

Message from the Chair
By Joseph A. Vincent, CMA



Advancing the Profession Through Advocacy

IMA® has been involved with the work of standards-setting bodies and regulatory agencies for years and has earned their respect in countless ways.

Last month I had the opportunity to attend a public meeting at the headquarters of the Financial Accounting Standards Board (FASB), in Norwalk, Conn., where I witnessed firsthand the work of one of IMA's standing advisory committees, the Financial Reporting Committee (FRC). Through this committee, as well as the Small Business Financial and Regulatory Affairs Committee (SBFRC), IMA is able to accomplish its mission of promoting advocacy of the best business practices in management accounting and finance. Both committees deliver an invaluable service to IMA, the accounting profession, and society. The importance of their work can't be overstated.

Although both committees work on advocacy, each has a specific focus. The FRC is IMA's financial reporting technical committee, and it includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics, and analysts.

The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals, and other documents issued by domestic and international agencies and organizations. In its work, the FRC represents IMA members to the FASB and to other standards-setting bodies, including the International Accounting Standards Board (IASB) and the U.S. Securities & Exchange Commission (SEC). Key issues of concern for the committee have included the Boards' effort to develop a global set of accounting standards that refer to U.S. Generally Accepted Accounting Principles (U.S. GAAP) and International Financial Reporting Standards (IFRS), particularly the most recently released converged standard for revenue recognition. This was "Revenue from Contracts with Customers," which is the FASB's Accounting Standards Update (ASU) 2014-09 and the IASB's IFRS 15. The committee also is awaiting the release of all final guidance proposed by the FASB and the IASB for other concepts, such as financial instruments, leases, and insurance, which are expected by 2015.

In contrast, the SBFRC represents the specific financial report-

ing perspective of small and medium-sized businesses. On behalf of IMA's members, the SBFRC engages with and suggests solutions to standards setters and regulatory agencies such as the FASB, SEC, IASB, Small Business Administration (SBA), American Bankers Association (ABA), Internal Revenue Service (IRS), and others. Most recently, the SBFRC has taken a leadership role in addressing issues monitored by the FASB's Private Company Council that affect the majority of IMA members.

At the FASB meeting I attended in September, FRC members had the opportunity to meet with Board members and staff to discuss the committee's perspective on the FASB's new disclosure framework, which is intended to help reduce what many believe is "disclosure overload" under U.S. GAAP and improve the effectiveness of disclosures in the notes of financial statements. It was the opinion of the FRC that the proposed framework being discussed by the Board to assess disclosure requirements for U.S. GAAP lacks the necessary screening process to facilitate the Board's decisions and that it needs a more restrictive

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filtering process to determine if a disclosure is warranted for a particular subject matter. The meeting also proved to be a great opportunity for the FRC to clarify its position on various other proposals the Board is considering.

The voice of these committees is a vital one to the FASB since before issuing any new standards, the Board takes into account the input from the public or other advisory groups. The Board issues an Exposure Draft to solicit broad stakeholder input, holds public meetings or roundtables where appropriate, analyzes comment letters, and solicits and reviews other stakeholder input before issuing a standard. IMA has a “voice at the table” when these standards are being considered.

Linda Devonish-Mills, IMA director of technical accounting activities, is the IMA staff liaison to several committees, including the FRC and the SBFRC. You can find updates on the work of these committees and copies of their comment letters at www.imanet.org/about_ima/advocacy_activity.aspx. Also visit Linda’s Advocacy Corner Blog on that page.

These two committees are just one way in which IMA contributes to society as a whole. Theirs is a respected voice at the table, not only at the FASB, but with government and standards-setting bodies around the globe. We should all be proud of the comprehensive efforts put forth by these two committees on behalf of IMA.

I welcome your comments at jvincent@imanet.org. **SF**