



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Chief Financial Officer and**  
**Assistant Secretary for Administration**  
Washington, D.C. 20230

JAN -6 2017

Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
Washington, DC

Dear Ms. Payne:

The Department of Commerce has reviewed the Statement of Federal Financial Accounting Concepts Exposure Draft, *Federal Financial Reporting*, dated September 29, 2016.

Please find enclosed answers to the questions that were asked of respondents. If you have any questions, please contact me at (202) 482-0646 or [bhenshel@doc.gov](mailto:bhenshel@doc.gov).

Sincerely,

A handwritten signature in blue ink that reads "Bruce Henshel".

Bruce Henshel  
Accountant, Office of Financial Management

Enclosure

cc: Gordon T. Alston  
Julie Tao  
Elleni Mekbeb

**FASAB Exposure Draft: Questions for Respondents due January 6, 2017*****Federal Financial Reporting***

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

Accounting Firm  
Federal Entity (user)  
Federal Entity (preparer)  
Federal Entity (auditor)  
Federal Entity (other)  
Association/Industry Organization  
Nonprofit organization/Foundation  
Other  
Individual

X

If other, please specify:

If other, please specify:

**Please provide your name.**

Name:

Bruce Henshel

**Please identify your organization, if applicable.**

Organization:

Department of Commerce

**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.**

The Department agrees with the discussion and illustration. It is important to identify the types of information in the financial statements and RSI that will assist users in understanding the relationship between the information required by Generally Accepted Accounting Principles (GAAP) and ORFI.

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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.**

The Department agrees with the discussion on financial statements and RSI. The discussion details the information in the financial statements and RSI which helps users to better understand the role of the financial statements and RSI to better assess financial results of operations.

- 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.**

The Department agrees with the discussion on ORFI and its relationship to financial statements and RSI. Although not required by GAAP, ORFI contributes to the user's ability to assess the financial condition of the reporting entity and to comply with laws and administrative directives. The Department also agrees that there are some limitations to ORFI, such as potential for less scrutiny over the data, and lack of consistency with GAAP reporting.

- 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.**

The Department agrees with the concepts pertaining to the government-wide reporting entity. The concepts assist users in understanding the government's mission, performance, sources, uses of resources, financial position, and budget deficit/surplus.

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

The Department agrees with the concepts pertaining to component reporting entities. The concepts assist users in understanding the entity's mission, relationship with other component entities and the government-wide reporting entity, performance, sources and uses of resources, financial position, status of budgetary resources, and possible future effects of known or anticipated events/risks.

We would like to express a concern with the wording in paragraph 45 where it is stated "Financial position with respect to most component reporting entities is not as meaningful as for the federal government because most component reporting entities are not independent economic entities...." While this may be true, meaningfulness is often a subjective determination by the user or group of users depending on who the user is, what the user's needs or interests are, etc. We recommend that this sentence be reworded to better convey FASAB's intent for this paragraph, and to better accommodate different users' perspectives, needs, and interests.

- 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.**

The Department agrees with the concepts for budgetary information in component reporting entity financial statements and RSI. The concepts for budgetary information provides users with information on the process and classifications of budgetary authority.

We would like to point out an inconsistency in wording in paragraph 52 as compared to paragraph 53a, with regard to "Budget authority provided by **permanent** laws..." in paragraph 52, as compared to "Provided in appropriations acts or **authorizing** laws..." in paragraph 53. It appears to the Department that "**permanent** laws" is the best consistent presentation.

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- 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.**

The Department agrees with the concepts for performance results information. The performance results information helps users to understand the efforts, accomplishments, efficiency, effectiveness, and changes over time.

- 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.**

The Department agrees with the concepts for summary level information. Some users may not need or want all the information provided in the financial statements and RSI; having summary information will be useful for a user who does not need or want more detailed information.