March 10, 2008

Russell G. Golden, CPA
Director of Technical Application and Implementation Activities
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Improvements to the FASB’s Standards Release Process

Dear Mr. Golden:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to act as an advocate for all local and regional firms and represent those firms’ interests on professional issues, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the comment letters sent to you by the AICPA Accounting Standards Executive Committee (AcSEC) and the Private Company Financial Reporting Committee (PCFRC), dated January 17 and February 1, 2008, respectively, requesting a reconsideration of the FASB’s standards release process. TIC also read the published minutes of the November 7, 2007 FASB meeting to gain further insight into the FASB’s point-of-view regarding the issuance of new standards.

GENERAL COMMENTS

TIC agrees with AcSEC and the PCFRC that the FASB should improve its standards release process. However, based on the many possible solutions that could be implemented and the necessary consideration of the needs of private entities, TIC believes that this initiative should be adopted as a formal FASB agenda project that would be subject to normal due process procedures.

SPECIFIC COMMENTS

TIC believes a re-examination of the FASB’s standards release process would benefit the FASB as well as its constituents. The FASB would like to eliminate constituent requests for deferred effective dates for new standards (such as occurred with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes) without compromising the timely implementation of new standards.
At the same time, the FASB’s constituents (practitioners, preparers and financial statement users) are struggling to keep up with and understand the ever-increasing volume of standards of all kinds that have been issued in recent years. The current process for setting effective dates of standards is not suitable for the existing standard-setting environment and is not meeting the needs of the FASB’s constituents. All interested parties seem to agree that improvements are needed and that the time to do so is now (i.e., while the FASB Codification is in the verification phase). CPE providers, software vendors and textbook authors are also important constituents that have an interest in, and would benefit from, an improved standards rollout process.

However, TIC noted the AcSEC letter advocates a particular solution, while the PCFRC letter favors additional research into private company needs and careful consideration of varying options. The PCFRC believes the FASB needs to better understand how knowledge about new standards is disseminated within the private company environment and offers various possible solutions for debate based on their respective advantages and disadvantages. TIC favors the PCFRC approach and believes this initiative should be adopted by the FASB as a formal agenda project that would include an education phase, deliberations of the issues in public meetings and tentative conclusions exposed for public comment. At this time, TIC does not advocate one solution over another.

Such a project would afford the FASB and staff an opportunity to better understand issues private companies and their practitioners face in becoming aware of new standards and to deliberate what the Board’s role should be in the education process. The project may also have ancillary benefits that could lead to improvements in how new standards are drafted.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

Stephen Bodine, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committee