LETTER OF COMMENT NO. 18

By email to: tspolley@f-a-f.org

Ms. Teresa S. Polley Chief Operating Officer Financial Accounting Foundation 401 Merritt 7 Norwalk, CT 06856-5116

## Re: Proposed Change to Oversight, Structure, and Operations of the FAF, FASB, and GASB

Dear Ms. Polley:

I am writing to comment on the recent proposals of the Financial Accounting Foundation (FAF) to change the oversight, structure and operations of the FAF, FASB and GASB. As a former member of the Financial Accounting Standards Advisory Council (FASAC), I strongly support the private-sector standard setting process and the independence of the FASB and the GASB. I also believe that with the increased movement toward International Accounting Standards, the standard-setting process of these organizations will have to be more effective than ever if they are to continue to have a meaningful role in the global standard-setting process.

My specific objection and comments relate to the proposal to reduce the size of the FASB from seven to five. My view is that the size of the FASB should be retained at seven members. More than ever, the FASB needs the active and engaged input of its Board members. Reducing the number of Board members will result in Board members having less time to focus on each project and will cause the Board members to further depend on the work of the FASB staff. This will limit the amount of time that the Board members can spend on their most critical role, which is seeking input from and communicating with constituents and then managing the FASB staff to produce appropriate standards, reflecting relevant views and sound accounting principles. The Board's work is importantly conceptual, but perhaps unlike the SEC and other quasi-private organizations such as the PCAOB, has a substantive component of intellectual creation and process management. If there are fewer members, there will necessarily be less creation and less process completion.

Having five members rather than seven may indeed lead to quicker consensus around critical global accounting standards, but may also compromise the quality of thought needed to examine them. Further, having too few people make decisions for a large constituency poses the risk that relevant points will be missed and future revisions will be necessary, thus reducing longer term efficiency.

For these reasons, I do not support reducing the number of FASB board members from seven to five.

Sincerely,
David B. Rickard
Executive Vice President,
Chief Financial Officer and Chief Administrative Officer
CVS Caremark Corporation