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February 8, 2008

Ms. Teresa S. Polley
Financial Accounting Foundation
401 Merritt 7
Norwalk, CT



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LETTER OF COMMENT NO.

RE: Request for Comments on Proposed Changes to Oversight, Structure, and Operations of the FAF, FASB, and GASB

Dear Ms. Polley:

I am writing my response from the perspective of a former trustee (1999-2004) and as a CPA who has spent my career (with the exception of 2 years with a "big 8" firm) serving private companies and not-for-profit organizations.

I commend the FAF for its efforts in reexamining the overall structure, effectiveness, and efficiency of the governance processes of the FAF, FASB, and GASB. However it is not clear to me from the proposal how some of these changes directly relate to the goals stated, especially to the goal of evaluating and planning for the ongoing and future role of the Board of Trustees in preserving the independence and promoting the effectiveness of **private** sector accounting standard setting.

Expand the breadth of individuals and organizations that are invited to submit nominations for the FAF Board of Trustees with the understanding that final authority for all appointments rests solely with the Board of Trustees

The FAF Board will be stronger and attract qualified candidates by reaching out to more organizations and individuals for nominations to the Board. I do not believe that any constituency should have an automatic board seat appointment. I agree that final authority for appointments should rest with the Board. However, in line with my comments above, I believe the Board needs to seek out candidates from private company and not-for-profit backgrounds who can ensure that the needs of these sectors are considered at the FAF trustee level. If standard setting for public companies migrates to the IASB, the role of FASB will change. If FASB becomes the US standard setter for private companies, FAF trustees will need to respond to the needs of that constituency. By having Trustees that come from the private and not-for-profit sector already on the board, the Board can move quickly, if necessary, to address the changing role of FASB.

Proposed Action: Change the term of service for Trustees from two three-year terms to

one five-year term.

I believe that the current three year term with a reappointment to a second three year term is preferable. The five year term in effect ties the FAF's hands in dealing with a trustee who is not attending meetings or contributing in a meaningful way to the board. In these uncertain times, a three year term would allow the board more flexibility in changing the composition of the trustees to meet current conditions. The reappointments should not be automatic. Candidates for reappointment should vie with newly proposed candidates for board seats.

Proposed Action: Change the size of the Board of Trustees from sixteen members to a range of fourteen to eighteen members.

I agree with this proposal in that it gives the FAF flexibility to expand or contract as needed. This is the model that many not-for-profit organizations use.

Proposed Action: Strengthen and enhance the governance and oversight activities of the Trustees as to the efficiency and effectiveness of the standard-setting process.

Prior to obtaining funding as a result of Sarbannes Oxley legislation the chief responsibility of a FAF trustee was fund raising. Now that funding is stabilized it is time for the Trustee to focus on their responsibility for oversight of the standard setting process without inserting themselves into the process. This is a delicate balance. There are several things that the Trustees could do in this regard:

1. Ensure that the standard setting process is independent of any regulatory or political influence.
2. Ensure that the FASB has considered the cost/benefit aspects of the standards before they are issued- especially as those standards affect private companies. Once FASB has drafted a standard, given its extensive exposure process, it is very hard to argue that the standard is not theoretically sound. The issues become- do the users need it and how much does it cost to implement it. FAF could monitor FASB's compliance with this part of its mandate.
3. Ensure that the standards are readable and understandable by a person with some knowledge of accounting. Many of the standards are written at a PhD level.
4. Ensure that the codification project is on track and there is a monitoring process in place at FASB so that changes to it do not inadvertently create new standards without due process.
5. Review the agenda for relevance and make suggestions as to items to be added or, more importantly, deleted. The final decision for the agenda remains with the FASB.
6. Devise some mechanism for a retrospective review of a new standard- has it accomplished what it was supposed to, have there been implementation problems, how can FASB's process be improved as a result of the review.

Proposed Action: Reduce the size of the FASB from seven members to five.

From the private company perspective one of the most important roles for a FASB board member is outreach to the constituents. The Board Members have done this by speaking at national conferences attended by private company constituents, listening to the questions that get raised and taking that perspective back to Norwalk. Reducing the Board size will curtail the time that board members have to perform this vital role. Though they are very competent and knowledgeable, FASB staff are not a substitution for the necessary outreach currently done by the seven board members. In my opinion the Board should stay at seven members until such time as the issue of the use of IFRS in the United States is resolved and the future role of FASB is mapped out.

Proposed Action: Retain the FASB simple majority voting requirement.

This was a good idea when the change was made and the simple majority voting requirement should be maintained. There are many projects in the pipeline that must get finished if convergence is to happen. The simple majority will speed this process.

Proposed Action: Realign the FASB composition.

The FASB should be composed of at least one member from public accounting, one from the preparer community and one from the user community. The other positions should be filled by the best candidates available. I do not believe that a separate seat should be set aside for an academic as that talent is abundantly available at the staff level. FASB members should have enough practical experience to understand how the standards they propose will be implemented and the cost/benefit of adopting standards. The ideal situation from a private company perspective would be to have at least one FASB board member who has an understanding of the private company sector.

Proposed Action: Provide the FASB Chair with decision-making authority to set the FASB technical agenda.

I have the greatest concern about this proposal. This could subject the chair to increased political pressure. I appreciate that the Board needs to be more nimble but any changes to the agenda setting process needs to ensure that it will not lead to more regulatory control over the accounting standard setting process. It would also give the chair more power over the process. Perhaps placing the agenda setting process in the hands of three board members appointed by the FAF would be a compromise if there has to be a change in this procedure.

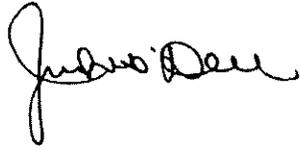
GASB

The issue of GASB funding is one of long standing. FAF trustees have been trying for years to establish a stable funding base for GASB with no success. Much effort has been spent at the FAF trustee level on this issue. GASB deficits have consistently been funded by FASB surpluses.

Perhaps responsibility for GASB should be given over to a separate organization who would be responsible for its funding.

I appreciate this opportunity to comment

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Judith H. O'Dell". The signature is written in a cursive style with a large initial "J" and a distinct "O'Dell" at the end.

Judith H. O'Dell CPA