



September 29, 2017

Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6H19
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 Technical Bulletin, *Intragovernmental Exchange Transactions*.

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 question is included below.

- Q1. The proposed TB provides guidance to aid in determining whether intragovernmental arrangements are exchange transactions.

Do you agree or disagree with the proposed guidance? Please provide the rationale for your answer.

- A1. The FISC generally agrees with the provisions of the ED, but suggests the following matters for consideration by the Board. The ED could benefit from:
1. Examples or scenarios that were considered by the Board (other than the matter discussed in the Basis for Conclusions) that may qualify as exchange or non-exchange transactions. For example, were there additional types of transfers in or transfers out that came to the Board's attention that may warrant reconsideration by agencies for reporting under the ED? As written, the ED is presented at a conceptual level, and inconsistent application may occur based on differing interpretations of the applicability of this ED.
 2. Discussion on whether the source of funds used for payment, such as whether payments made directly against the receiving entity's treasury symbol (sometimes referred to as direct citation or "direct cite" transactions) or against the providing entity's treasury symbol (sometimes referred to a reimbursable transactions), may impact the applicability of this ED.

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3. A decision tree that would assist a user of the ED in evaluating whether factors exist for classification as an exchange or a non-exchange transaction.
4. Examples of common mechanisms or documents that may communicate that “both parties agree that value has been exchanged (that is, each asserts that value is received and sacrificed” (paragraph 10), specifically with respect to the assertion of value by each party.
5. Clarification on the statement that “intragovernmental transactions are neither market-based nor arms-length transactions” (paragraph 16). It is recognized that intragovernmental transactions are not market-based in Statement of Federal Financial Accounting Standards (SFFAS) No. 7 and ED paragraph 10. But the “common control” concept and its impact on “arms-length transactions” discussed in paragraph 10 is not fully explained. If the Board’s intention is to state that all intragovernmental transactions are not performed on an arms-length basis, which does not appear to have been stated in other Board pronouncements, then additional considerations may be needed with respect to the determination of related party transactions and reporting among Federal entities, and may require amendment to SFFAS No. 47, *Reporting Entity*.
6. Distinction between the reporting of inter-entity versus intra-entity intragovernmental transactions. This ED requires an entity to report actual cost or imputed costs to the extent full costs exceed amounts billed (ED, paragraph 7 and footnote 2). The Board also has a separate ED out for comment on *Amending Inter-Entity Cost Provisions*, which does not permit the recording of imputed inter-entity costs in some circumstances. Providing the reader with a greater understanding of linkages between these two EDs would be important for understanding the Board’s expectations.
7. Reconsideration of the timeframe for implementation of this ED. The impact of this ED could be significant to some organizations, and may require one or two operating cycles to evaluate its impact and to adjust business processes to enable reporting in compliance with this ED. Requiring that this ED be effective upon issuance may pose a negative impact to the preparer and auditor communities.

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