

# FASAB Exposure Draft: Questions for Respondents due October 13, 2017 ASSIGNING ASSETS TO COMPONENT REPORTING ENTITIES

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."

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**Q1.** The proposed Technical Bulletin (TB) provides that assets may be assigned by a reporting entity to its component reporting entities on a rational and consistent basis. For example, an asset may be assigned to a component reporting entity holding legal title, funding the asset, using the asset in its operations, or another rational and consistent basis. However, assets may only be assigned by a component reporting entity to its own sub-component reporting entities (such as bureaus, components, or responsibility segments within the same larger reporting entity or department).

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

SSA Response: We agree with the assignment of assets on a rational and consistent basis, as this provides complex entities with the flexibility to set practical policies while supporting consistency in their financial reporting. In addition, this approach provides larger complex agencies with options for efficient and cost effective methods of reporting assets. We also agree that an entity should only be able to assign assets to its own subcomponents, as it would set a bad precedent to give an entity arbitrary control or authority over another non-subordinate entity.

**Q2.** The proposed TB requires reporting entities to disclose the policies used to assign significant assets.

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

SSA Response: We agree that it is appropriate to require entities to disclose their policies for assigning significant assets. Disclosing such policies supports

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transparency in financial reporting and provides context for the entity's financial information.

- Q3.** Staff plans to develop guidance regarding assignment of liabilities to components within a larger reporting entity. Thus far, the specific types of liabilities identified where it may be helpful to provide additional guidance are liabilities related to assets such as clean-up costs and possibly all government related events.

**Should such guidance be limited to liabilities related to assets such as clean-up costs or also address all government-related events? Are there other types of liabilities for which guidance would be helpful? Please provide the rationale for your answer.**

SSA Response: We recommend limiting the guidance to liabilities related to assets, as involving all government-related events could cause intragovernmental reporting issues between agencies. However, we defer to any specific needs expressed by other entities more directly affected by this matter.