

Bond Case Briefs

Municipal Finance Law Since 1971

States Respond to GASB Chair Appointment: NASACT

The National Association of State Auditors, Comptrollers and Treasurers (NASACT), the National Association of State Treasurers (NAST), and the Government Finance Officers Association (GFOA) understand that on Friday, December 27, the Financial Accounting Foundation (FAF) appointed an individual from the private sector to serve as the next chair of the Governmental Accounting Standards Board (GASB). We wish to congratulate Mr. Joel Black and recognize that he is highly qualified to serve as a representative of the public accounting profession (CPA firms).

Nonetheless, we are duly concerned by this historic and unprecedented decision by FAF. For the first time in GASB's 35-year history, the chair of the GASB will not be a representative from state or local government. All previous GASB chairs have been state auditors. Importantly, state auditors will now be left without any representation on the GASB. This fundamentally compromises the diversity of the GASB. GASB sets generally accepted accounting principles (GAAP) for state and local governments. However, states themselves - often state auditors - have the sole responsibility to determine accounting and financial reporting standards for their state and local jurisdictions. Thus, state support of GAAP is essential for its continued and increased widespread use.

NASACT, together with its affiliate the National State Auditors Association (NSAA), NAST, and GFOA will consult with other government organizations to develop a response to the FAF on its unilateral change to the long-standing composition of the GASB and determine an appropriate path forward.