

February 4, 2011

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

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide a response to the Federal Accounting Standards Advisory Board on the exposure draft of its proposed statement of federal financial accounting standards, *Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources*. The FMSB, comprising 24 members with accounting and auditing backgrounds in federal, state and local government, academia and public accounting, reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

Q1. Do you agree or disagree with the proposed one-year deferral of the effective date of SFFAS 38, Accounting for Federal Oil and Gas Resources (see paragraph 2 and further discussions in paragraphs A1 through A7)? Please explain the reasons for your position in as much detail as possible.

We disagree with the proposed deferral of the effective date, which has been requested due to Minerals Management Service reorganization within the Department of the Interior. SFFAS 38 states that the standard would become effective as required supplementary information (RSI) for periods beginning after September 30, 2011 with earlier implementation encouraged. Since the reorganization under the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) will require establishment of financial accounting and reporting, it seems best that the BOEMRE incorporate the RSI for natural resources immediately as part of its new reporting structure. Fiscal year 2012 should be achievable without undue hardship. FASAB itself in App. A, Basis for Conclusions, A7, "strongly urged that the standard be implemented for 2012 if at all possible"

We appreciate the opportunity to comment on this document and would be pleased to discuss this letter with you at your convenience. A majority of members approved the issuance of this letter. If you have questions concerning the comments in this letter, please contact Anna D. Gowans Miller, CPA, AGA's director of research and staff liaison for the FMSB, at amiller@agacgfm.org or at 703.684.6931 ext. 313.

Sincerely,



Eric S. Berman, CPA, Chair
AGA Financial Management Standards Board

cc: Lisa Casias, CPA
AGA National President

**Association of Government Accountants
Financial Management Standards Board**

July 2010 – June 2011

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