

Symposium Securities Regulation and Corporate Responsibility

*Keynote Address: Challenges Facing Financial Reporting in an Era of Change*

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The Financial Accounting Standards Board is the body that sets the U.S. accounting standards (the standards by which companies prepare their financial statements). The PCAOB then deals with the people who are doing the checking.

The Enron and WorldCom types of scandals highlighted issues in our system that may need to be improved. Some specific problems include special purpose entities and stock options.

In order to attempt to correct some of the problems relating to financial issues, the FASB has been/should be moving towards the idea of more principle-based standards and international convergence. The main goal is to figure out what the “right type” of accounting is and how to enforce it.