

Word Version of Request for Comments**Deferred Maintenance and Repairs - Exposure Draft****Comments Requested by September 16, 2011**

Name of Respondent: Melanie R. Cenci**Organization Represented: US Department of Agriculture, Office of the Chief Financial Officer**

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.

USDA agrees with the Board's proposal to no longer require condition reporting. Because there is no standard or uniform assessment or measurement method and each entity prescribes to their own methods, it does not facilitate an understanding of the DM&R estimates as a whole.

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.**

USDA agrees with the Board's proposal that estimates for beginning and ending balances should be presented. Users of the financial reports need to know if the DM& R balances changed.

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

USDA agrees with the requirement to explain significant DM& R changes. Users of the financial reports need to know what occurred during the fiscal year that impacted the DM& R.

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.**

USDA agrees that entities should apply reported methods and reporting formats consistently. The most important element in accounting for DM&R is consistency in application. Consistency adds to the value of DM&R estimates in that it allows the entity to perform trend analysis which is useful in decision-making.

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

USDA agrees with requiring an explanation if entities change methods or formats. An explanation should document the reason for the change and also should provide the impact of the change to the users of the financial reports.

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.

USDA agrees with the above referenced requirements. It is important that the entity provides a description of their M&R policies and other non-financial information in that it shows how an entity manages its DM&R, how it ranks the M&R projects to which resources are allocated, and it facilitates the reliability and the relevance of the DM&R estimates.

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.

USDA agrees that an integrated approach to compiling and reporting DM&R is imperative in establishing consistent and complete DM&R estimates. It is by the collaboration of those in different disciplines such as engineering, facilities management, finance, budgeting and accounting, that an entity can establish the completeness and consistency in DM&R estimates and recognize systemically process improvements.

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.**

USDA agrees with eliminating the option to report a range of DM&R estimates if there is very little distinction between low and high dollar estimates.

- 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.**

USDA agrees with eliminating the distinction between critical and non-critical DM&R estimates absent a clear definition. However, National Resources Conservation Service disagrees. If the entity defines what is critical and non-critical, it provides the users of the financial reports with a better understanding of DM&R management.

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.

USDA agrees with the proposed effective date.