

From: Alexis Stowe (BC)
Sent: Friday, September 16, 2011 12:30 PM
To: DefMaint
Subject: GSA Response – FASAB Exposure Draft on Deferred Maintenance and Repairs

Dear FASAB Director,

Attached are GSA's comments on the subject FASAB ED. Thank you for the opportunity to provide comments.

Alexis M. Stowe
Director of Financial Policy and Operations (BC)/ Deputy CFO
Office of the Chief Financial Officer
General Services Administration
1275 First St. NE, Washington, D.C. 20417

Question	Para No.	SUBJECT/TITLE	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
Q1	13, 14, 17 & Appendix A para 8	<p>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.</p> <p>Do you agree or disagree with the Board's proposal to no longer require condition reporting? Please provide the rationale for your answer.</p>	Y		Agree to eliminate the requirement to report condition information. We believe the existing condition reporting fails to provide information or insight that readers can use, additional summary condition information would be redundant, and the benefit of presentation and usefulness of this information was very questionable especially in agencies with large volumes of assets.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560
		<p>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.</p> <p>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.</p>	Y		Agree. Beginning and ending balances with an explanation of significant changes in estimates will be useful to the readers. However, comparative balances will only be useful when the measurements and definitions applied for determining deferred maintenance are consistent from period to period. Also, the additional requirement of beginning and ending balances would lead readers to assume condition surveys are performed annually and our Public Buildings Service survey's for half of it's owned inventory of buildings each fiscal year.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560

Question	Para No.	SUBJECT/TITLE	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
Q2	14.f, 14.g & Appendix A para A20	b) Do you agree or disagree with the requirement to explain significant DM&R changes? Please provide the rationale for your answer.	Y		Agree. This requirement is useful to users in understanding what occurred during the year that cause significant changes. However, we are concerned with the additional workload and cost this could create for agencies. Maintaining information on period-to-period changes would potentially require significant additional data tracking mechanisms to capture the amounts involved by each cause/action. DM&R is often well tracked from a workload and budgeting perspective, however associating dollar amounts and reasons for changes in each Deferred Maintenance task are not captured. In today's environment, tracking of DM&R is only focused on having such information available at points in time. With the audit review of DM&R data, the effort to capture and maintain balance change information is further compounded as this elevates the internal control and management review efforts required to ensure validation and accuracy of such data.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560
Q3	11 & Appendix A para A10-A11	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.	Y		Agree. Consistency is vital for usefulness and analysis of financial data. Frequent changing of methodology would render the data virtually incomparable and greatly reduce its usefulness.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560

FASAB Exposure Draft on Deferred Maintenance and Repairs Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and
32

Question	Para No.	SUBJECT/TITLE	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
		b. Do you agree or disagree with requiring an explanation if entities change methods or formats? Please provide the rationale for your answer.	Y		Agree. Changes to methodology can be normal and needed but explaining them to the reader is needed for transparency. Any changes must be documented and properly justified and should be disclosed.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560
Q4	13, 14a - 14f, & Appendix A para A11 & A17	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.	Y		Agree. Policies and non-financial information including significant changes to policies that are relevant to the population of surveyed assets and the method of estimation should be disclosed. However, requiring entities to provide DM&R policies and other information may become a burden and the real point of this requirement is to provide high level transparency, not to publish all accounting/financial policies. There is concern that this statement is too broad.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560

Question	Para No.	SUBJECT/TITLE	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
Q5	11 & Appendix A para A15 & A16	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.	Y		Agree. Communication and considering input from professionals in diverse disciplines is necessary for completeness and consistency and to effectively compile and report DM&R. Accountants and finance professionals most likely would not have the required expertise to make such decisions alone and must rely on subject matter experts for proper guidance. The group listed in paragraph 11 seems sufficient.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560
Q6	14 & Appendix A para A18 &	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.	Y		Agree. Providing a range of estimates related to DM&R could be confusing and misleading. Because this ED retains the DM&R definition to apply only to work that would be expensed we believe this is reasonable. If definitions are ever expanded to also cover capitalizing work under deferred maintenance, this could be much more difficult to put an exact dollar amount to and a range would often be preferable in such cases.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560

Question	Para No.	SUBJECT/TITLE	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
	A19	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.	Y		While we agree that the criticality of maintenance or a repair should not be the driving factor for defining DM&R, we recommend FASAB to work with the Real Property Council at the Office of Governmentwide Policy (OGP) to further develop common definitions and standards for capturing DM&R to enable consistent definitions, and eliminate uniqueness that might prevent using the information needed for the government-wide asset management purpose for the very similar Deferred Maintenance reporting in financial statements.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560
Q7		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.	Y		Agree. This should provide sufficient time for agencies to prepare.	Alexis Stowe	OCFO, Office of Financial Policy and Operations	alexis.stowe@gsa.gov / 202-501-0560