

GOVERNMENTAL ACCOUNTING STANDARDS BOARD'S STRATEGIC PLAN 2005-2009

VISION

Greater accountability and well-informed decision making through excellence in public-sector financial reporting.

MISSION

To establish and improve standards of state and local governmental accounting and financial reporting that will:

- result in useful information for users of financial reports, and
- guide and educate the public, including issuers, auditors, and users of those financial reports.

CORE VALUES

INDEPENDENCE: The autonomy to pursue the best answer for all constituents, free from undue influence or pressure.

INTEGRITY: Honest, ethical, and forthright behavior in our relationships with all constituents.

OBJECTIVITY: Impartial decisions informed by credible research and thorough deliberations, including due consideration of the views of constituents and other standards setters.

TRANSPARENCY: An open process that encourages and values public participation.

GOALS

Goal I. Standards Setting

Establish high-quality standards that improve public accountability and result in useful information for making decisions.

High-quality standards address accountability issues in a timely and cost-effective manner and provide information that financial report users and the public need to make decisions. Citizens

need information to hold their governments—including states, tribal governments, counties, localities, school districts, and entities such as public hospitals, public colleges and universities, and public utilities—accountable for the stewardship and use of public resources. Legislatures need information to budget resources to meet the demand for public services. Oversight agencies need information to assess legal compliance and the effective use of resources. Investors and creditors need information to assess a governmental entity’s creditworthiness.

A. Objective: Improve the usefulness of financial reports to better meet the needs of current and potential users.

Outcome:

- Users’ satisfaction with the usefulness of governmental financial reports and GASB standards.

Outcome Measure:

- Percentage of users that are satisfied or very satisfied with the usefulness of governmental financial reports and GASB standards.

Strategies:

1. Conduct research and develop timely guidance on important areas of accounting and financial reporting that are identified as needing improvement.
2. Obtain regular input from the Governmental Accounting Standards Advisory Council (GASAC) and constituents regarding emerging issues and developments in the field, including electronic financial reporting.
3. Conduct a study of what users do, the decisions and assessments they make, and the information they require.
4. Further develop a conceptual framework to guide and inform the setting of standards.
5. Consider Financial Accounting Standards Board and Federal Accounting Standards Advisory Board standards when developing GASB standards for similar issues and provide feedback on their projects when requested.
6. Evaluate the effectiveness and impact of prior standards.

B. Objective: Increase the adoption and continued use of GASB pronouncements by governmental entities, including smaller and special-purpose entities.

Outcomes:

- Increase in the percentage of governmental entities that adopt and use GASB financial reporting standards
- Preparers’ and attestors’ satisfaction with the quality of GASB standards.

Outcome Measures:

- Percentage change over time in the number of governments that (1) adopt generally accepted accounting principles (GAAP) for the first time or (2) discontinue using GAAP
- Percentage of governments that follow GAAP
- Percentage of preparers and attestors that are satisfied or very satisfied with the quality of GASB standards.

Strategies:

1. Review previous research and conduct additional research on the number of governments that issue financial statements based on GAAP and with the assistance of constituent organizations, determine the reasons for compliance or noncompliance with GAAP.
2. Specifically address issues, particularly in the early stages of a project, that may make adoption or continued use of GASB pronouncements difficult for smaller governments or special-purpose entities.
3. Work with constituent organizations to promote the benefits of GAAP compliance and reliance on GAAP reporting, and to highlight the limitations of non-GAAP financial reporting.

C. Objective: Participate actively in international public-sector accounting standards setting.

Outcome:

- Influence the development of international standards and harmonize with those standards, where appropriate.

Strategies:

1. Review international standards and standards of other countries when developing GASB standards for similar issues.
2. Provide input before due process documents are issued on ongoing projects of the International Public Sector Accounting Standards Board of the International Federation of Accountants (IFAC-IPSASB) that could impact GASB standards and projects.
3. Prepare official GASB responses to IFAC-IPSASB due process documents that address issues relevant to GASB standards and projects.

Goal II. Constituent Relations and Communications

Foster constructive relationships with constituents to ensure that the GASB considers their needs and views.

Constructive relationships between the GASB and its constituents, supported by clear and regular two-way communication, are essential to setting high-quality standards. Constituents of the GASB include financial report users, preparers, and auditors. The GASB requires input to understand the needs of its constituents and to consider their views. Constituents need to be informed about the GASB's activities and the reasons for its decisions. Effective communication is key to transparent standards setting.

A. Objective: Keep the GASB's constituents informed about its standards-setting and educational activities.

Outcomes:

- Increase in the percentage of constituents that believe the GASB's communication efforts help to keep them informed about standards-setting and educational activities
- Leaders of constituent organizations that are represented on the GASAC believe that the GASB's liaison activities provide information to keep members of their organizations informed.

Outcome Measures:

- Percentage of constituents that are satisfied or very satisfied with information on the GASB's standards-setting and educational activities
- Percentage of leaders of constituent organizations that are represented on the GASAC who believe that the GASB's liaison activities are effective or very effective at keeping members of their organizations informed.

Strategies:

1. Make the GASB's website a source of more detailed information about technical projects and publicize its availability.
2. Encourage and support GASAC members in publishing articles explaining GASB activities in the publications of their organizations.
3. Regularly write plain-language articles for publication in constituent periodicals and on their websites that explain the basis for technical projects, their primary accounting objectives, and how they are expected to improve financial reporting.
4. Tailor communications to specific constituent audiences and conduct liaison activities with specific constituent groups, focusing on issues expected to be of interest to them.

B. Objective: Maximize the number and variety of types of constituents who respond to the GASB's due process documents.

Outcome:

- Increase in the number of responses and in the variety of types of constituents that respond to the GASB's due process documents.

Outcome Measure:

- Average number of responses received by variety of types of constituents.

Strategies:

1. Make due process documents available immediately on the GASB's website.
2. Develop plain-language due process documents for selected major projects.
3. Develop easy-to-use response mechanisms to assist constituents in responding to due process documents.
4. Encourage GASAC members to work with their organizations to respond to GASB proposals.

C. Objective: Demonstrate to our constituents the importance of their participation in our standards-setting activities.

Outcome:

- Increased constituent confidence that due process is fair and open.

Outcome Measure:

- Percentage of constituents that believe or strongly believe that due process is fair and open.

Strategies:

1. Send a letter of acknowledgment and thanks to all respondents to due process.
2. Ensure that the Basis for Conclusions accompanying final documents adequately addresses major and common concerns raised by due process respondents.
3. Provide examples of how proposed standards were modified as a result of due process feedback.

D. Objective: Provide opportunities and mechanisms, in addition to responding to due process documents, for constituents to express their views to the GASB.

Outcome:

- Broader preparer, attestor, and user participation in the process of developing standards, including the involvement of constituents that previously have not participated or otherwise would not have participated.

Strategies:

1. Hold forums or roundtable discussions with constituents before major due process documents are issued to obtain input and increase constituent understanding of issues.
2. Expand and diversify the pool of people called on to serve on task forces and advisory committees.
3. Communicate with constituents as new projects are added to the technical plan to indicate the objective of the projects and to solicit feedback early in their development.

Goal III. Education

Promote the development of informed and competent financial report users, preparers, and auditors.

Constituents need assistance in understanding GASB pronouncements, as well as in understanding and using the resulting information in financial reports.

A. Objective: Increase the number of people who use the information in financial reports and help them to access and use it more effectively by improving the common understanding of the nature and purpose of the information.

Outcomes:

- Greater number of people who use financial reports
- Wider variety of people who use financial reports
- People better understand financial report information.

Strategies:

1. Update the User Guide series as new pronouncements or other changes warrant and develop additional User Guides on specific topics; publicize their availability through handouts at conferences and advertising in user publications.
2. Provide and publicize the availability of plain-language articles and other materials to help constituents better understand government financial reports.
3. Work with the academic community to raise awareness of GASB resources for educational purposes and to develop improved curricula.
4. Prepare a standard, nontechnical opinion piece titled “How to Understand the Economic Condition of Our [City/State/County/District]” and provide it to reporters, editors, and citizen advocacy organizations.

B. Objective: Explain the distinguishing characteristics of the public sector and the importance of standards that address accounting issues from a governmental perspective.

Outcome:

- Increased knowledge level about the distinguishing characteristics of the public sector and the importance of standards that address accounting issues from a governmental perspective.

Strategies:

1. Prepare and publish a white paper explaining the distinguishing characteristics of the public sector, the importance of standards that address accounting issues from a governmental perspective, and the need for a higher level of public accountability.
2. Prepare articles for major accounting publications and constituent publications to communicate the points made in the white paper.

C. Objective: Guide and educate constituents about the content and value of the GASB’s reporting requirements and proposed standards.

Outcomes:

- A constituency that is better educated and appropriately guided
- Satisfaction of constituents that submit technical inquiries that they received timely, understandable, and relevant responses to their questions.

Outcome Measures:

- Percentage of constituents surveyed that believe GASB's educational efforts have been effective or very effective in improving their understanding of GASB's reporting requirements and proposed standards
- Percentage of inquirers that are satisfied or very satisfied with the timeliness, understandability, and relevance of the GASB's responses to technical inquiries.

Strategies:

1. Develop implementation guides for all major statements and incorporate questions on all pronouncements into the annual Comprehensive Implementation Guide.
2. Respond to technical inquiries on a timely basis.
3. Support the FAF's public relations efforts on behalf of the GASB, particularly on exposure documents and new pronouncements.
4. Attend and make presentations at constituent conferences and seminars to explain new GASB pronouncements.

Goal IV. Organizational Effectiveness

Improve the GASB's organizational capacity to pursue its vision, mission, and goals in a timely and sustainable manner.

In order to work effectively toward accomplishing its mission, the GASB must hire and retain capable people and equip them with the technology, resources, and knowledge necessary to issue high-quality standards.

A. Objective: Attract and retain a knowledgeable, talented, and diverse staff.

Outcome:

- A staff of knowledgeable, talented, and diverse professionals.

Strategies:

1. Maintain a competitive compensation structure and provide a professional working environment.
2. Hire staff to meet diverse requirements, including those with experience with local governments, small governments, special-purpose governments, and various parts of the user community.
3. Provide internship opportunities for top students to gain first-hand work experience at the GASB.
4. Institute a fellowship program that would bring professionals to the GASB for one or two years.

B. Objective: Adopt efficient and effective internal operating procedures.

Outcome:

- Efficient and effective internal operating procedures.

Strategies:

1. Employ a team approach for most projects, using staff members with different knowledge, skills, and backgrounds.
2. Ensure that projects are prioritized for consideration to be added to the GASB's technical plan using appropriate criteria, including feedback from the GASAC.
3. Review the GASB's official operating procedures for efficiency and effectiveness and update the Research and Technical Activities Manual to incorporate methods adopted in recent years.
4. Maximize the effective use of technology.

C. Objective: Provide opportunities for Board members and staff to gain knowledge and skills related to technical issues, technology, and research methodologies.

Outcome:

- Board and staff with the knowledge and skills necessary to meet their responsibilities.

Strategies:

1. Conduct in-house staff training seminars and educational Board sessions on technical issues, technology, and research methodologies that may be used on projects.
2. Provide staff with opportunities to increase their knowledge on specific technical topics needed for particular projects by providing support for them to take formal courses on those topics.

D. Objective: Leverage the knowledge and resources of other organizations and their members.

Outcome:

- Academic and other research that addresses topics relevant to the GASB's technical plan and existing standards.

Strategies:

1. Encourage academics to conduct research on topics that are relevant to the GASB's technical plan and existing standards, and to share their data with the GASB.
2. Field-test proposed standards when the standards are expected to result in major changes.

E. Objective: Assist the FAF trustees in communicating the need for a stable and adequate long-term funding base.

Outcome:

- Increased long-term financial support for the GASB and decreased reliance on FAF deficit funding.

Strategy:

1. Provide advice and counsel regarding funding needs and potential funding sources to the FAF director of development and the FAF Development committee.