

>>> "Washabaugh Diane W NGA-FMC USA CIV"
<Diane.W.Washabaugh@nga.mil> 6/17/2010 7:38 AM >>>
Good morning Mr. Savini,

I have been attending the AAPC and FASAB meetings representing the National Geospatial-Intelligence Agency. I am submitting our agency's response to questions on deferred maintenance. I work in the Financial Reporting division and as these questions were more "technical" in nature, I forwarded them to our Site Installation division for comment.

Regards,
Diane W. Washabaugh
NGA

Q1. The Board proposes adding "repairs" to the title and body of the revised definition in order to clarify that deferred "repairs" as well as deferred "maintenance" need to be reported.

Do you agree or disagree that the maintenance definition (title and body) should be changed to explicitly include "repairs" (refer to paragraphs A8 - A27 for a detailed discussion and related explanations)? Please provide the rationale for your answer.

Agree that "repairs" should be added to the maintenance definition to avoid confusion.

Q2. The second sentence of the existing standard provides (1) an illustrative list of activities which are not meant to be all inclusive and (2) the terms "acceptable services" and "expected life." First, the Board proposes that the list of activities contained in the second sentence of the existing definition be updated to better reflect current federal and industry practices as well as encompass maintenance and repair (MR.) activities related to equipment and other personal property in addition to buildings, building components, or service systems. Second, the Board believes that the terms "acceptable services" and "expected life" should be eliminated from the definition. The second sentence would read as follows:

"Activities include preventive maintenance, replacement of parts, systems, or components, and other activities needed to preserve or maintain the asset."

a. Do you agree or disagree with each change to the list of activities (refer to paragraph A16 through A17 for a list of changes and related explanations)? Please provide the rationale for your answer to each change.

Agree with changing the list of activities:

- * "Normal repairs" is difficult to define and seems to exclude non-routine repairs.

- * Adding "systems" to the list is more in line with how repairs are actually made.

- * The term "structural" is misleading and could be interpreted as excluding installed building equipment and systems.

- * Adding "maintain" clarifies the intent of the definition.

"Preserve" by itself is not inclusive enough.

b. Do you agree or disagree with the elimination of the phrase "so that it continues to provide acceptable services and achieves its expected life" (refer to paragraphs A18, A19, and A27 for detailed discussions and related explanations)? Please provide the rationale for your answer to each reference/phrase.

Agree with eliminating the phrase containing "acceptable services" and "expected life." These terms are vague and difficult to understand/quantify.

Q3. The Board proposes changing the last sentence of the definition to exclude the reference to needs "originally intended" to be met by the asset. Instead, "activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use" is proposed (underscoring added for emphasis).

As such, the proposed revised last sentence would read as follows:

"Maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use."

Do you agree or disagree with the aforementioned change (refer to paragraph A20 for a detailed discussion and related explanation)? Please provide the rationale for your answer.

Agree with the proposed change. "Originally intended use" is not germane to current requirements.

Q4. The Board is not proposing a change at this time but rather, is seeking input on the impact that agency capitalization thresholds might have in the reporting of deferred maintenance and repairs. Because PP&E is subject to various capitalization thresholds and actual maintenance requirements are not, some believe it is more appropriate to report deferred maintenance and repairs (DM&R) in the broader context of fixed assets rather than only for capitalized PP&E.

Do you believe Deferred Maintenance and Repair (DM&R) reporting should be limited to DM&R related to capitalized PP&E or directed broadly to fixed assets? Please provide the rationale for your answer. Refer to paragraph A21(c) and A24 for a detailed discussion and related explanation.

Fixed assets, better to relate maintenance and repairs to this broader term than PP&E.

Q5. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes thus far discussed, but also other changes, points, issues and/or considerations which may not have been specifically addressed in this exposure draft. In addition, the basis for conclusions explains the Board's goals for this project (see comments beginning at par. A8) and also discusses other issues raised by task force members (as an example, see paragraphs A11 through A13).

Please provide any comments or suggestions you have regarding the goals for this project, other issues identified in the basis for conclusions, or areas which have not been addressed.

It would be helpful to include examples of common projects considered to be M&R (e.g., roof replacement, HVAC repairs, elevator repair/replacement, etc.) and projects that should not be classified as M&R (e.g., security improvements, landscaping, utility upgrades, etc.).