

FASAB Exposure Draft: Questions for Respondents due October 1, 2019

Loss Allowance for Intragovernmental Receivables

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	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

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Organization:

Q1. The proposed Technical Bulletin (TB) would provide that the absence of explicit guidance distinguishing between the accounting of intragovernmental receivables and receivables from nonfederal entities in Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities*, does not mean the standards only apply to receivables from nonfederal entities.

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

GSA Response: We agree. While GSA has historically interpreted the paragraphs 40-51 regarding accounts receivables in SFFAS 1 to be generally encompassing of both Federal and non-Federal receivables, the proposed language in the ED does provide clarity to prevent a misinterpretation of SFFAS 1.

Q2. The proposed TB would clarify that recognition of losses provided in paragraphs 41-51 of SFFAS 1 apply to both intragovernmental receivables and receivables from nonfederal entities.

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

GSA Response: We agree. We concur that the concept of adjusting balances of accounts receivable to their net realizable value through the use of allowance accounts is as applicable to intragovernmental receivables as non-Federal receivables, to prevent overstatement of such assets. Where there are identified risks and uncertainty regarding the collection of accounts receivable, amounts that can be estimated as likely

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uncollectable should be recorded. We know of no reason an intragov account receivable would warrant being valued for more than the expected realizable value, and see no reason for delaying related recognition of reasonably estimable losses.

- Q3.** The proposed TB would clarify that an allowance recognized in a reporting entity's financial statements does not alter the underlying statutory authority to collect the receivable or legal obligation of the other intragovernmental entity to pay.

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

GSA Response: We agree. We believe accounting recognition and recording of estimates of allowances for amounts of intragovernmental accounts receivable likely to be uncollectable should have no bearing on the legal rights, authorities, or obligations governing the final settlement of the accounts. Accordingly, the proposed language in this ED provides such clarity to prevent misinterpretation.