

Week 1 - DQ 3

What organizations are responsible for governing financial reporting and what are their roles?

Response #1 Organizations that are responsible for governing financial reporting include the Securities and Exchange Commission (SEC), American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB), and Government Accounting Standards Board (GASB). The role of the Securities and Exchange Commission is to protect investors by maintaining a fair market. The role of American Institute of Certified Public Accountants is to maintain and improve the tax system for the public and CPA's. The role of the Financial Accounting Standards Board is to make sure organizations report clear and ethical financial information consistently. The role of Government Accounting Standards Board is to improve standards of financial reporting to ensure the information is useful for the users of the financial reports.

Response #2 The organizations responsible for governing financial reporting are the Securities and Exchange Commission (SEC), the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB). SEC is responsible for developing accounting standards of publicly traded companies. SEC follows General Accepted Accounting Principles (GAAP) developed by FASB. FASB role "is to establish and improve standards of financial accounting and reporting for the guidance and education of the public, which includes issuers, auditors, and users of financial information" (Kieso, Weygant, & Warfield, 2007). The AICPA contributes with the development of the GAAP. They help in the writing of the accounting principles establishing appropriate practices and limited the areas of inconsistency and difference in practice. GASB principal role is to help leading the developing of accounting rules and principles.

Response #3 The four organizations are Securities and exchange commission (SEC), America Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB) and the Government Accounting Standards Board (GASB).

The SEC helps to regulate the information that is given to the stockholders. The SEC develops and standardizes the financial reports that are created to give to the stockholders of the company to prevent a reoccurrence of 1929 when the economy plunged and the public lost so much.

The AICPA helped to create the GAAP for accounting.

The FASB helps to establish and improve the standards of financial accounting and reporting for the guidance and education for the public, this helps to make the information easier to read.

The GASB creates and improves the standards of financial accounting for state and local governments.

Reference

Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2007). Intermediate Accounting (12th ed.) chapter 1. Hoboken, NJ: John Wiley & Sons.

Response #4 There are four parties involved in governing financial reporting. These four are the Securities and Exchange Commission (SEC), the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB). The SEC helps to develop and standardize financial information presented to stockholders. The SEC is a federal agency that has broad reach over companies, determining the accounting practices and standards to be used by companies that fall within its jurisdiction. The AICPA is the national organization of practicing CPA's. That contributes to the development of GAAP. The Accounting Principles Board is a group within the AICPA that determines appropriate practices and narrows the areas of difference and inconsistency in practice. The FASB establishes and improves standards of financial accounting and reporting for the guidance and education of the public. The GASB is similar to the FASB, but the GASB deals with state and local government reporting while the FASB deals with all other entities.