



Jeffrey J. West  
Associate Vice President

Financial and Business Services

201 South Presidents Circle, Rm 408 Salt Lake City, Utah 84112 (801) 581-7520 FAX (801) 585-5257

February 13, 2008



LETTER OF COMMENT NO. 55

Teresa S. Polley  
Chief Operating Officer  
Financial Accounting Foundation  
401 Merritt 7  
Norwalk, CT 06856-5116  
tspolley@f-a-f.org

**Re: Financial Accounting Foundation  
Request for Comments on Proposed Changes to Oversight, Structure, and  
Operations of the FAF, FASB, and GASB**

Dear Ms. Polley,

The University of Utah is pleased to have an opportunity to provide input and commentary related to the Financial Accounting Foundation's proposed changes. By way of background, the University of Utah is a public, research intensive university with professional schools in law, medicine, nursing, architecture, and pharmacy. The University of Utah Hospitals and Clinics are part of the University. We are a component unit of the State of Utah. As such, our financial statements are prepared under guidance issued by the Governmental Accounting Standards Board (GASB). Most of our comments will be limited to those recommendations affecting the GASB.

#### **FAF BOARD OF TRUSTEES**

***Proposed Action: 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.***

- We applaud the FAF's desire to increase the breadth of individuals and organizations invited to submit nominations. In addition to the constituents identified in the proposed action, we suggest that the National Association of College and University Business Officers have an opportunity to suggest a representative from among its member institutions. NACUBO's membership is uniquely suited to provide input and expertise on a wide variety of issues affecting public universities. While it is important to include the involvement of faculty representation on standard setting bodies, faculty most typically are not focused on the unique financial reporting issues affecting universities

and should therefore be a complement rather than a substitution for the involvement of this set of constituents.

#### **Terms of Trustees**

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

- We concur with other letter writers that shorter terms with the opportunity for renewal would be more attractive to highly qualified candidates. An extended term has a greater probability of being interrupted due to unexpected circumstances. We do agree with the FAF that the decision to continue to a second term should be a conscious and thoughtful decision on both the trustee's and Board's part.

#### **Size of the Board of Trustees**

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

- While we applaud a desire to be responsive to a constantly changing accounting environment, we urge caution at this approach due to a concern that trustees whose viewpoints differ from the majority could be removed if this prerogative were exercised. With the GASB and the FASB promulgating standards, the necessity for the Board to have specific expertise in emerging areas is less important than stability.

#### **Governance and Oversight Activities**

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

- Efficiency and effectiveness are appropriate goals and we would hope that the GASB and FASB would individually be mindful of the need to be accountable not only to the FAF, but to their constituents. However, it is certainly fact that some issues necessitate a more protracted process than others. Both boards need the freedom to engage affected parties and solicit input without being forced to adhere to metrics that could adversely affect quality in the name of efficiency. We would be happy to elaborate further given more details as to how this oversight might occur.

#### **GASB Funding Source**

***Proposed Action: Secure a stable mandatory funding source for the GASB.***

- We do not disagree that a stable funding source is desirable and look forward to some of the ideas that may come forward to address this issue. However, we are not certain that additional state level funding is the answer. It seems counter-intuitive to us that many standards in fact increase costs to affected institutions, yet those same institutions would be required to pay for the "privilege" of having the standards set. Because high quality, consistent financial reporting serves a public good beyond the state and municipal level, it logically follows that federal funding might be appropriate.

#### **GASB Size, Term Length, and Composition**

***Proposed Action: Retain the current size, term length, and composition of the GASB.***

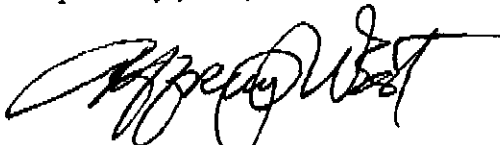
- We have no comment on this proposed action.

**Setting the GASB Technical Agenda**

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

- We respectfully disagree with this proposed action. Vesting decision-making authority with one individual, however well intentioned, is an invitation to the advancement of a personal agenda to the detriment of the quality of accounting standard setting. Further, it discourages potential board members from participating due to a perceived lack of importance in the process. The agenda is vitally important to all of us and should receive the same input and thoughtful deliberation as a new standard.

Respectfully yours,



Jeffrey J. West, CPA  
Associate Vice President for Financial and Business Services



Theresa L. Ashman, CPA  
Controller