



February 25, 2011

IFRS Foundation  
30 Cannon Street  
London, EC4M 6XH  
United Kingdom

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the IFRS Strategy Review Consultation Document. The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These recommendations and comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which such members are associated.

Our answers to your questions are included below.

**Mission: How should the organisation best define the public interest to which it is committed?**

*1. The current Constitution states, "These standards [IFRSs] should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions." Should this objective be subject to revision?*

No. We agree with this objective but we believe the Constitution should define the characteristics that make financial statements high quality.

*2. The financial crisis has raised questions among policymakers and other stakeholders regarding the interaction between financial reporting standards and other public policy concerns, particularly financial stability requirements. To what extent can and should the two perspectives be reconciled?*

We do not believe the needs of regulators should affect the standard setting process. Financial reporting standards should focus on the needs of investors and other private-sector stakeholders. The main objective of standard setting is to provide investors and other private sector stakeholders with objective transparent information they are not able to obtain directly. Regulators have access to information not available to other stakeholders and other tools to promote financial stability.

**Governance: how should the organisation best balance independence with accountability?**

*3. The current governance of the IFRS Foundation is organised into three major tiers: the Monitoring Board, IFRS Foundation Trustees, and the IASB (and IFRS Foundation Secretariat). Does the three tier structure remain appropriate?*

Yes, this three-tier structure is appropriate. It maintains the IASB's independence and provides a buffer against political influence.



*4. Some stakeholders have raised concerns about the lack of formal political endorsement of the Monitoring Board arrangement and about continued insufficient public accountability associated with a private sector Trustee body being the primary governance body. Are further steps required to bolster the legitimacy of the governance arrangements (including in the areas of representation of and linkages to public authorities)?*

No. We do not believe further steps are required to bolster the legitimacy of the governance arrangements (including in the areas of representation of and linkages to public authorities).

**Process: how should the organisation best ensure that its standards are high quality, meet the requirements of a well functioning capital market and are implemented consistently across the world?**

*5. Is the standard-setting process currently in place structured in such a way to ensure the quality of the standards and appropriate priorities for the IASB work programme?*

The IASB should work closely with audit standard setters to ensure that accounting standards are auditable without excessive work. Further, the IASB should set its priorities based on problematic areas of concern, rather than change for its own sake or a desire for convergence. Last, the IASB should have an active process for post-implementation review to ensure the standards are applied consistently as intended.

*6. Will the IASB need to pay greater attention to issues related to the consistent application and implementation issues as the standards are adopted and implemented on a global basis?*

Home country organizations are in the best position to monitor and ensure consistent implementation of standards set by the IASB. However, the IASB should pay close attention to implementation issues. These may be indicators of the need to amend or further clarify standards. The IASB should consider a policy to conduct post-implementation reviews.

**Financing: how should the organisation best ensure forms of financing that permit it to operate effectively and efficiently?**

*7. Is there a way, possibly as part of a governance reform, to ensure more automaticity of financing?*

In order to continue to deliver high quality standards, the IFRS Foundation must ensure a stable source of financing. We believe the IFRS Foundation should move away from voluntary contributions to a more autonomous source of funding from the markets that utilize IFRS. Although the IFRS Foundation has no authority to impose funding, regulatory authorities such as the SEC could impose such funding requirements on their constituents. Furthermore, the IFRS Foundation should consider a model similar to the model currently used by the Financial Accounting Foundation (FAF). Approximately 75% of the



FAF's revenues are derived from accounting support fees levied on issuers. The remaining 25% comes from publications and contributions.

**Other issues**

*8. Are there any other issues that the Trustees should consider?*

No.

We appreciate this opportunity to offer our comments.

Sincerely,

**Reva Steinberg, CPA**

Chair, Accounting Principles Committee

**Jeffery Watson, CPA**

Vice-chair, Accounting Principles Committee



APPENDIX A  
ACCOUNTING PRINCIPLES COMMITTEE  
ORGANIZATION AND OPERATING PROCEDURES  
2010-2011

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

**Public Accounting Firms:**

**Large:** (national & regional)

Robert A. Dombrowski, CPA	McGladrey & Pullen LLP
John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Scott G. Lehman, CPA	Crowe Horwath LLP
Matthew G. Mitzen, CPA	Blackman Kallick LLP
Reva B. Steinberg, CPA	BDO USA LLP
Jeffery P. Watson, CPA	Blackman Kallick LLP

**Medium:** (more than 40 professionals)

Gilda M. Belmonte, CPA	E.C. Ortiz & Co, Ltd.
Barbara Dennison, CPA	Selden Fox, Ltd.
Marvin A. Gordon, CPA	Frost, Rittenberg & Rothblatt, P.C.
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.
Jennifer L. Williamson, CPA	Ostrow Reisen Berk & Abrams Ltd.

**Small:** (less than 40 professionals)

Kathleen A. Musial, CPA	BIK & Co, LLP
Michael D. Pakter, CPA	Gould & Pakter Associates LLC

**Industry:**

Christopher M. Denver, CPA	Solomon Edwards Group LLC
Kenneth J. Frederickson, CPA	NGL
Farah Hollenbeck, CPA	Hospira, Inc.
James B. Lindsey, CPA	TTX Company
Michael J. Maffei, CPA	GATX Corporation
Jacob R. Mrugacz, CPA	U.S. Cellular
Karen R. Page, CPA	David Lewis Co.
Anthony Peters, CPA	McDonald's Corporation

**Educators:**

James L. Fuehrmeyer, Jr. CPA	University of Notre Dame
Laine E. Malmquist, CPA	Judson University
Leonard C. Soffer, CPA	University of Chicago

**Staff Representative:**

Paul E. Pierson, CPA	Illinois CPA Society
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