



National Association of State Auditors, Comptrollers and Treasurers

July 3, 2008

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Mr. David Bean
Director of Research
Project No. 20-1
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, I am pleased to provide these comments regarding the GASB's exposure draft (ED) on concepts related to *Service Efforts and Accomplishments Reporting*, an amendment of GASB Concepts Statement No. 2.

We continue to support performance measurement and reporting and agree with many of the GASB's points about the nature and value of SEA. SEA reporting can give citizens and other users information they might not otherwise have access to and in a format that is meaningful and user-friendly. SEA information can also be valuable in decision making and demonstrating and assessing accountability.

In particular, we concur with the clarification in paragraph two of the ED that it is beyond the scope of the GASB to establish the goals and objectives of state and local government services, to develop specific nonfinancial measures or indicators of service performance, or to set standards for service performance. We also agree with the statement in that same paragraph that says the selection of goals and objectives, specific nonfinancial measures of service performance, or standards for service performance should be made by those charged with that responsibility. We are also in support of the deletion of paragraphs 69-79 regarding the development of reporting standards for SEA information.

However, we have a concern with paragraph 5 (amended paragraph 3) of the ED which states, "SEA reporting is an integral part of general purpose external financial reporting (GPEFR)." The use of the word *integral* in this statement implies that governments are required to report SEA information. This sentence seems to single out SEA reporting as more important than other reporting within Other GPEFR. Yet, SEA reporting, popular reports, and other documents that fall under Other GPEFR are voluntary. How can something that is "voluntary" be viewed as "integral"? Consequently, we recommend the Board delete this sentence.

We also have the following observation. Throughout the proposed statement there is an expectation for consistency in governments' SEA reporting. In the section titled "Additional Factors Related to SEA Reporting," the proposed statement includes examples when SEA performance measures presented as comparisons are useful. We question how GASB will be able to promote consistency among governments when they have indicated in the amended paragraph 2 that it is beyond the scope of GASB to develop specific measures or indicators of service performance. Further, paragraph 70 indicates that SEA information should be reported consistently from one period to the next. However, elected officials may have a different opinion or focus from year to year that could change the objectives and priorities of the entity. This may be especially true when there is change in elected officials. It may also be misleading to make comparisons between two governments as each government is unique in its goals and operating environment.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact me at (605) 773-3378 or Sherri Rowland or Pat O'Connor of the NASACT staff at (859) 276-1147.

Sincerely,

Vern L. Larson
NASACT President