

To whom it may concern,

Here is the U.S. Postal Service Office of Inspector General's comments on " Exposure Draft on Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statements on Auditing Standards ".

If you have any questions, please feel free to contact me at 703.248.2286.

Thanks,
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**UNITED STATES POSTAL SERVICE
OFFICE OF INSPECTOR GENERAL**

**COMMENTS ON THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD'S
PROPOSED STATEMENT ENTITLED *SUBSEQUENT EVENTS: CODIFICATION OF
ACCOUNTING AND FINANCIAL REPORTING STANDARDS CONTAINED IN THE
AICPA STATEMENTS ON AUDITING STANDARDS***

The U.S. Postal Service Office of Inspector General appreciates the opportunity to comment on the Federal Accounting Standards Advisory Board's (FASAB) proposed Statement of Federal Financial Accounting Standard entitled *Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statements on Auditing Standards*.

We reviewed the exposure draft and addressed the questions in the document. The questions are listed below, followed by our response.

1. The FASAB proposes to incorporate accounting principles regarding subsequent events that currently reside in the professional auditing literature into the FASAB's authoritative literature. Do you agree or disagree with the FASAB's proposal? Please explain the reasons for your position in as much detail as possible.

We agree with the FASAB's proposal to incorporate accounting principles regarding subsequent events currently residing in the professional auditing literature into the FASAB's authoritative literature. Incorporating existing FASB guidance will help federal entities to better prepare financial statements in accordance with GAAP. Also, we believe that including accounting principles in one source provides an efficient means to locate and research a topic.

2. The FASAB considered accounting and financial reporting guidance discussed in AU Section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*, and determined that the guidance was not readily adaptable to the federal government environment. Do you agree or disagree with the FASAB's decision? Please explain the reasons for your position in as much detail as possible.

For the federal government as a whole, we agree with the FASAB that there is little concern over its ability as a going concern and therefore, AU Section 341 guidance is not readily adaptable to the federal government environment. The FASAB mentioned that individual components (i.e., agencies) might experience fiscal challenges and need to seek additional funding to continue their missions. In such instances, the FASAB expects that the entity would address the matter in the Management's Discussion and Analysis (MD&A) section of their financial report. We agree with the FASAB's position.

We also feel the FASAB should have an expectation that, should future funding for an agency be eliminated, the entity would address that matter in the MD&A as well. Historically, there have been few, if any, occurrences. However, given the accumulating federal deficits and unfunded liabilities, a future occurrence might be more than a remote likelihood.

3. The FASAB also considered accounting and financial reporting guidance discussed in AU Section 334, *Related Parties*, and determined that the guidance was not readily adaptable to the federal government environment. However, the FASAB plans to continue research on related parties as part of its Entity project. Do you agree or disagree with the FASAB's decision? Please explain the reasons for your position in as much detail as possible.

Paragraph A10 states the FASAB decided to use the research results from the Entity project to develop related party guidance applicable to the federal government environment. We believe this approach is reasonable and an efficient use of resources. AU 334 references ASC 850 that gives related party disclosure requirements, and the focus of that accounting standard is on the private sector business environment. We welcome the FASAB's inclusion of related parties addressing arms-length transactions between federal agencies.