

FASAB Exposure Draft: Questions for Respondents due March 14, 2017

Budget and Accrual Reconciliation

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 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.

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.

We agree with the proposal to replace the SOF/RNCOB, however, we propose calling the replacement the Budget and Accrual Reconciliation Note (BARN). We agree that the BARN should be a note to the financial statements. The reason the BARN should be a note is that it is designed to be a schedule in the notes to the basic financial statements. The financial readers with interest in determining how information on budgetary resources relates to information on the costs of program operations can reference the note (BARN).

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- 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.

Do you agree or disagree that a narrative disclosure should accompany the NBAR? Please provide the rationale for your answer.

We believe that a narrative disclosure should not be mandatory for agency reporting, but a narrative disclosure and its requirements could be optional for an agency. The reason the BARN narrative should not be mandatory is that the note historically had no narrative and a reader of the BARN would not require a narrative disclosure, similar to the basic financial statements. If a narrative disclosure is provided, it should be a general description of the appropriate elements.

- 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.

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.

We agree that the effective date is reasonable assuming the US Standard General Ledger cross walk is completed and provided to agencies by the end of calendar year 2017 or December 31, 2017. The Department of the Treasury publication of a crosswalk of USSGL accounts to each line on the BARN is critical for the agencies to accurately and timely prepare the BARN for the end of the 3rd quarter fiscal year 2017 reporting. Per Office of Management and Budget, Circular Number A-136, Financial Reporting Requirements, section IV.2. Submission Schedule, agencies will submit unaudited interim financial statements to OMB 21 business days after the end of the third quarter of the fiscal year and other information 45 days after the end of the third quarter of the fiscal year using the MAX Federal Community.