

>>> On 6/26/2008 at 10:34 AM, <Joe.Green@oig.hhs.gov> wrote:

Wendy,

Attached are the Health and Human Services, Office of Inspector General comments on the exposure draft of proposed Statement of Federal Financial Accounting Concepts entitled, Distinguishing Basic Information, Required Supplemental Information, and Other Accompanying Information. Please call Joe Cummings at 301-443-9742 with any questions.

Joe Green

Assistant Inspector General for Financial

Management and Regional Operations

>>> On 6/26/2008 at 3:06 PM, <Joseph.Cummings@oig.hhs.gov> wrote:

Wendy:

We have one additional item that we did not include with the comments Joe Greene submitted to you this morning. Please call me with any questions.

We have some concerns with the factors listed in Table 1. It is not that the factors are not important, only that they appear to be a basis for scoring whether or not information is Basic Information (BI) or Required Supplementary Information (RSI). In our opinion, the Board should assign a relative value to the factors to aid in their decision making process. In this manner data would be subject to a process of review (shown below) that would score the information.

Information that scored low would remain RSI, in the middle would be highly recommended for disclosure as basic information, but could remain as RSI. Information that scored highly in this analysis would be required to be reported as BI. The review process would begin with the Board's assessment the information should be communicated in the financial report or auditor's report, which would then be subject to review using the factors shown. The analysis would go as follows (scale of 1 - 10 for each factor);

- 1) Extent that the information interests a wide audience, there are not alternative sources of reliable information, and the information is aggregated [weight 25%]

- 2) Relevant to measuring financial condition or change, connection with financial reporting elements and fair presentation [weight 20%];

(In many cases a key concern (relevant) is the matter of going concern of the various government programs in light of current fiscal policy, and there are significant changes depending on the perspectives (i.e. individual agency or Federal government as a whole);

- 3) Relevance in light of Objectives [weight 10%];

- 4) Connection with basic financial statements [weight 15%];
  
- 5) Cost benefit analysis [weight 15%];
  
- 6) Experience among various users of the financial information, and use of various financial data or financial transaction data [weight 5%], and;
  
- 7) The reliability and or precision needed and or possible [weight 10%].

***Joseph D. Cummings, CPA***

Director, Financial Statement Audits and Related Services

Department of Health and Human Services, Office of Inspector General  
Parklawn Bldg, Room 18B-08  
5600 Fishers Lane  
[Rockville, MD 20857](#)

Wendy:

HHS-OIG Office of Audit Services (OAS) has reviewed the exposure draft of a proposed Statement of Federal Financial Accounting Concept (SFFAC) entitled, *“Distinguishing Basic Information, Required Supplementary Information and Other Accompanying Information.”* The Federal Accounting Standards Advisory Board (FASAB) requested that respondents answer three questions and provide any other comments they believe pertinent to the proposal. HHS OIG OAS responses to the FASAB’s questions appear below.

Q1. The Statement identifies a process and criteria to consider in deciding whether information should be considered basic information, required supplementary information (RSI), or other accompanying information (OAI) (See the section, Distinguishing Basic Information, RSI and OAI, beginning on page 13).

- a. Do you agree with the process presented? If not please explain your reasons.

**We have no specific disagreement with the process presented.**

- b. Do you agree with the factors presented for distinguishing basic information from required supplementary information (See Table 1: Factors to Consider in Distinguishing Basic Information from RSI)?

**We have no disagreement with the factors presented.**

- c. Are there additional factors that should be considered? If so, what are they, and how would you describe them?

**We suggest FASAB add a factor relating to statutory and regulatory requirements. Congress, the President’s Office of Management and Budget (OMB) and/or the Government Accountability Office (GAO) may add items that agencies must report as basic information, RSI or OAI. For example, any of these bodies could require that agencies include non-financial items as part of the basic financial statements in order for these items to be verified using appropriate audit procedures.**

We also identified a couple of items within the exposure draft where FASAB should add information or provide more clarification. On page 12, section 8 (SFFAC 2, paragraph 55), FASAB should add **“contracted by the Inspector General”** after **“independent accounting firms”** in the first sentence. On page 13, section 9 (SFFAS 2, paragraph 55B), FASAB should clarify or state examples where financial statements could possibly be presented as RSI or OAI.

Thanks for the opportunity to respond to the questions and comment on the exposure draft. If you have any question, please contact Joe Cummings, Director, Financial Statement Audit and Related Services at (301) 443-9742.