



**Texas Society of  
CPA Certified Public Accountants**

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Letter of Comment No: 7  
File Reference: 1300-001  
Date Received: 6-10-05

June 10, 2005

Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

RE: File Reference No. 1300-001

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters.

We appreciate the opportunity to provide input into your deliberations on the Proposed Statement of Financial Accounting Standards – *The Hierarchy of Generally Accepted Accounting Principles*.

Our committee agrees with the guidance provided in the proposed standard and supports the GAAP hierarchy as described therein.

Our only problem with the proposed standard concerns the information included in footnote 1. Specifically, we are concerned with the lack of clarity that exists concerning the authority of SEC Staff Accounting Bulletins (SAB). There is concern that the wording of footnote 1 makes the status of SABs unclear. The footnote never says that SABs are category (a) accounting principles. When referring to SABs, the footnote states, "In addition, the SEC staff issues Staff Accounting Bulletins that represent practices followed by the staff in administering SEC disclosure requirements." One could imply that these documents do represent category (a) accounting principles because they are mentioned in the footnote that identifies rules and interpretive releases of the SEC as category (a) accounting principles. However, because no specific status is accorded SABs in footnote 1, they may not be category (a) documents. We request that the Board consider making specific reference to the category in which SABs are included in footnote 1.

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We appreciate the opportunity to provide our input into the standard setting process.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Gregg". The signature is written in a cursive, slightly slanted style.

C. Jeff Gregg, CPA  
Chairman, Professional Standards Committee  
Texas Society of Certified Public Accountants