

October 30, 2008

Mr. David R. Bean
Director of Research
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@gasb.org

Re: Exposure Draft – Proposed Statement of the Governmental Accounting Standards Board, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (Director of Research and Technical Activities Project No. 33-1)

The New York State Society of Certified Public Accountants, representing 30,000 CPAs in public practice, industry, government and education, submits the following comments to you regarding the above-captioned release. The NYSSCPA thanks the GASB for the opportunity to comment.

The NYSSCPA's Government Accounting and Auditing Committee deliberated the release and drafted the attached comments. If you would like additional discussion with us, please contact Thomas J. Goodfellow, Chair of the Government Accounting and Auditing Committee, at (518) 459-3188 (ext. 346), or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



Sharon Sabba Fierstein
President

Attachment



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**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**EXPOSURE DRAFT – PROPOSED STATEMENT OF THE GOVERNMENTAL
ACCOUNTING STANDARDS BOARD, *THE HIERARCHY OF GENERALLY
ACCEPTED ACCOUNTING PRINCIPLES FOR STATE AND LOCAL
GOVERNMENTS*
(DIRECTOR OF RESEARCH AND TECHNICAL ACTIVITIES
PROJECT NO. 33-1)**

October 30, 2008

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**New York State Society of Certified Public Accountants
Government Accounting and Auditing Committee**

**Exposure Draft – Proposed Statement of the Governmental Accounting Standards
Board, *The Hierarchy of Generally Accepted Accounting Principles for State and
Local Governments*
(Director of Research and Technical Activities Project No. 33-1)**

The Government Accounting and Auditing Committee of the New York State Society of Certified Public Accountants has reviewed the Exposure Draft of a Proposed Statement of the Governmental Accounting Standards Board, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (the “ED”), and has prepared the following comments.

As it is understood by the NYSSCPA, the primary objective of the ED is to incorporate the “GAAP hierarchy” currently detailed in the American Institute of Certified Public Accountants’ Statement on Auditing Standards No. 69 *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, into GASB’s formal accounting literature. The NYSSCPA understands that it is not necessarily the Board’s intention to undertake a reorganization or reclassification of the GAAP hierarchy. However, the NYSSCPA believes this is an appropriate time to address a matter that has been of concern regarding the structure of the GAAP hierarchy and how it relates to GASB’s due process.

After the passage of a Standard by the GASB Board, the GASB staff creates and issues an Implementation Guide detailing the practical procedures and applications of the Standard itself. These Guides serve as the principal source on implementation of the Standard’s guidelines for the day-to-day transactions of state and local governments. These Guides reflect the staff’s interpretations of the application of the Standards, and are issued if a majority of the Board members do not object.

While the Guides are subject to review by the GASB staff as well as by selected other reviewers, their creation and proposed application occur without the inclusion of those who actually will use the Standards and Guides on a daily basis. These users were welcomed as part of the review and comment process throughout the formation of the Statement itself. Therefore, the Standards would benefit by allowing those users to play an equally important part in the application, to avoid the risk of having the Guide’s suggestions be entirely unexpected.

Given the equal importance of Standards development and implementation, it seems in keeping with the spirit of the Standards-setting process that the implementation of its guidelines should be subjected to the same public exposure afforded the Standard itself.

The NYSSCPA suggests that the Implementation Guides be moved to a higher position in the GAAP hierarchy or that GASB alter its current procedures to provide for public review of the proposed implementation guidelines.