

**U.S. Department of Labor**Office of Inspector General  
Washington, D.C. 20210**JAN 06 2017**

Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
Mailstop 6H19  
441 G Street, NW, Suite 6814  
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Office of Audit, Office of Inspector General, Department of Labor, enclosed are our responses to questions posed in the exposure draft titled, "Federal Financial Reporting."

If you have any questions or need additional information, please contact Joseph L. Donovan, Jr., Audit Director, Financial Statement Audits, at 202-693-5248.

Sincerely,

A handwritten signature in cursive script that reads "Elliot P. Lewis".

Elliot P. Lewis  
Assistant Inspector General for Audit

Enclosure

### 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)          | <u>  X  </u> |                                 |
| Federal Entity (other)            | _____        | If other, please specify: _____ |
| Association/Industry Organization | _____        |                                 |
| Nonprofit organization/Foundation | _____        |                                 |
| Other                             | _____        | If other, please specify: _____ |
| Individual                        | _____        |                                 |

**Please provide your name.**

Name: Elliot P. Lewis, Assistant Inspector General for Audit

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

Organization: U.S. Department of Labor, Office Inspector General

**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 Financial 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.**

We agree with the discussion indicated in the Scope section. We believe the illustration in Figure 1 adequately depicts how information required by GAAP relates to ORFI. However, we suggest for the Board’s consideration that Required Supplementary Stewardship Information be specifically incorporated into the discussion and illustration to avoid confusion since it is a distinct term in federal financial reporting.

- 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 16-25.

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

We agree with the discussion on the financial statements and RSI as it distinguishes between financial statements and RSI and discusses the different bases used in preparation of the financial statements.

- 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.**

We agree with the discussion on ORFI and its relationship to financial statements and RSI. We suggest a clear distinction between the information that should be included in MD&A and the information that would be considered ORFI.

- 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.**

We agree with the concepts pertaining to the government-wide reporting entity. Additionally, we believe the debt limit should be included in the discussion in paragraph 36 as limits do exist in the federal government's ability to borrow.

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

We agree with the concepts pertaining to component reporting entities and how the information assists users in their understanding. We suggest the removal or significant revision of paragraph 45. Our thought is that this paragraph inappropriately lessens the importance of assessing the financial position of component reporting entities, which contradicts paragraph 44

("...assists users in understanding...the efficient and effective use of its assets and liabilities").

- 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 paragraph 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.**

We agree with the concepts for budgetary information in component reporting entity financial statements and RSI, noting that they are written at the appropriate level for a concept statement.

- 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 paragraph 57 to 62.

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

We agree with the concepts for performance results information. We believe the information presented and references to SFFAC Nos. 1 and 3 are appropriate.

- 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.**

We agree with the concepts for summary level information. Additionally, we believe a clear link of summary level information to Figure 1 would be useful. For instance, if the intent is for summary level information to be included in "Information Required by Other Bodies or Voluntarily Presented (Other Reported Financial Information)", then a bullet in Figure 1 identifying summary level information would help connect with this discussion and clarify how summary level information fits into financial reporting.