

National Aeronautics and Space Administration

Headquarters
Washington, DC 20546-0001



September 14, 2011

Reply to Attn of: Office of the Chief Financial Officer

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to provide comments to the exposure draft "Deferred maintenance and Repairs – Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32." Enclosed you will find NASA's response to the questions for the respondents.

If you have any questions regarding NASA's response, please contact Kevin Buford, Director for Policy, at (202) 358-0405 or by e-mail at kevin.buford@nasa.gov.

Sincerely,

A handwritten signature in black ink that reads "Terry L. Bowie". The signature is fluid and cursive, with the first and last names being more prominent.

Terry L. Bowie
Deputy Chief Financial Officer

Enclosure

NASA Response to Questions for Respondents Regarding Exposure Draft on “Deferred Maintenance and Repairs, Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32

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. But condition information is important for NASA Facility Engineering Division and is required to report them by the Federal Real Property Council Reporting Requirements. However it is not an important component of financial reporting; hence agree with the Board’s proposal to no longer require condition reporting.

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. Presentation of beginning and ending balances will provide the fluctuation between the balances to the users.

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

Agree. Disclosure of significant changes in DM&R will provide the rationale for the changes to the users and help them to understand what events caused those changes.

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. Consistency reinforces reliability and comparability and adds to the informational value of DM&R estimates.

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

Agree. Management should provide an explanation if there are changes to methods or formats. Disclosing the information will explain the change and will not allow the user to speculate why management decided to change method/format.

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. Providing narrative information describing the DM&R policies and other non-financial information will enhance the reliability of the entity's estimated DM&R amount.

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. Communication is a vital component in any organization. Input from professionals in diverse disciplines is necessary to effectively compile and report DM&R.

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. A single DM&R estimate is more informative than a range. The identification of low and high dollar DM&R estimates could contribute to the lack of comparability and hinder the transparent reporting of a more realistic estimate.

- 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. Currently there are too many definitions for "critical," which causes confusion. Elimination of the requirement for distinction between critical and non-critical amounts will cut down the reporting inconsistencies.

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

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

Agree. It is up to individual Agencies to implement earlier than FY 2015.