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ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS

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Office of Finance and Budget

July 3, 2013

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

Dear Ms. Payne:

The Administrative Office of the U.S. Courts has reviewed the exposure draft of the proposed revision to the Statement of Federal Financial Accounting Standards (SFFAS), entitled Reporting Entity, dated April 3, 2013. In several places the Federal Accounting Standards Advisory Board (FASAB) exposure draft proposes that the Judicial Branch should be included in the government-wide General Purpose Federal Financial Report (GPFFR) and required to submit financial statements prepared using FASAB standards. We strongly disagree.

The exposure draft represents a laudatory effort by the FASAB to further full reporting on the federal government's budget. However, there are valid, substantial, and vitally important reasons why the Judiciary has not been included in the GPFFR. Like the Legislative Branch, the Judiciary's financial operations and structure are based on different statutory authorities than the Executive Branch, and consistent with these authorities, the Judiciary has developed its own policies and processes for financial management and accountability. The Judiciary has established accounting and financial reporting systems based on these policies and processes, and the Judiciary prepares financial reports in accordance with an Other Comprehensive Basis of Accounting.

Furthermore, the GPFFR was created specifically for the particular business operations of the Executive Branch. Attempting to apply the GPFFR to the Judiciary would be a nearly impossible undertaking due to the significant differences between the

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branches. The proposed standard identifies the Judiciary for inclusion in the government-wide GPFRR under the (in the Budget) inclusion principle. When considering the concept of "misleading to exclude," the Judiciary continues to represent an immaterial line in the Budget. Therefore, excluding the Judiciary from the GPFRR would not result in a material misstatement of the GPFRR.

In conclusion, the required additional budgetary resources needed to convert the Judiciary's existing accounting and financial reporting structure to comply with FASAB standards would result in substantial costs with no material benefit to the primary intended users of the GPFRR. We therefore ask that the Judiciary be excluded from the proposal.

Sincerely,



Charles S. Glenn
Controller