

FASB Hosts 17th Fellow Reunion Forum

By Danielle Zeyher

On October 11, 2005, the FASB hosted the 17th FASB Fellow Forum at the FASB offices in Norwalk, Connecticut. The Fellow Forum is a reunion to bring together past and present participants in the FASB Fellowship Program. The 2005 Forum was a successful reunion of more than 60 fellows representing the classes of 1974–2005. Forum events included a reception on Monday evening and an all-day seminar on Tuesday addressing current issues facing the accounting industry. In addition to the fellows, many current Board members as well as current FASB and GASB staff attended the forum to reunite with former coworkers and meet and network with other fellows. Bob Herz, chairman of the FASB, indicated that “one of the most gratifying aspects of the Forum was being able to exchange views and experiences with former FASB fellows, many of whom have gone on to become leaders at their firms.”

The two-year Practice Fellowship was one of the highlights of my career. I don't think that I would have my current position, nor do I think I would have become chairman of AcSEC, without the boost from the fellowship. Needless to say, I strongly recommend the FASB Fellowship Program.

Benjamin Neuhausen

National Director of Accounting, BDO Seidman, LLP

The FASB Fellowship Programs

The FASB Fellowship Programs provide an opportunity for manager-level public accountants (FASB Practice Fellow Program), industry accounting professionals (FASB Industry Fellow Program), and members from academia (FASB Faculty Fellow Program) to actively participate in the financial accounting standard-setting process. The fellow's role is to act as a project manager focusing on implementation and emerging practice problems. Fellow candidates are nominated by their organization to commit to a two-year program at the FASB with the understanding that they will return to their organization at the end of that period. During their two-year term at the FASB, a fellow will typically manage a variety of projects, act as a consultant on others, and will answer numerous questions about

the application of accounting standards posed by preparers, auditors, and regulators. The FASB seeks to bring the experience and knowledge of public accountants, industry accounting executives, and members of the academic profession to the development of financial accounting standards. In 2003, the FASB initiated its FASB eXtensible Business Reporting Language (XBRL) Fellowship Program, which is a special opportunity for manager-level accountants or industry accounting professionals to actively participate in the ongoing improvement of the financial accounting standard-setting process by exploring the ways that the FASB can leverage the XBRL. The FASB Fellowship Program was initiated in 1974 and there are 119 current and former FASB fellows that have participated in the fellowship program since its inception.

Key Topics: FASB, IASB, PCAOB, and SEC

FASB Chairman Bob Herz welcomed former and current fellows to the Forum and provided an overview of the standard-setting landscape as seen from the FASB's perspective. Bob commented on the vast array of standards, rules, and regulations that govern current accounting, auditing, and financial reporting in the United States. U.S. Generally Accepted Accounting Principles (GAAP) has developed through an evolutionary process and now comprises over 2,000 separate pronouncements issued in various forms and formats over the past 50 years by numerous bodies including the FASB and its predecessors, the Securities and Exchange Commission (SEC), the American Institute of Certified Public Accountants (AICPA), and the Emerging Issues Task Force (EITF). The FASB has been readdressing accounting standards in major areas for which the existing complex and outdated rules fail to provide relevant and transparent financial information. The Board has undertaken a massive project to develop a comprehensive and integrated codification of all existing accounting literature organized by subject matter that would become the single source for all of GAAP. The FASB has also undertaken a major project to strengthen its existing conceptual framework in order to provide a more solid and consistent foundation for the development of principles-based standards. Consistent with the move toward international convergence of accounting standards, many of the FASB's technical projects are being conducted jointly with the International Accounting Standards Board (IASB) whose standards are used in over 90 countries around the world.

IASB Board member Jim Leisenring provided an international update and Mike Crooch, FASB Board member, addressed issues relating to international convergence. In addition to describing

the structure, the objectives, and the organization of the IASB, Jim gave an update of the standards and the exposure drafts that have been issued by the IASB. Jim discussed the Board's active agenda as well as projects that would be considered for convergence in the near term as well as projects that may be considered for convergence in the longer term. The current IASB agenda includes projects that are being undertaken jointly with other national standard setters including Australia, Canada, South Africa, Norway, Germany, and the United States. Mr. Crooch discussed international convergence from the perspective of the FASB by focusing on the current projects that the FASB is working on jointly with the IASB. He also described the following as key areas for convergence: revenue recognition, liabilities and equity, reporting financial performance, consolidation, financial instruments, pensions, and leases.

Addressing current activities at the Public Company Oversight Board (PCAOB), Board member Charles Niemeier discussed the current hot topics at the PCAOB and the role of the PCAOB, which includes understanding the pressures and limitations of the auditors and freeing them from those pressures and limitations. Mr. Niemeier, along with Phil Wedemeyer, Director of the Office of Research & Analysis at the PCAOB, discussed the organization of the PCAOB; its role to establish auditing and related attestation standards, quality control standards, ethical standards, and independence standards; and they described the current standards issued by the PCAOB. They also discussed highlights of the PCAOB inspection process of public accounting firms that began in 2003 and issues that were identified in that inspection process.

The FASB was pleased to have Julie Erhardt, a former FASB practice fellow, return to Norwalk to present to the group an update from the SEC. Julie is a deputy chief accountant in the Office of the Chief Accountant at the SEC. Julie's role at the SEC is to take the lead on international matters working closely with various international organizations including the International Organization of Securities Commissions, the IASB, and the International Federation of Accountants. She discussed how the SEC interacts in standard setting in the United States as well as internationally.

Technical Application & Implementation Activities (TA&I)

An update on TA&I Activities included Larry Smith, director of TA&I, who discussed the current codification project. The FASB has worked with a consultant, the AICPA, and the SEC to develop a model that integrates all U.S. GAAP literature into a single authoritative codification. There is currently a team of individuals working on the project, that includes former FASB employees and retired public accountants. The goals of the codification project are to restructure all U.S. GAAP literature by topic into a single authoritative codification and to modify the

standard-setting process to focus on updating the codification. The update also included three current participants in the fellowship program—Jim Geary, Steve Belcher, and Reggie Oakley—who provided an update on some of the specific accounting issues that the TA&I group is working on, including FASB Staff Positions (FSPs) currently in process.

The two-year program has become a 20 year history of professional relationships for me that would be difficult to duplicate. The program is an experience that offered me a unique and valuable opportunity that has benefited me throughout my career in my various roles with my firm, the AICPA, and the profession.

Mark Sever

National Director of Area Professional Practice, Ernst & Young and past chairman of AcSEC

Panel Discussion

An afternoon panel moderated by Russ Golden, senior technical advisor at the FASB, discussed current issues facing the accounting industry. Former FASB Practice Fellow Steve Young provided the group with his perspectives as a current preparer of financial statements who interprets existing GAAP and implements new GAAP as it becomes effective. Former FASB Practice Fellow John Gribble discussed his current role at a public accounting firm; he is in charge of the firm's internal inspections to ensure compliance with the PCAOB's inspection process. John made the following comment regarding the forum, "I always look forward to the Fellow Forum. It's a great chance to catch up with colleagues and friends from my days with the FASB, meet new Board members and staff and those who were in the fellowship program after me, and get some insights on the key issues the Board is currently addressing. To get a chance to hear Bob Herz's thinking—as well as to hear from people like Jim Leisenring, Mike Crooch, Larry Smith, and PCAOB Board member Charlie Niemeier—is a great opportunity. It was enjoyable, educational and thought-provoking—and a day very well spent." Former FASB Practice Fellow Bob Laux provided the group with his perspective as a member of the Enhanced Business Reporting Consortium whose goal is to try to improve financial reporting. Bob indicated that "the Fellows' Forum is an excellent event to discuss improvements in financial reporting, as the participants are closely involved in the financial reporting process. For instance, at this year's Fellows' Forum we discussed topics such as XBRL and the Enhanced Business Reporting Consortium, and the need for those involved in the process to proactively address improvements in financial reporting." The panel brought together some of the

issues discussed throughout the day including the complexity of financial reporting, international convergence, and compliance with regulators such as the SEC and the PCAOB.

Newest Board Members

Board members who joined the Board since the last Fellow Forum, George Batavick and Don Young, introduced themselves to the group. George discussed his current involvement with the Small Business Advisory Committee of the Board and Don discussed the desire of the FASB to enhance input from users of financial information by creating an Investor Task Force.

Larry Smith concluded the program by thanking the former fellows for participating in the forum, and encouraging them to continue to be involved in standard setting from their current positions. Larry believes that “the fellowship program is extremely important to the FASB. Fellows bring recent ‘real world’ experience that is particularly valuable in dealing with current implementation issues. One hope in sponsoring the Fellow Forum is to encourage former fellows to continue to provide the FASB with feedback on what we are doing. Their feedback was invaluable when they were fellows, and it continues to be today.”

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For more information on the FASB’s Fellowship Programs, contact Elena Colafrancesco, director of Human Resources, at ecolafrancesco@f-a-f.org or visit www.fasb.org/careers/fellows.shtml.
