

## **FINANCIAL ACCOUNTING FOUNDATION**

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# **NEWS**

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### **For Immediate Release**

#### **Financial Accounting Foundation Changes Financial Accounting Standards Board's Voting to Increase Efficiency**

**Norwalk, CT, April 24, 2002**—In following up on its proposals made in March to increase the efficiency of the Financial Accounting Standards Board's (FASB's) process, the Financial Accounting Foundation (FAF) has decided to change the FASB's voting process from a supermajority to a simple majority vote. The decision, which received unanimous support, was made by the FAF Trustees at its quarterly meeting held in Washington, D.C. The change in voting of the seven-member FASB is effective immediately.

As part of its commitment to a strong, transparent and rigorous accounting standard-setting system, last month the FAF issued for public comment a set of proposed changes to increase the efficiency of the FASB's process. The proposals included a reduction in the size of the FASB from seven to five members, a simple majority versus supermajority vote and shortened comment periods.

After full discussion of those recommendations and a review of comment letters, the Trustees determined that a change from a 5-to-2 to a 4-to-3 member voting requirement would make for a more efficient process without compromising the quality of the FASB's standard-setting process. The Trustees decided to retain a seven-member board.

"The FAF recognizes the need for the FASB to accelerate its standard-setting process and, in that spirit, we believe that the FASB will benefit by adopting a simple majority vote," commented Manuel H. Johnson, FAF Chairman. "We view this decision as an important change that will enhance the FASB's process while maintaining its open due process that is critical to establishing high-quality accounting standards."

In addition to its ongoing review of the FASB, the Trustees will seek the recommendations of the FASB's newly named Chairman, Robert H. Herz, after he has assumed his new post and has had an opportunity to review the FASB's operations. As announced earlier today, Mr. Herz will become FASB Chairman on July 1, following completion of current Chair Edmund L. Jenkins' term.

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### **FASB Reorganizes its Research and Technical Activities**

At its meeting yesterday, the FAF also discussed the FASB's reorganization of its research and technical activities to address increasing demands on staff and other resources. A study, commissioned by the FASB in the latter part of 2001, determined that the Board would be best served by reallocating its research and technical activities' functions across three distinct sections versus one that had been in place previously. The three sections report to the Chairman of the FASB.

The three new directorships and their charges cover the following areas (1) major projects and technical activities, (2) technical application and implementation activities and (3) planning, development and support activities.

The FASB has drawn from its staff to fill two of the three positions. Suzanne Q. Bielstein, formerly Assistant Director, Research and Technical Activities, is Director, Major Projects and Technical Activities. Kimberley R. Petrone, formerly Project Manager, and who most recently completed work on the business combinations project, is Director, Planning, Development and Support Activities. The Director, Technical Application and Implementation Activities will serve as Chair of the EITF. Until that position is filled, G. Michael Crooch, an FASB Board member, serves as the EITF Chair.

### **About the Financial Accounting Standards Board and the Financial Accounting Foundation**

Since 1973, the Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors and others rely heavily on credible, transparent and comparable financial information.

The Financial Accounting Foundation is responsible for funding, overseeing and selecting the members of the FASB and the Governmental Accounting Standards Board (GASB). For more information on the organizations it oversees, visit the Foundation's websites at [www.fasb.org](http://www.fasb.org) and [www.gasb.org](http://www.gasb.org).

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