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October 2, 2013

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

**RE: Financial Accounting Foundation – GASB’s Scope of Authority: Consultation Process
– Revised Proposal**

Dear Trustees:

In our April 30, 2013 letter on the Financial Accounting Foundation’s proposed changes to the agenda-setting process for the Governmental Accounting Standards Board, we stated that we do not agree with proposed changes that would allow the FAF Trustees to determine, in certain instances, whether a GASB proposed project is within the scope of GASB’s authority because those proposed changes could be an impediment to the GASB’s role as an independent standard setter. We also expressed our concern 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.

The FAF’s revised proposal states that the Trustees believe that the revised proposed consultation process addresses the concerns raised in the original proposal about the FAF interfering with the GASB’s standard-setting process and independence. We do not agree with the Trustees’ conclusion that the revised proposal addresses those concerns. The revised proposal states that “the Trustees have the oversight responsibility to determine the boundaries of information that lie within the context of financial accounting and reporting” and would allow the Trustees to exclude information from the GASB’s standard-setting process if the Trustees are not satisfied that the information is within the scope of the GASB’s activities. As indicated in our previous letter, we believe that decisions about the GASB’s agenda or the agenda of the Financial Accounting Standards Board and the scope of financial accounting and reporting should be made by the Boards, not the FAF.

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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,

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