

From: Wall, John F.

Sent: Friday, September 02, 2011 10:39 AM

To: DefMaint

Subject: Department of Energy Comments on Exposure Draft

Good Morning,

Attached are comments on the Exposure Draft entitled Deferred Maintenance and Repairs Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32. If you have any questions, please contact me at the number below.

John Wall

Office of Financial Policy

Office of the Chief Financial Officer

Department of Energy's Response to FASAB Exposure Draft Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32

Name of Respondent: Office of Financial Policy, Chief Financial Officer

Organization Represented: U. S. Department of Energy

Q1. The Board proposes to eliminate the requirement to report condition information. Refer to paragraphs 13, 14, and 17 of the proposed standards and paragraph A8 in Appendix A - Basis for Conclusions for a discussion and related explanation.

Do you agree or disagree with the Board's proposal to no longer require condition reporting? Please provide the rationale for your answer.

Agree. While the Department utilizes the Federal Real Property Profile "Condition Index" as a performance indicator and as one of several considerations when it interprets recorded deferred maintenance and repairs (DM&R), the Department has no objections to reporting this information in its Required Supplemental Information (RSI) to its financial statements.

Q2. The proposed standards would require that DM&R estimates for beginning and ending balances be presented with an explanation of significant changes in estimates. Refer to paragraph 14.f. and g. of the proposed standard and paragraph A20 in Appendix A - Basis for Conclusions for a discussion and related explanation.

a) **Do you agree or disagree that DM&R estimates for beginning and ending balances should be presented? Please provide the rationale for your answer.**

Agree. A comparison of successive Department financial statements already provides the reader this information. Including the ending DM&R for the immediate past year and the year prior to that will save the reader time.

b) **Do you agree or disagree with the requirement to explain significant DM&R changes? Please provide the rationale for your answer.**

Agree. It seems reasonable to the Department to detail in a brief narrative any changes to DM&R measurement or reporting.

Q3. The proposed standards state that entities should apply reported methods and reporting formats consistently unless management determines that changes are necessary and if changes to methods or formats are necessary, such changes should be explained. Refer to paragraph 11 of the proposed standards and paragraphs A10 and A11 in Appendix A - Basis for Conclusions for a discussion and related explanation.

a. **Do you agree or disagree that entities should apply reported methods and reporting formats consistently? Please provide the rationale for your answer.**

Agree. It seems reasonable to the Department to report its DM&R consistently unless management necessitates changes.

- b. Do you agree or disagree with requiring an explanation if entities change methods or formats? Please provide the rationale for your answer.**

Agree. It seems reasonable to the Department to detail in a brief narrative any changes to DM&R measurement or reporting.

Q4. The proposed standards would require entities to provide narrative information describing M&R policies and other non-financial information including any significant changes to policies and other factors from the prior year. Refer to paragraphs 13 and 14, items a. through f. of the proposed standards and paragraphs A11 and A17, respectively in Appendix A - Basis for Conclusions for a discussion and related explanation.

Do you agree or disagree with each of the above referenced requirements? Please provide the rationale for your answer.

Agree. The Department has readily available through corporate sources the qualitative information that would appear in the RSI.

Q5. The proposed standards state that communication with and consideration of input from professionals in diverse disciplines is necessary to effectively compile and report DM&R. Refer to paragraph 11 of the proposed standards and paragraphs A15 and A16 in Appendix A - Basis for Conclusions for a detailed discussion and related explanation. .

Do you agree or disagree that communication with and consideration of input from professionals in diverse disciplines is necessary to effectively compile and report DM&R? Please provide the rationale for your answer.

Agree. The Department's sites engage subject matter experts in evaluating the condition of component systems with input from user communities and under the direction of program and site leadership.

Q6. The proposed standards would eliminate the option to report a range of DM&R estimates and the distinction between critical and non-critical amounts. The reported amount of DM&R may be disaggregated in a variety of ways without explicit mention in the standards. Refer to paragraph 14 of the proposed standards and to paragraphs A18 and A19 in Appendix A - Basis for Conclusions for a discussion and related explanations.

- a. Do you agree or disagree with eliminating the option to report a range of DM&R estimates? Please provide the rationale for your answer.**

Agree. The Department asserts that performing asset and component system level condition assessments and estimating the cost to conduct the restorative or replacement work to reverse observed deficiencies while taking into consideration the location of the work obviates any perceived need to present DM&R ranges.

b. Do you agree or disagree with eliminating the distinction between critical and non-critical DM&R estimates? Please provide the rationale for your answer.

Agree. Guidance remained unclear as to whether the terms “critical” and “non-critical” applied to the nature of the work, to the asset impacted by the DM&R, or some combination of the two. Since the definition of maintenance and repairs continues to depend on the concept of “acceptable condition,” all DM&R must seem necessary to management. Eliminating this distinction seems like a sensible approach to streamlining reporting.

Q7. The proposed standards would be effective beginning in fiscal year 2015 with earlier implementation permitted.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Agree. The Department already has policies in place and collects the data necessary to adhere to the proposed measurement and reporting guidance.