# Best Practices for Student Comment Letter Projects

Mary Hill, Kennesaw State University
John Keyser, Case Western Reserve University
Gary Taylor, University of Alabama
Kelly Ulto, Fordham University
Christine Botosan, FASB
Tanya Paul, FASB & UC Berkeley

# Students Writing Comment Letters to FASB

- Project 1 - John Keyser[1]
  - Incorporating FASB Exposure Draft into scheduled class topics
  - Student groups submit comment letter

- Project 2 - Mary Hill[2] and Gary Taylor[3]
  - Selecting a current Exposure Draft and this topic determines class content/schedule
  - One collective letter from class

[1]Case Western Reserve University

[2]Kennesaw State University

[3]University of Alabama

# Project 1

John Keyser
Case Western Reserve University

# Overview of Project

- Graduate course: Advanced Accounting Theory
- Group Project (up to four students per group)
- Specific project: Proposed Concepts Statement, *Concepts Statement No. 8, Conceptual Framework for Financial Reporting – Chapter 4: Elements of Financial Statements*.
  - All letters submitted to instructor for review
  - Instructor provided feedback to students
  - Students incorporated feedback and submitted to director@fasb.org
  - Students instructed to copy instructor on email to FASB

# Professor Role/Investment

- Lecture to explain the FASB standard setting process
- Provided sample comment letter with annotations explaining the elements of a good comment letter
- Read all drafts and provided feedback in a timely manner to students
- Read/graded final comment letters submitted to the FASB
  - Spelling/grammar
  - Formatting
  - Clarify of thought
  - Support of ideas and suggestions

# Benefits

- Understand the FASB's standard-setting process
- Understand the role that stakeholders play in the standard-setting process through comment letters
- Enhance written communication skills
  - Develop arguments and provide evidence to support a view or position
- Work with colleagues to agree on positions and create a document that speaks with a single voice
- Increased understanding of the relevance of class topics to the "real world"

# Project 2

Mary Hill
Kennesaw State University

Gary Taylor
University of Alabama

# Overview of Project

- **Step 1:** Lecture to explain the FASB standard setting process
- **Step 2:** Analyze previous comment letters / draft a comment letter on a previous Exposure Draft (graded assignment)
- **Step 3:** Select an Exposure Draft
- **Step 4:** Students learn Exposure Draft, current and proposed accounting issue (student led vs teacher led)

# Overview of Project

- **Step 5:** Develop class consensus regarding general direction of comment letter
- **Step 6:** Student groups draft comment letters
- **Step 7:** Each group presents key ideas to class
- **Step 8:** Class decides which ideas to include in collective comment letter
- **Step 9:** Compile/edit/finalize class comment letter

# Professor Role/Investment

- Learn the accounting related to the given Exposure Draft!!!
  - There are *very few* efficiencies gained from one year to the next
- Get "buy in" from the students to devote ungraded time to the collective letter
- Check your ego at the door
  - Not textbook driven
  - Students may know more or might think of something you haven't thought of
  - This is an example of continuous learning
- As professor you are the final "gatekeeper" for the class letter

# Benefits

- AACSB Societal Impact
- Developing a continuous learning mindset/skillset
- Developing an appreciation of the process of standard setting
- Improving the student’s ability to write and present on technical material
- Creating exposure for students and the school to the business community

# PCAOB Comment Letters and Inspection Reports Exercise

Kelly Ulto

Associate Clinical Professor of Accounting

The Gabelli School of Business

Fordham University

# Objective of the Assignment

The following assignment will help students achieve the following:

- To better understand the concept of audit quality.
- To become familiar with the rule making process of the PCAOB.
- To understand the inspection process of the PCAOB and the types of deficiencies noted during these inspections.

PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

# Background of Assignment

| PCAOB COMMENT LETTERS | PCAOB INSPECTION REPORTS |
| --- | --- |
| The rulemaking docket shows the progress of each rule under consideration by the PCAOB. Each rule is assigned a docket number which is used to locate all material related to the at rule, including PCAOB releases and comment letters, rule filings with the SEC and other documents.<br><br>https://pcaobus.org/about/rules-rulemaking/rulemaking-dockets | The Sarbanes-Oxley Act authorizes the PCAOB to inspect registered firms for the purpose of assessing compliance with certain laws, rules, and professional standards in connection with a firm's audit work for public companies, other issuers, and broker-dealer clients.<br><br>Registered firms that issue 100 or fewer audit reports for issuers are, in general, inspected at least once every three years. Registered firms that issue audit reports for more than 100 issuers are inspected annually. The Board also inspects registered firms that play a substantial role in audits of issuers. Many firms registered with the Board perform no audit work for issuers, and the Board does not inspect those firms.<br><br>https://pcaobus.org/oversight/inspections/firm-inspection-reports |

# Let’s get started……

Choose one rule under consideration by the PCAOB.

| No. | Title | Status |
|---|---|---|
| 048 | Rule Governing Board Determinations Under the Holding Foreign Companies Accountable Act | Approved by SEC |
| 047 | Amendments to PCAOB Interim Independence Standards and PCAOB Rules to Align with Amendments to Rule 2-01 of Regulation S-X | Approved by SEC |
| 046 | Quality Control | Comment Period Closed |
| 045 | Bylaw and Rule Amendments to Provide that the PCAOB’s Appointment and Removal of its Hearing Officers are Subject to Commission Approval | Approved by SEC |
| 044 | Amendments to Auditing Standards for Auditor's Use of the Work of Specialists | Approved by SEC |
| 043 | Auditing Standard for Auditing Accounting Estimates, Including Fair Value Measurements | Approved by SEC |
| 042 | Proposed Amendments Relating to the Supervision of Audits Involving Other Auditors and Proposed Auditing Standard—Dividing Responsibility for the Audit with Another Accounting Firm | Comment Period Closed |
| 041 | Concept Release on Audit Quality Indicators | Comment Period Closed |
| 040 | Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules | Approved by SEC |
| 039 | Amendments to Conform PCAOB Rules and Forms to the Dodd-Frank Act and Make Certain Updates and Clarifications | Approved by SEC |
| 038 | Auditing Standard on Related Parties and Related Amendments to PCAOB Auditing Standards | Approved by SEC |

# Requirements of Analysis

A. Summarize the proposed rule. Include the following in your summary:
   - A brief description of the proposed rule.
   - The reason why this rule is being proposed (the issue being addressed and the problem the board is trying to solve).
   - The position that three (3) board members, firms, or other members of the profession have taken in response to the proposed rule. (Many of the comment letters and comments by board members will support the overall change but they may add some insight into a revision to the proposed rule).

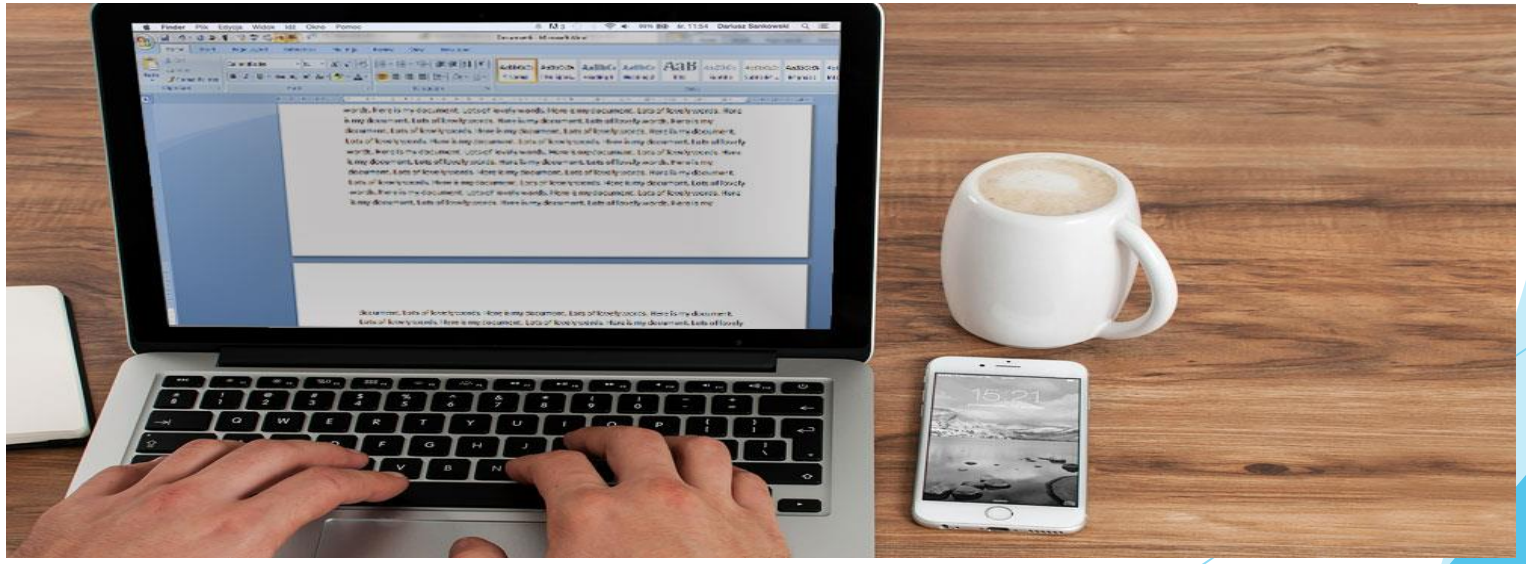
B. Choose two (2) inspection reports to review.
   - Summarize the findings for your chosen reports. Explain what you think is the cause of the deficiency (or deficiencies) noted in the inspection report.
   - Explain how the issue in the proposed rule from Part A of this analysis could have directly or indirectly impacted the issue noted in the inspection report.

C. Many of the dockets are a few years old at this point. Find a current article or update to the issue and explain the current developments in the area.

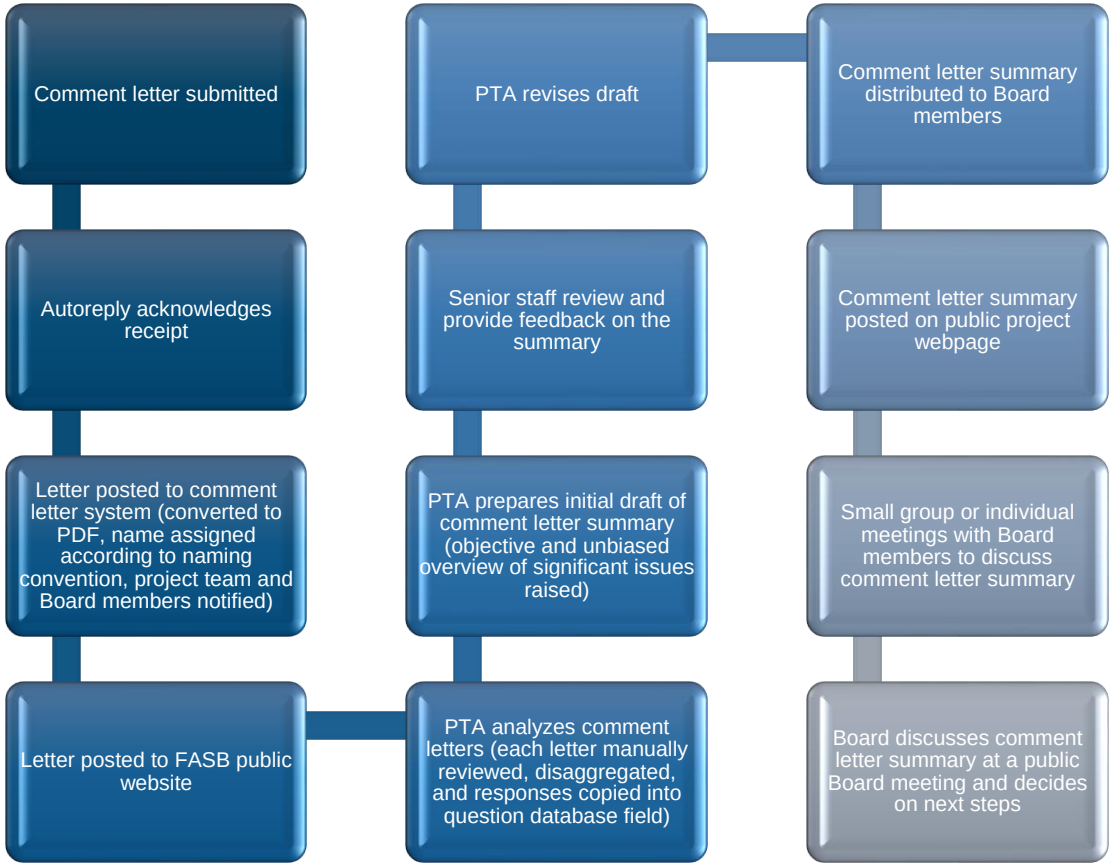
D. If you were asked to write a comment letter to the PCAOB, briefly explain what you would offer as your observation and suggestions. (You can agree in full, disagree, or agree but raise a concern or additional point for consideration).

# Requirements of Paper

- Your paper should be approximately 8-10 pages in length with normal margins and 12 font.
- Your paper should include the references noted in the “Requirements of Analysis” section. This includes docket number, identification of the author of the comment letters and the firm inspection reports.
- Your paper should include TWO outside articles or references to the most recent information about the issue discussed around the proposed rule you chose to analyze.



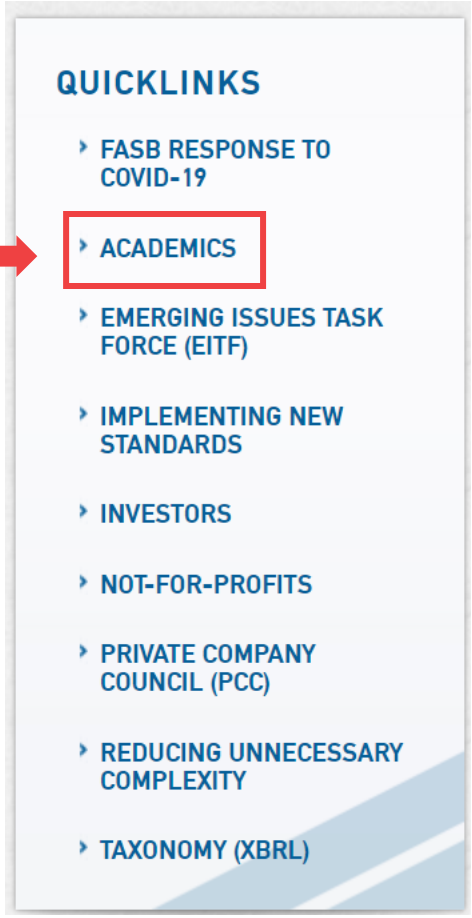
# What happens inside of the FASB?

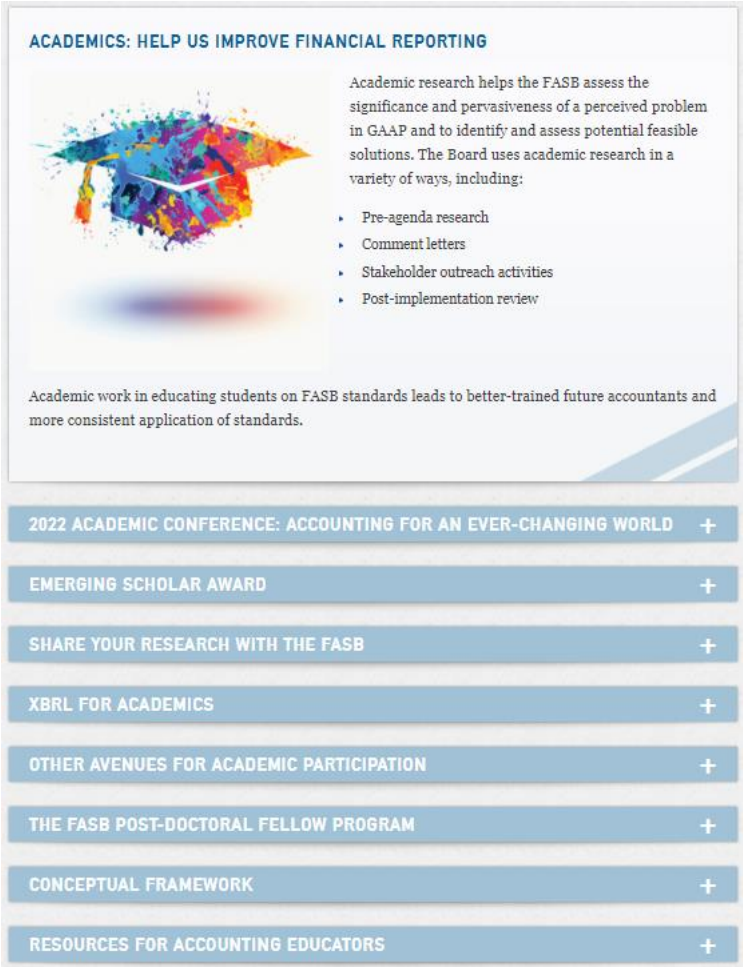



FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Copyright 2022 by Financial Accounting Foundation, Norwalk CT. For non-commercial, educational/academic purposes only.

# Academic Webpage




https://fasb.org/academics



Copyright 2022 by Financial Accounting Foundation, Norwalk CT. For non-commercial, educational/academic purposes only.

# Project Webpages

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

CONTACT US | HELP SEARCH ADVANCED SEARCH

HOME STANDARDS PROJECTS MEETINGS

FASB Home >> PROJECTS >> Technical Agenda

## TECHNICAL AGENDA

The FASB Technical Agenda is best viewed by Internet Explorer® 9.x or higher, Mozilla Firefox® 10.x or higher, Safari® 5.1 or higher.

For instructions on subscribing to a Project's RSS feed, please see the RSS Help Page.

### Technical Agenda Overview

Printable PDF

The Technical Agenda Overview provides important information about current FASB projects at a glance, including status updates and expected issuance timelines for due process documents and final standards.

If there is an Exposure Draft for a project (either current or archived), it may be accessed by clicking the Exposure Draft link located in the "completed stages" list.

STANDARDS SETTING

ALL PROJECTS | RECOGNITION & MEASUREMENT | PRESENTATION & DISCLOSURE | FRAMEWORK | RESEARCH

### RECOGNITION & MEASUREMENT

Projects involving whether, and at what amount, to include items on the face of the financial statements. Broad recognition and measurement projects involve fundamental changes.

BROAD

IDENTIFIABLE INTANGIBLE ASSETS AND SUBSEQUENT ACCOUNTING FOR GOODWILL

(Updated March 04, 2022)

Current Stage: INITIAL DELIBERATIONS

COMPLETED STAGES: Added to Agenda ✓ | Invitation to Comment ✓ | Invitation to Comment - Comment Period ✓

NARROW

CODIFICATION IMPROVEMENTS

(Updated November 10, 2020)

Current Stage: INITIAL DELIBERATIONS

COMPLETED STAGES | CURRENT AND FORTHCOMING

*Project Roster & Status*

## PROJECT UPDATE

### Identifiable Intangible Assets and Subsequent Accounting for Goodwill

Last updated on March 4, 2022. Please refer to the Current Technical Plan for information about the expected release dates of exposure documents and final standards.

(Sections updated on the date above are indicated with an asterisk *)

Expand All Sections

+ PROJECT OBJECTIVE AND BACKGROUND
+ EXPOSURE DOCUMENTS
+ MEDIA RELEASES AND EDUCATIONAL MATERIALS
+ BOARD DECISIONS*
+ BOARD MEETING MATERIALS AND INFORMATION*
+ NEXT STEPS*
+ CONTACT INFORMATION

*The staff has prepared this summary for information purposes only. Any Board decisions are tentative and do not change current accounting. Official positions of the FASB are determined only after extensive due process and deliberations.*



Copyright 2022 by Financial Accounting Foundation, Norwalk CT. For non-commercial, educational/academic purposes only.

# Stay Informed

**SUBSCRIBE TO OUR MAILING LIST**

**at https://www.fasb.org/signup**



Copyright 2022 by Financial Accounting Foundation, Norwalk CT. For non-commercial, educational/academic purposes only.