

From: Steinberg, Michael

Sent: Thursday, September 15, 2011 8:42 AM

To: DefMaint

Cc: Rivera, Eric; Stetson, Kathleen

Subject: NRC OIG Comments on FASAB Exposure Draft

Reference: Comments Requested on Exposure Draft Titled, *Deferred Maintenance and Repairs, Amending Statements of Federal Accounting Standards 6, 14, 29, and 32*

See Attachment

If you have any questions, please contact me. Also, could you please acknowledge the receipt of this e-mail and the attachment?

Let me thank you in advance,

Michael

Michael J. Steinberg

c/o Nuclear Regulatory Commission

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Reference: Comments Requested on Exposure Draft Titled, *Deferred Maintenance and Repairs, Amending Statements of Federal Accounting Standards 6, 14, 29, and 32*

Dear Ms. Payne,

The Office of the Inspector General (OIG) within the Nuclear Regulatory Commission has reviewed the subject FASAB Exposure Draft. OIG is providing the following comments to your seven questions. If you have any questions, please contact me at 301-415-5931 or at michael.steinberg@nrc.gov.

Question 1:

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.

Response to Question 1:

Agree. In most cases, condition information may not be important to financial reporting. For this reason condition information could be excluded from Deferred Maintenance and Repairs (DM&R). This change may also provide clarity to the application of the deferred maintenance estimate.

Question 2:

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.

Response to Question 2a:

Agree. It would make logical sense to reflect differences in DM&R in the opening and closing balances. This information could also be helpful in the funding decision-making process.

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

Response to Question 2b:

Agree. Explaining significant DM&R changes (in short narrative form) should improve the usefulness of this information that is analyzed by management who are directly responsible for identifying what constitutes a significant change.

Question 3:

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.

Response to Question 3a:

Agree. There should be consistency across-the-board. This always assists the users' analysis of the information no matter what methods are used.

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

Response to Question 3b:

Agree. This would seem to be a reasonable and logical step when changing methods or formats. The explanation should include but not be limited to: the effective date of the change, what circumstances necessitated the change, and whether or not the DM&R is comparable to a prior period.

Question 4:

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.

Response to Question 4:

Agree. For transparency and disclosure purposes, entities should 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.

Question 5:

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.

Response to Question 5:

Agree. This would complement DM&R collection, compilation, and reporting.

Question 6:

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.

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

Response to Question 6a:

Agree. A single DM&R estimate would be more effective and informative.

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

Response to Question 6b:

Agree. It may not be always clear what critical and non-critical denote. Consequently, eliminating the distinction between critical and non-critical DM&R estimates is a reasonable approach and will reduce any inconsistencies because of the different critical definitions.

Question 7:

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.

Response to Question 7:

Agree. The FY 2015 effective date (with earlier implementation permitted) will allow ample time to prepare for this change.