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April 30, 2013

Trustees
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856

**RE: Financial Accounting Foundation Request for Comment on GASB's Scope of
Authority: Proposed Changes to Agenda-Setting Process**

Dear Trustees:

We do not agree with the Financial Accounting Foundation's proposed changes to the agenda-setting process for the Governmental Accounting Standards Board that would allow the FAF Trustees to determine, in certain instances, whether a GASB proposed project is within the scope of GASB's authority. We believe that the proposal, if implemented, could be an impediment to the GASB's role as an independent standard setter. Although we agree that continuing efforts are needed to better define the scope of both the GASB's and the FASB's activities in establishing standards on financial reporting and that the FAF Trustees should retain responsibility for oversight of both Boards' activities, we believe that decisions about the Boards' agendas and the scope of financial reporting standards should be made by the Boards, not the FAF Trustees. Appropriate oversight by the FAF Trustees should not extend to direct involvement in the agenda-setting process or control over agenda decisions.

Although the Trustees' proposal is focused on the GASB agenda-setting process, similar questions about the scope of standard-setting activities could arise, for example, in the FASB's disclosure framework project, the FASB's project to consider other financial communications by not-for-profit entities, and future consideration of the impact of integrated reporting on financial accounting standards. We believe that the FAF proposal would represent an inappropriate precedent of Trustee involvement in the standard-setting process that goes beyond the FAF's oversight responsibilities.

Trustees
Financial Accounting Foundation
April 30, 2013
Page 2

The scope of financial reporting should continue to evolve to meet the needs of financial statement users and ensure that reported information is relevant to users of the information. We believe that the GASB and the FASB are in a better position than the FAF Trustees to make independent decisions about the scope of financial reporting in their respective areas through their established due process procedures. The FAF proposal may potentially hinder enhancements to financial reporting that would otherwise benefit financial statement users.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419.

Sincerely,

KPMG LLP

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