

NEWS FOR IMMEDIATE RELEASE

IMA Announces Bold Steps to “Get it Right” on Sarbanes-Oxley Compliance

Montvale, N.J., December 21, 2005 – The Institute of Management Accountants (IMA®) announced bold initiatives to address the massive economic costs and problems associated with the current Sarbanes-Oxley (SOX) regulatory regime. The IMA generally agrees with the spirit of the SOX legislation but strongly questions its implementation. The IMA captured the first call to action and steps it plans to take in a Webinar it hosted and led on December 15th, entitled “Taking Action: Hot Innovations to Address Burning SOX Compliance Issues.” Individuals can find the rebroadcast details at www.imanet.org/ima/ghost/webinarsox.htm.

“To date, we believe that only incremental, patchwork solutions have been put forth to address the massive negative impacts resulting from the current SOX regulatory regime,” says Paul Sharman, IMA President & CEO. “The problem manifests itself in such things as: aggregate corporate costs now in excess of \$35 billion and growing each day; diversion of senior executive focus from value adding strategic initiatives that could strengthen the U.S. economy, smaller and even larger businesses de-listing or threatening to de-list; and, foreign investors viewing the U.S. as having the most burdensome regulatory regime in the world. The price for ineffective Sarbanes Oxley implementation, in the rapidly developing global economy, is nothing less than a massive erosion of U.S. competitiveness.

“Today, the IMA announces bold steps to address the fundamental root causes underlying the negative consequences associated with Section 404 certification,” Sharman continues. “Based on member feedback, IMA-sponsored research and synthesis of other market data it is clear to us that existing implementation guidance and control frameworks utilized by management, including all internal work groups in the best position to effect change, lack focus on risks and are too external audit and control centric. Market research findings also suggest a severe shortage of the necessary skills on the management side in the areas of cost effective risk and controls assurance.”

The IMA actions include:

- ❖ Requesting a meeting in early January with Christopher Cox, the new Chairman of the Securities and Exchange Commission (SEC) to discuss what the IMA can offer to correct current problems in the SOX regulatory regime that are negatively impacting the U.S. economy.
- ❖ The signing of a formal partnership with Paisley Consulting, Inc. and SmartPros® Ltd. to launch an e-learning bundle of courses focused on increasing awareness and core skills for SOX, compliance issues, and enterprise risk management. This annual subscription is the first of its kind designed specifically for education both within an organization’s finance function *and* across the operational functions that deal practically with SOX implementation. The initial course suite includes six self-study courses, with two updates planned per quarter. The new IMA portal, called **SOX ERM OnLine**, was launched on December 1 for IMA members and will be available to non-members on January 1. Additional information is available at the IMA Web site at www.imanet.org.
- ❖ Announcing plans to expose for comment a “management centric” risk and control assessment framework called “CARD-ME” (Collaborative Assurance and Risk Design – Management Edition) that will focus on providing management with practical and cost effective guidance and approaches to meet what Congress called for in the SOX legislation. Input will be sought during a formal exposure process from all IMA members, as well as the Financial Executives International, the Institute of Internal Auditors, the American Institute of Certified Public Accountants, the American Accounting Association, and other interested professional associations around the world.

- ❖ The naming of Dr. Parveen Gupta, Frank L. Magee Distinguished Professor of Accounting at the College of Business and Economics at Lehigh University, as its senior SOX advisor in advancing the IMA's SOX-related initiatives. Dr. Gupta is an award-winning educator, consultant to global corporations, and an acknowledged expert in enterprise risk management, assessment frameworks and governance issues. He will support the IMA and its partners in the CARD-ME exposure draft process including forming a special blue ribbon advisory panel to ensure that the framework meets SEC guidelines for an acceptable control model. Dr. Gupta will also be assisting the IMA in developing a competency framework and related curriculum that will form the basis for two new specialized certificates in the area of risk management, further addressing the internal skills gap issue.

“Hundreds of SOX practitioners are telling us that the approach required by existing guidance has resulted in over-emphasis on documenting and testing controls with little ability to diagnose and remedy the really significant control deficiencies,” says Tim Leech, Chief Methodology Officer for Paisley Consulting. “We believe that the CARD-ME framework will provide a cost effective and more pragmatic approach to risk and control assessment that adds real value to organizations of all types. The IMA's desire to work collaboratively with other professional organizations to provide practical guidance to management is a much needed step in the right direction.” Leech is a practitioner and acknowledged thought leader in the areas of SOX, forensic accounting, enterprise risk management, and controls assessment and assurance.

“It is not too late to get it right on Sarbanes-Oxley compliance, but the meter is running and shareholders are looking for decisive action,” Sharman concluded. “The world is watching.”

About the IMA

With a worldwide network of almost 70,000 professionals, IMA is the world's leading organization dedicated to empowering managerial finance and accounting professionals to participate in their organizations to create economic value. Through certification, continuing education, thought leadership, networking, and advocacy of the highest ethical and professional standards, IMA equips financial management and management accounting professionals to create and build quality financial practices into their organizations. For more information about IMA, visit www.imanet.org.

About Paisley Consulting, Inc.

Founded in 1995, Paisley Consulting is the recognized leader in providing more than 1,200 organizations—including 35 percent of the Fortune 100—with comprehensive and tightly integrated solutions to better identify and reconcile the risks impacting organizations thereby ensuring that evaluations of operational risk are completed quickly, consistently and accurately. Leveraging industry best practices, a common technology platform and a unified database to facilitate standardized, automated and collaborative processes across the enterprise, Paisley Consulting customers are empowered to improve the accuracy, consistency and efficiency associated with Sarbanes-Oxley compliance, internal audit, general compliance and operational risk management initiatives. For more information about Paisley Consulting, visit www.paisleyconsulting.com.

About SmartPros Ltd.

Since 1981 SmartPros Ltd. has proven itself an industry leader and innovator in the field of accredited professional education. Its products and services are primarily focused in the accredited professional areas of corporate accounting, financial management, public accounting, governmental and not-for-profit accounting, ethics and compliance solutions and engineering. SmartPros' customers include 50% of the Fortune 500, as well as the major firms and associations in each of its professional markets. SmartPros provides education and content publishing and development services in a variety of media including Web, CD-ROM, and video. For more information about SmartPros, visit www.smartpros.com.