FASAB Exposure Draft: Questions for Respondents due November 30, 2017

Amending Inter-Entity Cost Provisions

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm			
Federal Entity (user)			
Federal Entity (preparer)	x		
Federal Entity (auditor)	x		
Federal Entity (other)		If other, please specify:	
Association/Industry Organization			
Nonprofit organization/Foundation			
Other		If other, please specify:	
Individual			

Please provide your name.

Name: Financial Management Policy Team, Quality Control and Compliance Group, Finance Staff, Justice Management Division

Please identify your organization, if applicable.

Organization: The Justice Management Division (JMD) is part of the U.S. Department of Justice

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Q1. The provisions of Statement of Federal Financial Accounting Standards (SFFAS) 4, *Managerial Cost Accounting Standard and Concepts*, as amended, require all reporting entities to recognize the full costs of services received from other federal reporting entities even if there is no requirement to reimburse the providing entity for the full cost.

Component reporting entities that have implemented the inter-entity cost provisions of SFFAS 4 typically show less than one percent increase in gross costs attributable to imputed costs other than those associated with personnel benefits and the Treasury Judgment Fund. The proposal would revise SFFAS 4 to provide for recognition of inter-entity costs by business-type activities and rescind the following:

a. SFFAS 30, *Inter-entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*
b. Interpretation 6, *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4*

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

We agree. We recognize inter-entity costs by business type activity. Based on current reporting, we don't have significant imputed costs other than personnel benefits and the Treasury Judgment Fund. Only one entity has reported anything under SFFAS 4 that doesn't fall under the personnel benefits and Judgement Fund reporting. Therefore, as far as our reporting is concerned, removing those standards wouldn't affect the reporting of the department. The proposed revision would allow OMB to decide later if there are additional areas that should be reported on.

Q2. The Board is proposing that component reporting entities provide a concise statement to acknowledge significant services received for which no cost is recognized.

a) Do you agree or disagree? Please provide the rationale for your answer.

We agree with this change as it will not significantly alter our reporting. We only have one entity that would report under this provision and it is not material to the Department.

b) Do you believe the proposed disclosure would impose a greater cost or burden when compared to existing requirements? Please consider implementation challenges for both the preparer and auditor in formulating your opinion. Please provide the rationale for your answer.

No, it will not impose a greater cost or burden, since we only have one entity this applies to, and a general statement should not be harder to prepare than actual imputed costs. This change would not have a significant impact on DOJ's financial reporting burden, as the majority of the information currently reported in the footnotes relates to personnel benefits and Judgement Fund reporting, which will continue to be reported under a different standard.