Exposure Draft Omnibus Amendments: *Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*

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Please identify your organization, if applicable.

Organization: U.S. Department of Interior

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Q1. Federal Financial Accounting Standards (SFFAS) 38, *Accounting for Federal Oil and Gas Resources*, requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves be reported as required supplementary information (RSI) in a schedule of estimated federal oil and gas petroleum royalties by the component entity that is responsible for collecting royalties. TB 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, applies the reporting requirements in SFFAS 38 to federal natural resources other than oil and gas and requires reporting as RSI the value of the federal government's estimated royalties and other revenue from federal natural resources that are (1) under lease, contract, or other long-term agreement and (2) reasonably estimable as of the reporting date. It was the Board's intent when issuing SFFAS 38 and TB 2011-1 that the information required would eventually transition from presentation as RSI to basic information after three years. The Board is now proposing that the information required in SFFAS 38 and TB 2011-1 continue to be reported as RSI. Please refer to basis for conclusions paragraphs A1-A15.

Do you agree, partially agree, or disagree with the Board's decision? Please provide the rationale for your answer.

DOI: Considering the significant uncertainties with measurement and other associated challenges outlined in previous work, Interior agrees with the board's decision to continue the required disclosure, recognition, and measurements required by SFFAS 38 and TB 2011-1 be contained in RSI.

The below captures DOI entities responses to the ED.

- ONRR: The Office of Natural Resources Revenue agrees with the Board's decision to retain estimates on royalties for future potential production of federal oil and gas proved reserves and that of other natural resources other than oil and gas, as required supplementary information based on the Board's findings as discussed in the "Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49 and Technical Bulletin 2011-1".

- BOEM & BSEE: Agree, all of our concerns related to moving the disclosure from RSI to basic information is addressed in project summary sections A9, A10, A12, A14 and A15.

- BLM: The BLM agrees with the Board's decision to continue reporting as RSI

- USBR: Agree. The measurement uncertainties and associated challenges seem to preclude reporting the information as basic.

- DO: Agree, after sitting on multiple calls between FASAB and DOI Oil and Gas components it is clear we wanted it to remain as RSI and not be moved to a financial Statement recognition since a lot of the data is based on estimates and hard to provide audit evidence. DO will also defer the actual decision to those bureaus who do the oil and gas reporting. (ONRR, BLM, BOEM etc).

- NPS: Agree. The justification for continuing to report as RSI is supported by the Basis for Conclusions.

- FWS: Nothing submitted.

- OSMRE: Nothing submitted.

- IA: Nothing submitted.

- USGS: Nothing submitted.

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Q2. The Board proposes removing the "where available" exception in paragraph 24b of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*. The Board intended for paragraph 24b to allow exclusion of the amounts of non-federal partner funding in situations where such information was not available. The Board proposes revising SFFAS 49 to require disclosure of the amounts of non-federal partner funding in all circumstances and to avoid potential misapplication of paragraph 24b to the amounts of federal funding and other cash flow disclosure requirements. Please refer to basis for conclusions paragraphs A16-A19.

Do you agree, partially agree, or disagree with the Board's proposal to remove the exception in paragraph 24b? Please provide the rationale for your answer.

DOI: Disagree. The current language affords federal agencies the flexibility to tailor their responses based on their specific circumstances. If auditors have inquiries about information provided by agencies, recommend they seek further clarification from management during the audit process. Implementation of the proposed language fails to address the issue where non-federal partners might operate on different reporting cycles than federal partners creating timing differences and impacting the availability of funding information. Without the current flexibility, it will place more of an administrative and/or operational burden on the agency.

The below captures DOI entities responses to the ED.

- BOEM & BSEE: Partially agree, the changes to the paragraph does provide more clarity for the requirement.

- BLM: The BLM does not have any P3 arrangements/transactions that meet the disclosure requirements therefore we would defer to PFM and other bureaus for comment

- USBR: Agree.

- DO: Overall, we agree with this assessment, if the amount is material enough to disclose in the financial reporting package, then it should include all funding available federal and non-federal even if it's a funding estimate. Its more transparent to the end user if all funding is disclosed instead of bits and pieces of it and if the numbers are coming from a funding estimate it can be noted in the text portion. However, Departmental Offices (DO) consists mostly of support activities to the DOI bureaus as well as other government agencies. DO has very little in the way of "programs" that other bureaus might have. Thus, DO's risk associated with SFFAS 49 is probably much less than most bureaus. We also don't believe this amendment to SFFAS 49 will have much of an impact on Departmental Offices Financial Reporting.

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- NPS: Disagree. It should be sufficient for an entity to state that the amounts of non-federal partner funding are not available. The justification for the proposed exclusion, “to avoid potential misapplication of paragraph 24..” is insufficient to institute such a change to SFFAS No. 49 and does nothing to reduce either administrative or preparer burden; only increases it. The auditors can inquire of management what attempts were made to acquire funding information. Additionally, the non-federal partner may operate on a different reporting cycle than the federal partner creating timing differences and impacting availability of funding information.

  Furthermore, Paragraph A.19 in the Exposure Draft states, “The Board recognizes that nonfederal funding information may not always be readily available from the non-federal partners, but reporting entities should be able to estimate it in such circumstances.” Introducing an “estimate” introduces uncertainty and may not be auditable. Allowances should be made when the source is non-federal. Skepticism of an entitiy’s inability to provide funding information from the non-federal partner should not be used to justify removal of an exclusion that is justified.

- FWS: Nothing submitted.
- OSMRE: Nothing submitted.
- IA: Nothing submitted.
- USGS: Nothing submitted.