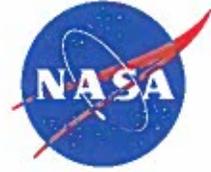


National Aeronautics and Space Administration

Headquarters

Washington, DC 20546-0001



February 7, 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 "Implementation Guide for Estimating the Historical Cost of General Property, Plant, and Equipment." 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 blue ink that reads "Terry Bowie".

Terry L. Bowie
Deputy Chief Financial Officer

Enclosure

**NASA RESPONSE TO QUESTIONS FOR RESPONDENTS REGARDING
IMPLEMENTATION GUIDANCE FOR ESTIMATING THE HISTORICAL COST
OF GENERAL PP&E**

- Q1. Do you agree or disagree with the types of estimating methodologies proposed to estimate the cost of historical assets? Please provide the rationale for your answer. Do you believe additional methodologies should be included? If so, please specify.

Agree. The estimating methodologies proposed in the Exposure Draft (ED) are reasonable in estimating the historical cost of G-PP&E. The methodologies listed in the document cover a variety of scenarios and asset classes – buildings, sea vessels, real property, aircrafts, and contractor held assets. We do not believe that additional methodologies are needed as AAPC has sufficiently covered the common estimating methodologies.

- Q2. Do you agree or disagree with the example for estimating the cost using deflation of current replacement? (Page 14) Please provide the rationale for your answer.

In general, we agree with the example for estimating the historical cost using deflation of current replacement cost because it is reasonable and simple. But CPI may not be the best index to deflate current replacement cost of a building to its original cost. For real property, Agencies could look at other options to estimate the historical cost of real property by using budget figures and other expenditure reports, which could be a more reasonable estimation of the real property than using CPI.

- Q3. Do you agree or disagree with the example for estimating the cost using appraisal information? (Page 14) Please provide the rationale for your answer.

In theory, we agree with the given example for establishing the estimated cost of two sea vessel classes; the validation procedures performed by Agency before data for estimation is populated and analytical procedures performed seem reasonable. But the difficulties in establishing the cost of complex structures, such as sea vessels through appraisals and finding the qualified appraisers to perform the appraisal should not be overlooked.

- Q4. Do you agree or disagree with the example for estimating the cost using expenditures? (Page 18) Please provide the rationale for your answer.

Agree. When expenditures are available on a project basis and each project produces multiple assets, the methodology as given in the example, to assign the value to each asset not to exceed the total project cost based on all available information to the Agency is reasonable.

Enclosure

- Q5. Do you agree or disagree with the example for estimating the cost using budget and appropriation information? (Page 18) Please provide the rationale for your answer.

Agree. The example shows all aspects of the process, including steps for verification of the existence of the asset, estimation of total historical cost, documentation, and adjustment to appropriation due to recession and departmental reprogramming.

- Q6. Do you agree or disagree with the example for estimating the cost for G-PP&E in the possession of contractors? (Page 18) Please provide the rationale for your answer.

Agree. The use of automated reporting tools to report costs by the contractors on a regular basis, agreed upon procedures (AUP) and other independent assessments by external third parties, and the oversight and validation procedures performed by the Agency's procurement, logistics, program, and finance personnel will help to assure the reliability and completeness of the asset cost data.

- Q7. Do you agree or disagree with the G-PP&E record retention recommendations outlined in Appendix B?

Agree. Appendix B recommends that NARA, through GRS 3 and GRS 8, expand the G-PP&E records retention requirements. While the task force addresses three specific types of assets, i.e., Real Property records, Personal (non-real) Property records, and transactional type PP&E records and examples of each type, they allow management to exercise judgment to determine if the records should be retained longer than recommended periods. We believe that this approach is reasonable as each management should assess its records retention needs based on its unique factors such as audit requirements, capitalization thresholds etc.