Jalahma, CMA	Abdel Wahid H. Atta Almanan, Sr., CMA	Gregory W. Bischoff, CMA	Madhukar Challa, CMA
Amina Yousif Al Madani, CMA	Yvette Nicole Aubin, CMA, CPA	Tamra L. Bissett, CMA, CPA	Bimal Rai Chatratha, CMA, CWA
Ahmad Al Samaoui, CMA	Steven L. Avary, CMA, CPA	Laura M. Blackstock, CMA	Sumit Chatterjee, CMA
Ahmed Saeed Al Shared, CMA	Zacharia-Avirah, CMA	Kirsten M. Boser, CMA	Yang Chen, CMA
Waleed M. Alawneh, CMA	Nizar A. Awad, CMA	Cristal L. Breitbeil, CMA	Yi Chen, CMA
	Mohsin Ali Awan, CMA	Birgit Breukers, CMA	

continued on p. 26

BOOKS

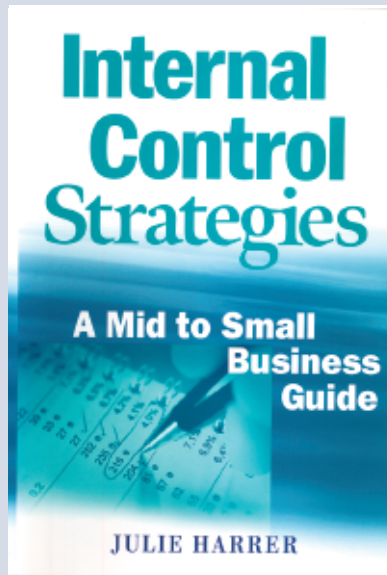


Implementing Internal Controls

Companies acknowledge that effective internal controls are beneficial because they support reliable financial statements and provide reasonable assurance for the data that managers rely on to make key decisions affecting their businesses. While management's responsibility for internal controls isn't new, many small to mid-sized businesses continue to struggle with the SOX 404 reporting requirements on internal controls over financial reporting.

According to Julie Harrer's *Internal Control Strategies: A Mid to Small Business Guide*, many smaller companies struggle with implementing an internal control program not only because most perceive the costs of such a program to be prohibitive, but also because they lack sufficient guidance to assist in implementing controls. But that doesn't mean it's impossible, and Harrer provides a guide that small and mid-sized companies can use to implement a strong internal control program and deal with the different assessment aspects while remaining cost conscious. Her book details a structured approach and guidance for businesses to implement and enhance cost-effective controls while also providing ways to enhance efficiencies within existing company structures.

At the outset, Harrer spends more time on the control environment and entity-level controls than most would. She emphasizes that a strong control



environment and strong entity-level controls can reduce the overall costs of an internal control program because they permeate throughout all of the financial reporting processes. She then discusses ways to streamline documentation by assessing the true key internal controls that need to be documented and assessed. She presents cost-effective ways to test and assess controls. In case a deficiency is identified, she details a plan to help determine whether it truly needs to be remediated and, if so, how to establish cost-effective means of remediation. Throughout this, Harrer provides multiple practice tips to help implementers focus on what is truly important for each of the different segments of the assessment.

Harrer also includes multiple scenar-

ios and specific advice on how to address items in a cost-effective manner—from strengthening the control environment to implementing a monitoring program. Understanding that SOX 404 is an ongoing effort, Harrer spends an entire chapter on project management, emphasizing the importance of hiring qualified staff, organizing the SOX team in an effective manner, and continuing to educate the entire business staff on the importance of the SOX effort in order to strengthen overall buy-in within the business for improving the effectiveness of internal controls. She ends the book by covering some common areas of concern and tips to address them. There are also several appendices with additional resource information to include entity-level control matrices and checklists.

One of the biggest benefits of Harrer's book is that it is written by someone who has gone through the process herself and has had to contend with the same implementation issues and lack of guidance that others are confronting. Overall, Harrer's book is a valued resource that provides insight and concrete guidance for those of us that struggle daily with ensuring that effective controls over financial reporting are maintained not only for our stakeholders but to support internal management's decision making.—Michael A. Bollinger, CMA, CFM, CPA, CIA, CGFM, CDFM, michaelbollinger@hotmail.com

SFbulletin



Congratulations, New CMAs

The following IMA members became a CMA between July 1, 2010, and September 30, 2010 (continued).

Yijun Chen, CMA	Mohamed R. Farook, CMA	Gabriel Vijay Paul Hegde, CMA	Theodros Kidane Weldegeorgis, CMA
Kwok Yip Cheung, CMA	Michael B. Farrell, CMA	Marcel J. H. Hermsen, CMA	Evgeny E. Kirdey, CMA
Tien Chia Chiang, CMA	Walid Wagdy Fayed, CMA	Michael Lee High, CMA	Justin M. Kivell, CMA, CPA
Olga Chinina, CMA	Joseph Fernandes, CMA	Flossie M. Holmes, CMA	Jason Klomp, CMA
Jillianetiffany L. Chua, CMA, CPA	Lester Fernandes, CMA	Wei Hong, CMA	Kathryn I. Kohlbacher, CMA
Brian J. Claerbaut, CMA	Eelco R. W. Fiolo, CMA, CFA	Zhihui Hou, CMA	Sree Lakshmi R. Kommana, CMA
Cristina B. Colon, CMA	Annette S. Florczak, CMA	Stephen A. Howard, CMA	Mei Kong, CMA
Matthew T. Cook, CMA	Erika T. Fluke, CMA	Xiao Feng Hu, CMA	Robert J. Konkel, CMA
Edwin L. Cooper, CMA	Angela M. Forman, CMA	Yingna Huang, CMA	Cynthia D. Kopesky, CMA
Tommie M. Crews, CMA, CPA	Robert E. Fouad Nashed, CMA	Jacob W. Hunerdosse, CMA	Donald Kovach, CMA
John C. Cruze, CMA	Kevin T. Franklin, CMA	Syed Mohamed Hussaini, CMA	Olga Kovnatska, CMA
Hiba H. Daaboul, CMA	Marwan R. Frem, CMA	Ashraf Esmail Hussien Mohamed, CMA	David J. Kraus, CMA
Joseph J. Daggett, CMA	Ping Fu, CMA	Sherif Essmat Hussin, CMA	Chair C. Kuan, CMA
Kevin L. Dailey, CMA	Sue Gagnon, CMA	Mohamed Samy Hussin Mohamed, CMA	Todd M. Kubiak, CMA
Craig A. Damon, CMA	Li Xia Gao, CMA, CPA	Hassan Ibrahim Hassan Ali, CMA	A. Hessel Kuik, CMA
David P. Dawson, CMA	James Geier, CMA	Amro Abdo Ibrahim Wanis, CMA	Norman A. Kur, CMA, CFE
Bjorn E. De Mander, CMA	Brandon D. Gervais, CMA	Fernando Iglesias Gomez, CMA	Sibel Kurekli, CMA
Keith Denny, CMA	Maroun F. Ghosn, CMA	Aneel Iqbal, CMA	Zacharia Kuriakose, CMA
Jeanette Denunzio, CMA	Kristin S. Glawe, CMA	Sheraz Iqbal, CMA	Erin K. Kusmiesz, CMA
Olga Derugina, CMA	Harold T. Glenn, CMA	S. B. Iyer, CMA	Christopher Kvinta, CMA
Abdel Qader M. Diab, CMA	Roxanne D. Gondek, CMA	Parshwa Jain, CMA, CPA	Lap Keung Lam, CMA
Sanjay A. Dighe, CMA	James J. Goodman, CMA	Asif Javed, CMA	Edmond R. Landefeld, CMA
Julianne M. Dimambro, CMA	Nadezhda Gornostaleva, CMA	Ramachandran P. Jayachandran, CMA	John Lawrence Lavretta IV, CMA
Cheng Ding, CMA	Natalia Goryacheva, CMA	Iryna A. Jemison, CMA	Lisa M. Levy, CMA
Craig W. Domeck, CMA	Daniel E. Greuter, CMA	Kelly L. Johnson, CMA	Laura Lewis, CMA
Donna E. Drasher, CMA	Joseph W. Griffiths, CMA	Augustine Jose, CMA	Yan Liang, CMA
Jing Du, CMA	Lin Chen Gu, CMA	Lesley Joseph, CMA	James W. Lipsmire, Jr., CMA
Heather D. Dudley, CMA	Ramesh Chandra Gupta, CMA	Lisa M. Jouppi, CMA	Feng Liu, CMA, CPA
Mason Duede, CMA	Richard Paul Gustafson, CMA	Mohamed Meerasahib K.M., CMA	Hui Bing Liu, CMA
Alexander J. H. Duijn, CMA	Evan J. Hacker, CMA, CFM	Ahmed Abdelaziz Kandil Abdelrahman, CMA	Jing Liu, CMA
Kimberly M. Dunscombe, CMA	Mohamed A. Hamid, CMA	Oytun Tansel Kasaboglu, CMA	Lei Liu, CMA
Jan Dirk Dusseljee, CMA	Ghassan M. Hammash, Sr., CMA	Maen M. Kassar, CMA	Quan Shuai Liu, CMA
Xiaoyun E, CMA	Sameh Hasan Hamza, CMA	Rania Izzat Kawwa, CMA	Xianting Liu, CMA, CPA
Casey C. Ehlers, CMA	Zuo Jun Han, CMA	Puneet Kedia, CMA, CPA	Xiao Liu, CMA
Hassan M. El Kojok, CMA	Todd Hanssen, CMA	Curtis G. Keith, CMA	John H. Loeken, CMA
Tarek El S.M. El Meaddawy, CMA	Suryanarayanan Hariharan, CMA	Robert J. Kenneally III, CMA	Lianne B. Loeks, CMA
Denise E. El Nawwar, CMA	Jeffrey M. Harrison, CMA	Ezuddin A. Khairy, Sr., CMA	Ping Lu, CMA
Said Y. Elgamal, CMA	Danish S. Hashmat, CMA	Hossam El Din M. Khalil, CMA	Yulia Lukmanova, CMA
Kemal O. Emekci, CMA	Mohamed Hany N. Hassan, CMA	Mohammed Gamal E. Khalil, CMA	Yan Hua Luo, CMA
Gunes A. Evgin, CMA	Lili He, CMA	Assad A. Khan, CMA	Evgeny A. Lushev, CMA
Mohammad Fares K. Fadda, CMA	Paul Heck, CMA		Zhi Lv, CMA
Arif Faqih, CMA	Richard E. Heffelfinger, CMA, CPA		Pavel Lyzhin, CMA
Mohamed F. Farahat, CMA			Dawei Ma, CMA

Li Ma, CMA
 Michelle E. Ma, CMA
 Alexander J. Makielski, CMA
 Marius Malherbe, CMA
 Boris V. Malynovsky, CMA
 Sowrya Manikonda, CMA, CWA
 Tomy Manual, CMA
 Hui Shan Mao, CMA
 Kaleen B. Martin, CMA
 Kimberly A. Martin, CMA
 Lance P. Mason, CMA
 Rebecca L. Massman, CMA, CPA
 Jason G. Mathews, CMA
 David G. Matthews, CMA
 Anastasios Mavridis, CMA
 Angelina McArthur, CMA
 Derek McCallum, CMA
 Michael L. McClanahan, CMA
 Kenyal L. McGee, CMA, CPA
 Sandra M. McKenzie, CMA
 Ryan R. McMorris, CMA, CPA
 Dmitry V. Medvedko, CMA
 Bhushan Harshad Mehta, CMA, CWA
 Juan Mei, CMA
 Kallayil R. Menon, CMA
 Michael A. Miller, CMA
 Stephanie P. Miller, CMA
 Travis W. Miller, CMA
 Elizabeth W. Mizelle, CMA
 Yogesh M. Modi, CMA, CWA
 Alain Moebius, CMA
 Ahmed Abdalla Mohamed Abdalla, CMA
 Amrou Ali A. Mohamed Elkeblawi, CMA
 Karim Ahmed Mohamed Elsheshie, CMA
 Sayed Husain Mohsen Husain Salman, CMA
 Elise D. Mosher, CMA, CPA
 Houssam Mouazen, CMA
 Ziad Moukarzel, CMA
 Moursy Mansour Moursy About Abass, CMA
 Stephen J. Murphy, CMA
 Sami A. Mustafa, CMA
 Yomna Mohamed Nabil Ibrahim Hemida, CMA
 Sargunan Narayanan, CMA
 Eduardo Nasrallah, Sr., CMA
 Ryan C. Niles, CMA
 Claire Novins, CMA
 Sjoerd Hongyang Oei, CMA
 Ivy Jean Olsen, CMA
 Lory L. Olson, CMA
 Jacob P. Onufrychuk, CMA
 Sally A. Ortman, CMA
 Qian Ou, CMA
 William J. Owens, CMA
 Sukru A. Ozdemir, CMA
 Halit Emre Ozkar, CMA
 Fernando A. Palamone, CMA
 Kiran Muralidhar Patil, CMA, CWA
 Mohamed Rafeeq Peerali, CMA
 Andrew D. Peppler, CMA
 James B. Pesklevits, CMA
 Jonathan P. Pierce, CMA
 Maureen T. Pordugal, CMA
 Darshana H. Prajapati, CMA
 Bikash Bhagwan Prasad, CMA, CWA
 Krishna Prasad, CMA
 Robb J. Prestholdt, CMA, CPA
 Arno E. Proctor, CMA
 Yusheng Qu, CMA
 Jan R. J. Raes, CMA
 Hemalatha Raghuraman, CMA
 Adnan A. Rahim, CMA, CPA
 Twinkle Raveendranath, CMA
 Jeevan Wilson Rego, CMA
 Sarah R. ReiterHansen, CMA
 Leanne J. Renaud, CMA
 Anna Revva, CMA
 Lindsay B. Rigney, CMA
 Erwin Robbe, CMA
 Esam A. Sabha, CMA
 Mustafa Y. Sabsabi, CMA
 Niles J. Saholia, CMA
 Abdel Latif E. Salih, CMA
 Hanaa M. Sallam, CMA
 Rogelio J. Sanchez, CMA
 Mark Sandstrom, CMA
 Evan Sandullo, CMA
 Mahmoud M. Sayed, CMA
 Richard D. Schaberg, CMA
 Steven Schell, CMA
 Susann Schnippa, CMA
 Kenneth J. Schulze, CMA
 Scott Schwausch, CMA, CPA
 Angel V. Secerio, Jr., CMA, CPA
 Michelle M. Selby, CMA
 Rajesh Seshadri, CMA
 Hesham Shaddad, CMA
 Natasha Shadid, CMA
 Mohammed H. Shah, CMA, CWA
 Mohammad Shaltaf, CMA
 Muruli Shamanna, CMA
 Qian Shao, CMA, CIA
 Ying Shen, CMA
 Yiwen Sheng, CMA, CPA
 Dan Shi, CMA
 Shoujian Shi, CMA
 Xiaoyi Shi, CMA, CPA
 Hyun Seung Shin, CMA
 Hyun Woo Shin, CMA
 Gregory D. Shippee, CMA
 Marina V. Shmykova, CMA
 Devendra Singh, CMA
 Dhiraj Kumar Sinha, CMA, CWA
 Balasubrahmanyam Sivalenka, CMA
 Amanda L. Smith, CMA
 Jesse R. Smith, CMA
 Joshua D. Smith, CMA
 Islam Mokhtar Soliman, CMA
 Nguyen Long Son, CMA
 Guangyu Song, CMA
 Deepa Srinivasan, CMA, CFM
 Jon A. Stafford, Jr., CMA
 Eric R. Stetler, CMA
 Gary K. Stover, Jr., CMA
 Andrew E. Stranz, CMA
 Vedavyas Subramanian, CMA
 Vishal Kumar Suvarna, CMA
 Venkatesan Swaminathan, CMA
 Michael A. Symasek, CMA, CPA
 Ritu Tahiliani, CMA
 Diannemargareth T. Tang, CMA, CPA
 Hao Tang, CMA
 Bradley J. Thacker, CMA
 Wes Thacker, CMA
 Rajagopal Thekkanmar Veetil, CMA
 Jeffrey C. Thomson, CMA
 Elena M. Torkhova, CMA
 Maureen Tort, CMA
 Robyn M. Trainer, CMA
 Michael R. Trehearne, CMA
 Li Uei Tsai, CMA, CPA
 Man Yee Annie Tsang, CMA, CFA
 Thijs H. G. Van De Weijer, CMA
 Daan J. Van Der Mee, CMA
 Marco Van Der Plas, CMA
 Antoine Van Dongen, CMA
 Rogier M. Van Mazijk, CMA
 Dorette Vermeulen, CMA, CPA
 Scott C. Vess, CMA
 Floris P. Vogel, CMA
 Andriy Voytenko, CMA
 Kelly A. Waller, CMA
 Tiffany Ann Walter, CMA, CPA
 Fen Wang, CMA
 Jing An Wang, CMA
 Tao Wang, CMA
 Ying Wang, CMA
 Yinghua Wang, CMA
 Wayne W. Welter, CMA
 Hsuing Hua Wen, CMA
 Wei Li Weng, CMA
 Bryan L. Wilkinson, CMA
 Ashlie R. Williams, CMA
 Maarten W.P. Wolfs, CMA
 Alexander Y. Wong, CMA
 Janis Wong, CMA, CPA
 Jeffrey S. Wood, CMA, CPA
 Chuan Hua Wu, CMA
 Qiong Wu, CMA
 Yuhua Xiang, CMA
 Wenxiang Xie, CMA
 Wei Xu, CMA
 Xuechun Xu, CMA
 Yaping Xu, CMA
 Chen Yang, CMA
 Ying Yang, CMA
 Sheriffdeen M. Yasir, CMA
 Phyllis C. Yates, CMA
 Burcu Yazici Bulbul, CMA
 Travis H. Young, CMA, CPA
 Yantao Yu, CMA
 Zhaohong Yu, CMA
 Hong Zhang, CMA
 Hua Zhang, CMA
 Rui Jie Zhang, CMA
 Xian Zhang, CMA
 Xiaoxia Zheng, CMA
 Xiu Ying Zheng Pratt, CMA
 Wanqi Zhong, CMA
 Joumana A. Zoghbi, CMA