

ings. Therefore, a stronger emphasis must be placed on the internal controls environment ensuring integrity and continuity of online business. This report will help auditors identify mission-critical applications and technical areas and provide the guidance needed for establishing the level of control required for each unique business environment.

*The Outsourcing Dilemma*, by Larry E. Rittenberg and Mark A. Covaleski, was commissioned in light of the current debate regarding the outsourcing of the internal auditing function. The monograph takes an objective look at the issues surrounding the outsourcing of the internal auditing function; identifies the "real problems" and "successes"; recommends issues that should be addressed by existing internal auditing departments and those providing outsourcing services; and offers observations and recommendations about the future of outsourcing.

These two books are available to IMA members through the IMA Information Center. ■

## MANAGEMENT ACCOUNTING PRACTICES

Terri Funk, CMA, CFM, Editor

## MANAGEMENT ACCOUNTING COMMITTEE PROJECTS

Current SMA projects under development by IMA's Management Accounting Committee (MAC) include the definition and objectives of management accounting, "Accounting Classification of Workpoint Costs," and a review of the Society of Management Accountants of Canada's (SMAC) draft regarding "Managing Financial Risk Reduction Strategies." The definition project is a reconsideration of the content of SMAs 1A, "Definition of Management Accounting," and 1B, "Objectives of Management Accounting," addressing the changing roles of management accountants and financial managers. This project also will consider a possible definition of financial management.

The workpoint cost project is a reconsideration of SMA 4-O, "The Accounting Classification of Real Estate Occupancy Costs." The intent of this

project is to recognize the changes in the workplace environment (e.g., information technology, virtual offices, telecommuting, etc.) that call into question the traditional approaches to identifying and evaluating occupancy costs.

In the fall, IMA will make some selected SMAs available on the IMA Internet home page.

## FINANCIAL REPORTING ISSUES

IMA's Financial Reporting Committee (FRC) will make its annual visit to Washington, D.C., September 3-4, to meet with representatives of the Securities & Exchange Commission (SEC). Michael Sutton, the chief accountant of the SEC, is expected to report to the FRC on current developments and issues. Also, Dave Mosso, chairman of the Federal Accounting Standards Advisory Board (FASAB), will meet with the FRC.

The FRC will be considering the following "action items" either prior to or at the September meeting.

- FASB Exposure Draft, "Using Cash Flow Information in Accounting Measurements." This statement is intended to provide general principles governing the use of present value, especially when the amount and timing of future cash flows are uncertain. Limited to measurement issues only, a measurement based on the present value of estimated future cash flows appears to be more relevant information than one based on the undiscounted amount.
- FASB Exposure Draft, "Employers' Disclosures about Pensions and Other Postretirement Benefits (OPEB)." Some months ago, the Financial Accounting Standards Advisory Council (FASAC) engaged in an extensive discussion about the Board's next steps on the Disclosure Effectiveness project. William J. Ihlanfeldt, IMA's past chair and president, suggested that rather than getting bogged down on what could become a long, drawn out, and difficult project to develop a conceptual framework for disclosures, the Board should instead see what could be done to improve two of the more complex disclosures, pensions and OPEB. Such an approach offers the advantages of significantly improving the understandability and effectiveness of these disclosures, lets the Board be seen as responsive to concerns about excessive disclosure, and can provide insight into the next steps in the Disclosure Effectiveness project. The exposure draft is the result of the Board acting on this recommendation.
- "Business Combinations." FRC also will begin a preliminary review of the issues related to the FASB's upcoming project on this topic.
- International Accounting Standards Committee's (IASC) Discussion Paper, "Financial Assets and Financial Liabilities," and its Exposure Drafts, "Impairment of Assets (E55)" and "Leases (E56)." Copies of the IASC Exposure Drafts may be obtained from IASC, 167 Fleet Street, London EC4A 2ES, United Kingdom; fax (011) 44-171-353-0562.
- Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft, "Governmentwide Supplementary Stewardship Reporting Standards," which would be effective for fiscal periods beginning after September 30, 1998. This statement would amend Statement of Recommended Accounting Standards Number 8 (SRAS No. 8), "Supplementary Stewardship Reporting" (approved June 1996), for reporting at the governmentwide level on the federal government's stewardship over certain resources that do not meet the

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