GWSCPA
GREATER WASHINGTON SOCIETY OF CPAs

November 30, 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 Statement of Federal Financial Accounting Standard *Amending Inter-Entity Cost Provisions*.

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. 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.

A1. The FISC agrees with the provisions of the ED. The cost-benefit considerations provided in paragraphs A15 and 16 of the ED provide a reasonable basis for the Board's position to rescind SFFAS 30 and Interpretation 6. However, the FISC members suggest that the Board:

a. Provide clarification in the Scope paragraph whether the ED applies solely to the costs within a department or whether it also applies to component reporting entities.

b. Include examples that are more inclusive of non-DoD entities.

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.

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.

A2. The FISC agrees that component reporting entities should provide a concise statement to acknowledge significant services received for which not cost is recognized. Such a statement would assist a reader's understanding of those significant services for which no cost is recognized, but would not impose a great cost or burden to the preparer or auditor communities.

*****

The Board may also consider correcting a typographical error ("coats" versus "costs") in the last sentence of paragraph A16.

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