



January 6, 2017

Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6K17V
441 G Street, NW – Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft (ED) on the proposed Statement of Federal Financial Accounting Concept (SFFAC), *Federal Financial Reporting*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 30 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views, and the hard work and dedication by the Board Members and Staff on their contributions to improving federal financial reporting.

Our responses to the ED questions are included below.

Q1. The Statement illustrates the relationship between financial statements and required supplementary information (RSI) and the larger body of information available to users for assessing the government's accountability and for decision making. The reporting objectives are intended to be broad to address the range of information users need. In this Statement, FASAB focuses on the Operating Performance and Stewardship objectives and supports reporting budgetary information. The proposed concepts will assist the Board in determining the types of information presented in financial statements and RSI and will assist users in understanding the relationship between information presented in financial statements and RSI and other reported information (ORFI). Refer to paragraphs 6 to 11 and Figure 1, *Information for Assessing Accountability and for Decision Making*.

Do you agree or disagree with the discussion and illustration? Please provide the rationale for your answer.

A1. The FISC agrees with the discussion and illustration provided in the ED. The FISC suggests that the Board consider inclusion in the ED of the role of online financial reporting, such as reporting of transactional information in compliance with the *Digital Accountability and Transparency Act of 2014*, in the Board's views on concepts of federal financial reporting.

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- Q2. The Financial Statements and RSI section of the Statement discusses the role of financial statements and RSI in achieving the financial reporting objectives. Refer to paragraphs 16 to 25.

Do you agree or disagree with the discussion on financial statements and RSI? Please provide the rationale for your answer.

- A2. The FISC agrees with the discussion on the role of the financial statements and RSI in achieving the financial reporting objectives.

- Q3. The Other Reported Financial Information and Its Relationship to Financial Statements and RSI section of the Statement discusses ORFI that contributes to achieving the financial reporting objectives and its relationship to financial statements and RSI. Refer to paragraphs 26 to 31.

Do you agree or disagree with the discussion on ORFI and its relationship to financial statements and RSI? Please provide the rationale for your answer.

- A3. The FISC agrees with the discussion on ORFI and its relationship to financial statements and RSI.

- Q4. The Concepts for Government-Wide and Component Reporting Entities section of the Statement discusses concepts for the government-wide and component reporting entities. The concepts include a discussion on the types of information the government-wide reporting entity financial statements and RSI collectively provide and the types of information component reporting entity financial statements and RSI collectively provide. Refer to paragraphs 33 to 48.

A. Do you agree or disagree with the concepts pertaining to the government-wide reporting entity? Please provide the rationale for your answer.

B. Do you agree or disagree with the concepts pertaining to component reporting entities? Please provide the rationale for your answer.

- A4. The FISC agrees with the concepts pertaining to the government-wide reporting entity and to component reporting entities. The FISC suggests that the Board revise paragraph 45, which states that “financial positions with respect to most component reporting entities is not as meaningful as for the federal government . . . “ Some FISC members expressed concerns in our discussions that such a value judgment should be avoided in a concept statement when not referenced to an independent study or other external source, and may not fully acknowledge the important role that component-level balance sheets serve as the building blocks for the government-wide balance sheet.

- Q5. The Concepts for Budgetary Information in Component Reporting Entity Financial Statements and RSI section of the Statement discusses component reporting entity budgetary concepts. Refer to paragraphs 49 to 56.

Do you agree or disagree with the concepts for budgetary information in component reporting entity financial statements and RSI? Please provide the rationale for your answer.

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A5. The FISC agrees with the concepts for budgeting information in component reporting entity financial statements and RSI. Some FISC members expressed concerns about the transparency and understandability of the current budgetary to proprietary reporting requirements. Although the ED communicates the importance of budgetary information to the users of federal financial statements, the FISC members suggested that additional work be done by the Board in the coming years to improve the contents of, and thereby the information communicated, in the current budgetary-to-proprietary reconciliation models.

Q6. The Performance Results section of the Statement discusses the role of financial statements and RSI in providing information on the reporting entity's performance results. Refer to paragraphs 57 to 62.

Do you agree or disagree with the concepts for performance results information? Please provide the rationale for your answer.

A6. The FISC agrees with the concepts for performance results information.

Q7. The Summary Level Information section of the Statement discusses summary level information with respect to financial statements and RSI. Refer to paragraphs 63 to 70.

Do you agree or disagree with the concepts for summary level information? Please provide the rationale for your answer.

A7. The FISC agrees with the concepts for summary level information.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,



Andrew C. Lewis
FISC Chair