



Via email to: GASBScope@f-a-f.org

April 30, 2013

GASB Agenda Process
Financial Accounting Foundation
401 Merritt 7, PO Box 5116
Norwalk, Connecticut, 06856-5116

RE: GASB's Scope of Authority Proposed Changes
To Agenda-Setting Process
Comment Deadline: April 30, 2013

Sir or Madam:

The Governmental Accounting and Auditing Committee (GAA Committee) of the California Society of Certified Public Accountants (CalCPA) is pleased to provide our comments to the Financial Accounting Foundation (FAF).

The GAA Committee is a senior technical committee of CalCPA. CalCPA has approximately 40,000 members. The Committee is comprised of 40 members from international to local public accounting firms and state and local government.

We are pleased that the FAF respects the Governmental Accounting Standards Board (GASB's) independence and due process. It is through this diligent and transparent process that all stakeholders who wish to comment on a proposed standard have the ability to do so. Furthermore, after standards are issued, we highly regard the timely, technical services provided by the GASB and the GASB staff.

We do agree with the FAF's observation that "there is a lack of shared understanding about which aspects of accountability are suited for assessment through financial reporting." Indeed, there has been a divergence of views on the GASB's scope of authority, including in our organization and others. Perhaps no where is this more evident than in the recent projects on Service Efforts and Accomplishments and Economic Condition Reporting: Financial Projections. There may be other projects that also have questionable value to some stakeholders.

Every standard setting body needs to have a clearly defined scope with respect to the issues under its purview. An overly-broad scope reduces the effectiveness of the standard setting body in achieving its most important objectives. These objectives are not fully realized if a body's attention and resources are dissipated to areas outside of a clearly defined scope.

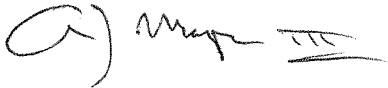
We believe that GASB's scope should be limited to those activities that are related to the form, content and support of historical general purpose external financial statements. Group 1 (Categories 1-3 on page 4) clearly fall within this scope. The additional input from the Oversight Committee for Group 2 (Categories 4-7 on page 4) projects is warranted because, by definition,

Group 2 projects don't *clearly* address the financial reporting objectives that are the focus of this standard-setting body. Due to the ambiguity inherent in considering the appropriateness of Group 2 issues, such input is warranted and valuable to assist in the determination of whether or not those issues should result in the use of GASB resources and the issuance of a GASB pronouncement. Had this process existed in the past, an example of a Group 2 project that would have been expected to have been approved by the Oversight Committee is the inclusion of nonfinancial information required for governments that use the modified approach to infrastructure capital asset reporting in accordance with GASB Statement No. 34, paragraphs 23 to 25 and with respect to required supplementary information required by paragraph 133 and 134 of GASB Statement No. 34.

The condition of a government's infrastructure is important to know if the government has elected the modified approach to infrastructure reporting. It is reasonable to consider that the inclusion of the additional input inherent in the proposed protocol for Group 2 projects likely would have supported this nonfinancial reporting, had the protocol proposed by this Request for Comment been in play at that time.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our comments with you further should you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "AJ Major". The signature is stylized and includes a flourish at the end.

AJ Major, Chair
Governmental Accounting and Auditing Committee
California Society of Certified Public Accountants