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LETTER OF COMMENT NO. 7

Response to FAF request for response on comments to changes to Oversight, Structure and Operation of FAF, FASB, and GASB

1. Expand the breadth.....

I strongly suggest that a Certified Fraud Examiner be added.

You can view the ACFE (Association of Certified Fraud Examiners) website at <http://www.acfe.com/>. Jim Ratley is the CEO. Joe Wells, former FBI, is Chairman Emeritus and Founder and currently is a professor.

CFEs are required to pass tests in the following areas
<http://www.acfe.com/Membership/content.asp>.

The 2006 ACFE Report on corporate fraud estimates a total of at least \$657 Billion. And that is measured fraud. How much fraud goes undetected? Lots. Why? In part failure of effective internal controls.

2. Oversight.

I agree that retrospective evaluation is essential. It is called accountability.

3. Size of board.

This is process over product. The issue is competency. The financial accounting world has changed and will continue to change.

Addressing structure and not competency is just like rearranging deck chairs on the Titanic!

4. GASB

Before we even think about funding we should look at GASB's role.

The GFOA, is a primary source of GASB funding. They are not happy campers.

The specific link is in the first page of this link:

<http://www.gfoa.org/>

The GFOA Wants to Reassess the GASB's Role. The GFOA Executive Board believes the time has come to reassess the GASB's continued role as the authoritative accounting standard setter for state and local governments.

My proposal for GASB is to use the same standard setting concept that Bob Bunting, former head of AICPA, advocated for a redacted GAAP for small business.

Redact the standards that simply don't apply to government and where needed create government standards.

Other than that, FASB and GASB should be the same.

For example:

Equity accounting: There are many standards that involve equity. Governments, while some say are for sale, don't issue stock. Redact the equity standards and if needed replace with debt standards.

Mutual Issue: Fair Valuation of Assets. Between FASB and GASB 34, this is one large mess. Duplication of efforts and/or competing standards serves nobody.

If one agrees with the above, is a separate, under funded GASB board needed? NO! GASB should simply be a FASB sub board.

Thank you,

Frank Walker