



April 29, 2013

Board of Trustees
Financial Accounting Foundation
Norwalk, CT

Dear Trustees:

Thank you for providing the opportunity to comment on *GASB's Scope of Authority: Proposed Changes to the Agenda-Setting Process*. Prior to my comments I would like to introduce myself. I am currently a member of the GASAC, a college professor specializing in government/not-for-profit accounting, a former state program director, and a current associate dean (dealing with GASB standards as a practitioner and an academic). I have known (and know) several board members and staff members of the GASB. The views expressed are mine and are not intended to represent the views of my College or University.

Although I can appreciate that it should be ensured that a standard is needed or is in the scope of a standard-setting body, I am unconvinced that the proposal put forth accomplishes its goal in an efficient manner. I am also unconvinced by the argument that the GASB alone is in need of such oversight, if it is to occur.

To the last point first. The argument is made that due to the GASB's unique environment it is in need of such oversight, unlike the FASB. History indicates that FASB on several occasions has encountered problems with implementation of standards, some specific to the myriad industries over which FASB has standard-setting authority. Many of the industries over which the FASB has standard-setting authority are heavily regulated and provide unique challenges to the standard-setters (e.g., health care, financial institutions, oil and gas). Additionally, I would argue that FASB, not just the GASB, sets standards in a number of the "gray" areas that the proposal indicates should be subject to FAF oversight. As a result, my recommendation would be that if indeed the FAF decides it needs to exert oversight over "gray" areas, that it should even-handedly exert such oversight over both the FASB and the GASB.

However, I question the overall need for the proposal. If one reads what is being proposed, it would appear to be somewhat redundant. For example, the FAF could "conduct its own stakeholder input process." Gathering stakeholder input is already a part of the GASB agenda-setting process. If the FAF believes there are stakeholder groups left out of the process, it would be more efficient to just require that the GASB ensure such stakeholders are included. If the GASB through its agenda-setting process and the use of its conceptual framework is unable to determine what is within its scope, I am unclear as to what expertise above and beyond that of the GASB and its agenda-setting process the FAF would bring to the decision. Although I am sure some might argue that the FAF would be more independent, that might be difficult to show

given that all standard-setting bodies are influenced by those affected by standard-setting decisions. I would also point out that if this is a motivation for the oversight, FASB should surely receive such oversight too.

Requiring such an oversight body will add to the time required to issue a standard. Many would argue that standard-setting already takes too long. Requiring such an oversight body on the basis of a study that the study authors acknowledge is not appropriate for making any statistical inferences is also problematic from my perspective. As a researcher, I have a concern when decisions are purportedly made based on a study that lacks statistical validity. The sample can be biased and unrepresentative of the true beliefs of the population it is attempting to represent.

As a final commentary – all standard-setting is subject to bias, given the various constituencies and agendas involved in the process. I appreciate efforts to improve the process, but I do not see that the proposal helps the process; it seems to me that it will slow the process, without any major benefit. Perhaps rather than having a separate oversight body, one or two FAF representatives should be a part of the GASB and FASB outreach (1.b.) and revision process (1.c.).

Sincerely,

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