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Comptroller General
of the United States

United States Government Accountability Office
Washington, DC 20548

November 13, 2007

Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: File No. S7-20-07 --- Solicitation of Comments on the Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards

This letter provides the U.S. Government Accountability Office's (GAO) comments on the Securities and Exchange Commission's (SEC) Solicitation of Comments on the Concept Release on Allowing U.S. Issuers to Prepare Financial Statements in Accordance With International Financial Reporting Standards.

Overall, GAO has long supported, as essential, the ultimate global convergence of accounting standards and reporting models for public companies. True convergence to a single set of global accounting principles would improve the efficient functioning of global capital markets and benefit all stakeholders, including most importantly investors, but also standard-setters, preparers, auditors, regulators, and educators. Such benefits have been elaborated by the SEC and others. Also, GAO strongly supports a principles-based approach to standard setting to improve the quality and transparency of financial accounting and reporting.

The goal of effective implementation of global standards should be to achieve consistent application and understanding of such standards. The movement to effective implementation of a set of global standards for public companies will require careful planning, coordination and cooperation between all stakeholders, and ongoing monitoring. It will not be easy, inexpensive, short-term, or without risks and challenges. Consequently, a thorough, well designed United States strategy and supporting plans are critical to effective implementation. To be successful, such a strategy and plans should include active commitment, participation, and agreement by all stakeholders in its preparation and execution; commitment of sufficient resources by all stakeholders (including stable, identified sources of funding); a reasonable implementation timetable (including measurable milestones that need to be achieved and a sufficient timeframe for transition and implementation); and

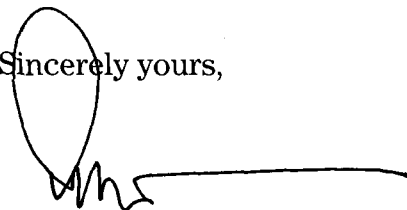
identification of implementation barriers (such as needed changes to laws and regulations). Also, the strategy and plans should include steps to ensure an independent, sustainable process for developing and maintaining a single set of high quality global accounting standards for public companies.

However, we do have significant concerns about whether two sets of standards (FASB and IASB) could effectively and efficiently coexist for domestic issuers, as proposed in the concept release, other than as a temporary transition phase toward full adoption of global accounting standards. Coexisting standards would result in significant additional costs to all stakeholders to work with two sets of standards, a significant risk of non-comparable financial statements, significant challenges faced by investors and other financial statement users to compare entities using different standards, and consequently, potential confusion and disruption in the marketplace. If domestic stakeholders agree that using two sets of standards would be desirable and cost-effective, the strategy should include steps to effectively mitigate these risks.

Additionally, as discussed in the Concept Release, modified jurisdictional versions of the accounting standards published by the IASB presently exist. The SEC should work with its global counterparts to take steps to achieve uniform global application of the standards internationally. There are significant risks to comparability if countries or regions use materially different, modified versions of a set of global standards.

We thank you for considering our comments on these very important issues and look forward to working with you to promote global high-quality accounting.

Sincerely yours,

A handwritten signature in black ink, appearing to read "DMW", with a long horizontal line extending to the right.

David M. Walker
Comptroller General
of the United States

cc:

The Honorable Christopher Cox, Chairman
U.S. Securities and Exchange Commission

The Honorable Mark W. Olson, Chairman
U.S. Public Company Accounting Oversight Board

Conrad W. Hewitt, Chief Accountant
U.S. Securities and Exchange Commission

Robert H. Herz, Chairman
Financial Accounting Standards Board

Harold Monk, Jr., Chair,
U.S. Auditing Standards Board