

>>> "Adams, Craig, Mr, OSD-ATL" <Craig.Adams@osd.mil> 6/24/2010 10:57 PM >>>

My responses to the questions and supporting rationale are:

Q1. Yes. Although repairs restore to good condition an asset that deteriorated through use, aging or the action of the elements and maintenance slows or prevents the deterioration from a good of condition to a lesser state, both can be treated the same in accounting standards. Adding the word 'repair' explicitly states both are to be treated the same for accounting purposes. Some federal statutes or agency policies draw a distinction as regards approval thresholds but that affects project approval processes not accounting standards.

Q2.

a. Agree. The edits clarify the intent to include actions which would keep an asset in a condition similar to that when it was new but not include any actions that would extend or improve its capabilities in any way.

b. Agree. The edits remove the ambiguity inherent in the phrases "provide acceptable services" and "achieves its expected life". Both phrases could readily be construed to include changes to an asset that are more properly accounted for as capital improvements.

Q3. Disagree. The phrase "current use" can easily be misunderstood and misapplied. In 30 years of federal asset management I have seen numerous examples where an asset's current use differed from that for which it was physically configured. I have seen too many vacant office areas used for storage and too many warehouse areas used for administrative functions. An egregious real world example is the installation of two basketball backboards in an otherwise empty bay of a warehouse at a very minimal cost. The current use of the warehouse was thereby changed from a warehouse to a gymnasium. Now that the "current use" was as a gymnasium, the changes to lighting, walls, and floors were programmed as repairs. Applying the same thoughts to a large cargo aircraft, its designated "current use" could be changed to passenger service with the stroke of a pen. Does that mean the cost to install an full interior in the aircraft could then be funded as a repair necessary to effectively perform its "current use"? What if the asset is idle or vacant does it then have no 'current use'? A more precise phrase such as "the use for which it is currently configured" or similar language would remove all ambiguity.

Q4. Deferred Maintenance and Repair reporting should be directed broadly to fixed assets because federal agencies tend to retain assets long after they have been fully depreciated. Eliminating Deferred Maintenance and Repair reporting for fully depreciated assets will remove a very substantial portion of the assets being used by an agency from consideration. This will present a very limited picture of the status of deferred M&R and is likely

to lead to the erroneous conclusion that the agency assets are all properly maintained when they are not. However if deferred M&R were reported against all assets, a complete picture of the maintenance of the agency's assets would be presented. The workload involved in reporting deferred M&R is essentially the same since the agency must manage and maintain the asset regardless of whether it is fully depreciated or not.

Q5. Why are there no references to Comptroller General decisions in any of the FASAB writings? The Comptroller General has been given primacy within the federal government in decisions involving the proper expenditure of funds in statute. The definition of maintenance, repair, improvement, etc have been decided by the Comptroller General on several occasions over the past 100 years and are binding on the executive branch yet none are mentioned in this standard.

Thank you for the opportunity to comment. If you have any questions about my comments please contact me via email or phone.

Respectfully,

Craig Adams