



January 9, 2017

Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6K17V
441 G Street, NW – Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft (ED) on the proposed Statement of Federal Financial Accounting Technical Release (TR), *Conforming Amendments to Technical Releases for SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 30 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views, and the hard work and dedication by the Board Members and Staff on their contributions to improving federal financial reporting.

Our responses to the ED questions are included below.

Q1. In light of the recently issued Statement of Federal Financial Accounting Standards (SFFAS) 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35*, this TR clarifies existing TRs by providing conforming amendments (see par. 3-11 and par. A5-A8). These amendments acknowledge the rescission of SFFAS 35 and that all standards-level implementation guidance for general property, plant, and equipment (with the exception of certain provisions applicable to internal use software) now resides in SFFAS 6.

Do you agree or disagree that this TR clarifies the technical guidance? Please provide the rationale for your answer.

A1. The FISC generally agrees that this TR clarifies the technical guidance. Some FISC members expressed concerns that the Board's intended use of reasonable estimates as a source by Federal agencies in deriving the historical cost of property, plant, and equipment (PP&E) balance is not limited by the current language in GAAP, and could be used by Federal agencies for the estimation of PP&E on a perpetual basis. Paragraph 12 of SFFAS No. 50 revised paragraph 6 of SFFAS No. 6 by adding the following sentence: "Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general

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PP&E, in accordance with the asset recognition and measurement provisions herein.” This sentence, along with the guidance provided in paragraph 6 of the ED, may permit a Federal agency to continue to use reasonable estimates, such as budgetary documents, in the determination of historical cost – even in years subsequent to the Federal agency’s assertion on its opening balance of PP&E. We suggest that the Board evaluate whether additional guidance is required to clarify the Board’s intentions on the use of reasonable estimates.

Q2. Are there additional amendments or issues that the AAPC should consider in this TR? If so, what are they, and how would you describe them? Please provide the rationale for your answer.

A2. The FISC does not have additional amendments or issues that the AAPC should consider in this TR.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,



Andrew C. Lewis
FISC Chair