Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
Washington, DC

Dear Ms. Payne: 


Please find enclosed answers to the seven questions that were asked of the respondents. If you have any questions, please contact me at (202) 482-1207 or galston@doc.gov or Atisha Burks at (202) 482-2715 or aburks@doc.gov.

Sincerely,

Gordon T. Alston  
Deputy Director for Financial Management

Enclosure

cc: Lisa Casias  
    Diane Marston  
    Tony Akande  
    Atisha Burks
Department of Commerce Response

Prepared by: Department of Commerce, Office of Financial Management
Date Prepared: September 9, 2011

Questions and Answers

Q1. The Board proposes to eliminate the requirement to report condition information. Refer to paragraphs 13, 14, and 17 of the proposed standards and paragraph A8 in Appendix A - Basis for Conclusions for a discussion and related explanation. Do you agree or disagree with the Board’s proposal to no longer require condition reporting? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees with the Board’s proposal to no longer require condition reporting. There are no standardized government-wide measurement methods to report the condition of property; therefore, condition reporting is not comparable among agencies. In addition, classifications of “condition” could be subjective based on an entity’s interpretation.

Q2. The proposed standards would require that DM&R estimates for beginning and ending balances be presented with an explanation of significant changes in estimates. Refer to paragraph 14.f. and g. of the proposed standard and paragraph A20 in Appendix A - Basis for Conclusions for a discussion and related explanation.

a. Do you agree or disagree that DM&R estimates for beginning and ending balances should be presented? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees that DM&R beginning and ending balance estimates should be presented. However, it should be noted that the amounts will be subject to many factors during the fiscal year such as: change in appropriations, timing of condition assessment surveys, timing of procurement actions, and additions/deletions of property. These factors may prevent accurate presentation of comparable and consistent information because the estimates may not be based on the same assets.

b. Do you agree or disagree with the requirement to explain significant DM&R changes? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees with the requirement to explain significant DM&R changes to clarify the amounts being presented.
Q3. The proposed standards state that entities should apply reported methods and reporting formats consistently unless management determines that changes are necessary and if changes to methods or formats are necessary, such changes should be explained. Refer to paragraph 11 of the proposed standards and paragraphs A10 and A11 in Appendix A - Basis for Conclusions for a discussion and related explanation.

a. Do you agree or disagree that entities should apply reported methods and reporting formats consistently? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees that entities should apply reported methods and reporting formats consistently. This will aid in the accurate and valid comparison of data across the government.

b. Do you agree or disagree with requiring an explanation if entities change methods or formats? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees that entities should be required to provide an explanation if methods or formats change. This is needed for full disclosure, as well as consistency across the federal government.

Q4. The proposed standards would require entities to provide narrative information describing M&R policies and other non-financial information including any significant changes to policies and other factors from the prior year. Refer to paragraphs 13 and 14, items a. through f. of the proposed standards and paragraphs A11 and A17, respectively in Appendix A - Basis for Conclusions for a discussion and related explanation. Do you agree or disagree with each of the above referenced requirements? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees that entities should be required to provide narrative information describing their maintenance and repair policies and other related non-financial information, which could include significant changes to policies and other factors that changed from the prior year. This is needed to provide the users of the financial information a full and complete picture of the entity’s financial situation and operations.

Q5. The proposed standards state that communication with and consideration of input from professionals in diverse disciplines is necessary to effectively compile and report DM&R. Refer to paragraph 11 of the proposed standards and paragraphs A15 and A16 in Appendix A - Basis for Conclusions for a detailed discussion and related explanation. Do you agree or disagree that communication with and consideration of input from professionals in diverse disciplines is necessary to effectively compile and report DM&R? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees that communication with and consideration of input from professionals in diverse disciplines may be needed to effectively compile and report DM&R. However, it should be left to each agency’s discretion to determine if such communication and consideration are necessary based on each agency’s assessment of DM&R.

Q6. The proposed standards would eliminate the option to report a range of DM&R estimates and the distinction between critical and non-critical amounts. The reported amount of DM&R may be disaggregated in a variety of ways without explicit mention in the standards. Refer to paragraph 14 of the proposed standards and to paragraphs A18 and A19 in Appendix A - Basis for Conclusions for a discussion and related explanations.

a. Do you agree or disagree with eliminating the option to report a range of DM&R estimates? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees with eliminating the option to report a range of DM&R estimates. With assessment methods and guidelines issued by the Standards, agencies should be able to disclose realistic and informative DM&R estimates based on the methods chosen.

b. Do you agree or disagree with eliminating the distinction between critical and non-critical DM&R estimates? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees with eliminating the distinction between critical and non-critical DM&R estimates due to the confusion it has caused and lack of comparability.

Q7. The proposed standards would be effective beginning in fiscal year 2015 with earlier implementation permitted. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Department of Commerce Response:
The Department of Commerce agrees with the proposed effective date of 2015 with earlier implementation permitted. The proposed effective date allows sufficient time for agencies to implement policies and procedures and gather information to comply with the requirements set forth in the proposed standard.