

# **Bond Case Briefs**

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## **FAF: From the President's Desk.**

SO, HOW ARE WE DOING?

Regular followers of the FASB, GASB, or FAF know that stakeholder outreach is woven into our DNA. Our primary mission is to serve investors and other users of financial reports, and we best fulfill that mission through extensive conversations with a diverse group of stakeholders who:

- Make investment or resource allocation decisions
- Prepare, audit, or review financial statements
- Conduct academic research into accounting theory and practice, or
- Care about accounting standards for any other reason.

The standard-setting Boards have these interactions to help identify whether the benefit of a new approach in an accounting standard justifies the costs stakeholders will incur to provide it. Naturally, these are rich—and critical—conversations, but periodically it helps to have a different kind of dialogue: do our stakeholders think we are doing our jobs well, and how can we improve?

STAKEHOLDER SURVEY

Earlier this year we had that dialogue. It took the form of a survey that we sent out to thousands of stakeholders. More than 1,600 responded, providing a rich trove of data representing the views of a strong cross-section of our stakeholder groups. To those of you reading this column who participated in the survey, thank you!

This was no idle exercise. The survey results were a major topic of conversation for both standard-setting Boards as well as the FAF Board of Trustees. We also briefed the results to the FASB and GASB technical staffs, as well as the members of our key advisory groups: the Financial Accounting Standards Advisory Council (FASAC) and Governmental Accounting Standards Advisory Council (GASAC).

Some of the feedback was encouraging. When asked the simple question, “what is your overall opinion of the FASB/GASB?” both Boards earned high scores. Notably, these results were higher than the scores earned on comparable surveys conducted in 2006. This positive trend suggests better alignment between the work that the Boards are doing and what stakeholders are seeking.

Drilling down, we wanted to learn whether stakeholders think the Boards consistently model the values we consider vital to success: Integrity, Independence, Objectivity, Transparency, Leadership, and Inclusiveness. While both Boards earned similarly good scores for all six, it was notable that Integrity stood out as materially stronger than all the other values. The Boards work hard to maintain this reputation among stakeholders, and it is gratifying to see that reflected in the survey feedback.

WHAT'S MOST IMPORTANT?

The survey put stakeholders through a rigorous series of questions designed to tease out what they

value most from the FASB and GASB. From this exercise, three key needs emerged. Stakeholders want the Boards to:

- Create standards that provide useful information to investors and other users of financial reports
- Create standards that improve accounting and financial reporting for organizations
- Write standards that are clear and unambiguous.

Addressing these needs was already an important priority for the FASB and GASB, even before the stakeholder survey. Both Boards were encouraged to see that the very highest scores in the survey (across all categories of questions) came from investors and other users of financial statements. This is an important data point that suggests the Boards are fulfilling their mission for investors and other financial statement users to find standards and financial reporting useful.

Both Boards also want to deliver standards that improve accounting and financial reporting. The recent FASB agenda consultation is an example of the FASB co-collaborating with stakeholders to identify the areas of financial reporting most ripe for improvement. Likewise, GASB's ambitious early-stage work on the Financial Reporting Model addresses a unique opportunity to enhance public sector financial reporting.

Taking opportunities to make standards more simple, clear, and unambiguous is a high priority for the FASB and GASB. The FASB's recently issued standard for hedge accounting is one example of an effort to simplify standards, as is a proposed change to accounting for share-based payments to nonemployees, and several smaller projects. GASB's Financial Reporting Model project also hopes to identify targeted opportunities to simplify reporting for state and local governments.

## OTHER INSIGHTS

Survey respondents also expressed interest in having the Boards increase their efforts to educate stakeholders about how to implement new standards. While a major education initiative is not on the horizon (there are many existing sources of education and training already available to the profession), the Boards have stepped up outreach efforts through Transition Resource Groups, webinars, Implementation Guides, and plain-English resources. Board members and senior staff also hit the road to speak directly to stakeholders at meetings and conferences, and reached a combined audience of 80,000 FASB and GASB stakeholders in 2016 alone.

Lastly, the survey touched on the Financial Accounting Foundation. While the FAF is less well-known to stakeholders, those who are familiar with its roles and functions give high scores for overseeing and protecting the integrity and independence of the standard-setting process.

## AN INSPIRATION AND A CHALLENGE

Conducting this survey and digesting its results have been eye-opening experiences for our organization. As closely as our Boards interact with stakeholders across the country, we don't often reframe our conversation to larger questions of Board attributes and performance. The results of this survey are both an inspiration and a challenge: how can we build upon our strengths as an organization, and at the same time engage with stakeholders to improve in the ways they deem most important?

We are grateful to our stakeholders for inspiring our work and for challenging us to do even better.

I welcome your comments on this or any other topic. Please write to me at [presidentsdesk@f-a-f.org](mailto:presidentsdesk@f-a-f.org).

BY TERRI POLLEY, FAF PRESIDENT AND CHIEF EXECUTIVE OFFICER

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