

Expanding IMA's Advocacy Outreach

As IMA's technical committees continue their efforts to advocate for the profession, they also are working to interact more closely with and educate IMA's members.

Greetings from the world of Professional Advocacy! IMA's technical committees continue to monitor various issues that impact the management accounting profession, including the development of global accounting standards and accounting issues that impact private companies and technology trends.

FRC Update

IMA's Financial Reporting Committee (FRC) has been closely monitoring the joint projects of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) that are aimed at developing a global set of accounting standards.

A converged standard for revenue recognition was released on May 18, 2014, and IMA® is making a strong commitment to educate members about it. The standard is effective globally for most industries, which means it will impact most management accounting professionals. It's also applicable to all contracts with customers. A customer is defined as a party that has entered into a contract with an

entity for the purpose of acquiring goods or services that are the output of the entity's ordinary activities in exchange for consideration. A collaborator or a business partner isn't considered a customer.

An Advocacy column providing an overview of the standard appeared in the September issue of *Strategic Finance*. In addition, IMA conducted a webinar about the standard on September 30 that was well received by attendees. The webinar was archived online and is available to view on LinkUp IMA. IMA will also host live events about the new standard, so look for announcements about them.

Along with the revenue recognition standard, the FRC also is monitoring the FASB's and IASB's progress in issuing guidance for financial instruments, leases, and insurance. The IASB issued its guidance on financial instruments earlier this year. The FASB's guidance on financial instruments, leases, and insurance, as well as the IASB's guidance on leases and insurance, are expected to be finalized sometime during 2015.

On September 8, 2014, the FRC conducted a meeting at the FASB's headquarters in Norwalk, Conn. During this meeting, Committee

members received updates on issues that are currently on the Board's agenda. Russ Golden, FASB chair, spoke about the importance of the FASB working with other standards setters even as the joint projects with the IASB are wrapping up. He noted that U.S. Generally Accepted Accounting Principles (GAAP) are used in other countries, such as Canada, Japan, and Bermuda, so it's important for the FASB to understand the cultural environment and legal/regulatory implications in those countries when improving U.S. GAAP. Additionally, the FASB also advises the IASB on the U.S. legal and regulatory implications of its projects via the Accounting Standards Advisory Forum.

FRC members shared the Committee's perspective on the FASB's proposed disclosure framework, which is intended to help reduce "disclosure overload" and improve the effectiveness of disclosures in the notes of financial statements. The FRC believes that the FASB should develop a framework that results in a screening process for disclosures. Marc Siegel, FASB member, explained that the Board's framework is like the wide opening of a funnel and that disclosures would be narrowed at the



specific topic level. FRC members feel that hasn't been communicated clearly to constituents. The Committee will continue to monitor this project along with other projects on the FASB's agenda.

What challenges do you expect to encounter with implementation of the new revenue recognition standard?

SBFRC Update

IMA's Small Business Financial and Regulatory Affairs Committee (SBFRC) has continued monitoring the efforts of the FASB's Private Company Council (PCC). Because the majority of IMA's membership is affiliated with small and medium-sized private entities, addressing these issues is critical to the Committee's mission. Many of the Committee's efforts have been through comment letters submitted to the PCC, but the SBFRC was also represented at the PCC's first roundtable session at Ohio State University in fall 2013.

The SBFRC supports having a single U.S. GAAP that applies to recognition and measurement for all entities. At the same time, the Committee believes that disclosures for small and medium-sized entities shouldn't be the same as those for large public companies. Although the PCC decisions have resulted in different recognition and measurement for nonpublic companies, the SBFRC continues to provide it input about the PCC and FASB proposals.

Harry Drew, SBFRC chair, acknowledges the PCC's accomplishments in addressing issues that impact private companies in the short time since the Council's inception, but he's concerned that

the Council has issued several exposure drafts simultaneously and set a fairly short comment period for feedback from constituents. During the PCC's roundtable session in 2013, Drew suggested that exposure drafts be issued with a 90-day comment period similar to exposure periods for drafts issued by other standards-setting groups.

The SBFRC holds monthly teleconferences where it invites representatives from standards setters, regulators, and other organizations, such as the Small Business

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Administration (SBA), American Institute of Certified Public Accountants (AICPA), the FASB, and the IASB to call in and provide updates on issues currently on their agenda. The SBFRC is exploring ways to expand their relationship with the SBA, including inviting local SBA representatives to IMA's Annual Conference & Exposition.

The SBFRC is working to expand its influence among IMA members. Members of the Committee write the quarterly Small Business column for *Strategic Finance*, and there are plans for Committee members to participate in webinars and concurrent sessions at IMA's Annual Conference & Exposition. Drew moderated the webinar that took place

on September 30 on the new revenue recognition standard, and the SBFRC has collaborated with the FRC to provide valuable input to the FASB, IASB, and Public Company Accounting Oversight Board (PCAOB).

What issues that impact small and medium-sized entities should the SBFRC monitor and address?

TS&P Committee Update

In 2014, IMA's Technology Solutions and Practices (TS&P) Committee began working under its new charter. The objective of the Committee (formerly the XBRL Committee) is to use education, research, and awareness-building efforts to promote existing and emerging technology solutions and practices in a vendor-independent manner so that accountants and financial professionals in business and their organizations can be more effective and efficient. Areas of focus include financial planning and analysis, risk management and internal controls, business reporting and analysis, and business process improvement.

One of the four central themes guiding the TS&P Committee's development of relevant tools and resources for IMA members is "connecting complex data sets to meaningful reporting." Some of the influences under this theme include the greater demand for nonfinancial information, increased use of data to drive decisions, and the need to communicate future value.

The Committee has strong plans for deliverables during the current fiscal year. TS&P Committee members are the primary authors of the

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monthly TECH Practices column in *Strategic Finance*, and there are plans to launch a technology webinar series in 2015 that will feature such topics as integrated reporting, Big Data, cloud SaaS models, and business/predictive analytics. The webinar series will focus on the benefits small and medium-sized entities gain when implementing applications and financial-reporting platforms.

There also are plans to connect with IMA members regularly through social media platforms such as LinkUp IMA, blogs, and Twitter chats. Brad Monterio, vice chair of the TS&P Committee, recently participated in IMA's first-ever Twitter chat. Monterio discussed the importance of technology in accounting and how it can be implemented safely and securely within organizations. There are plans for future Twitter chats to discuss other technology trends and topics that impact our profession.

What technology trends should be addressed by IMA's Technology Solutions and Practices Committee?

IMA Comment Letters and Positions

All the comment letters submitted by the IMA committees are available to download at www.imanet.org/about_ima/advocacy_activity. Please contact me at LMills@imanet.org to share your thoughts about the questions raised in this article. **SF**