

OPM OCFO’s Comments on the exposure draft of a proposed Statement of Federal Financial Accounting Standards, entitled *Budget and Accrual Reconciliation*

	Question	OPM Response
Q1	<p>Q1. The Board proposes to replace the current Statement of Finance (SOF) requirement with the new budget and accrual reconciliation (NBAR). The NBAR reconciles the net outlays to net cost of operations. This presentation explains the difference between budgetary and financial accounting. The proposed Statement would apply to component reporting entities and describes the NBAR method and related disclosures. Refer to paragraphs six to nine.</p> <ul style="list-style-type: none"> • Do you agree or disagree with the proposal to replace the SOF with the NBAR? • If you agree, should the NBAR be presented as a part of basic financial statements or as a footnote? Please provide the rationale for your answer. 	<p>We agree with the proposal to replace SOF with NBAR.</p> <p>We believe that NBAR should be presented as a footnote. It should replace the required RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET SOF in the current footnotes to the financial statements.</p> <p>We also believe that to facilitate the reconciliation of the Accrual to Budget, the amounts be presented in Totals, not Intra-governmental and With the Public.</p>
Q2	<p>Q2. The Board proposes to require a narrative disclosure regarding the reconciliation and disclosure of the amount and nature of non-cash outlays. Refer to paragraphs six and 12.</p> <ul style="list-style-type: none"> • Do you agree or disagree that a narrative disclosure should accompany the NBAR? Please provide the rationale for your answer. 	<p>We agree. As a schedule in the footnotes, the narrative and the reconciliation can be presented in one place. This presentation makes it easy for the reader to consume the information.</p>
Q3	<p>Q3. The Board proposes that this Statement be effective for periods beginning after September 30, 2017 with early adoption permitted. In addition, restatement of comparative prior period information would be required. Refer to paragraph 13.</p> <ul style="list-style-type: none"> • Do you agree or disagree that the effective date, the early adoption, and restatement of comparative prior period information are reasonable? Please provide the rationale for your answer. 	<p>Effective for periods beginning after 9/30/2017 with early adoption permitted.</p> <p>Restatement of comparative prior period information is useful and reasonable. Clear guidance needs to be provided on the restatement disclosure.</p>