United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

TAKE PRIDE IN AMERICA

JUN 27 2008

Ms. Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6K17V
441 G Street, NW, Suite 6814
Washington, DC 20548

RE: FASAB Exposure Draft, *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*, dated March 26, 2008.

Dear Ms. Payne:

The U.S. Department of the Interior appreciates the opportunity to comment on the subject Exposure Draft and supports efforts to standardize reporting methodologies.

Attached is the Department of the Interior's consolidated response to the subject Exposure Draft. If you have any questions or concerns please contact David Horn at 202-208-5542.

Sincerely,

Daniel L. Fletcher
Director
Office of Financial Management

Attachment

Department of the Interior
Office of Financial Management
Response to SFFAC #2 Exposure Draft
Distinguishing Basic Information, RSI and OAI

Question 1

The Statement identifies a process and criteria to consider in deciding whether information should be considered basic information, required supplementary information or other accompanying information. (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.

Yes, however the process presented in the Statement is somewhat unclear.

Paragraph 55A reads, "In developing accounting standards, the Board considers whether information should be considered basic information, required supplementary information (RSI) or other accompanying information (OAI)". Paragraph 55B indicates that the Board must be specific in designating information as basic, RSI or OAI. From paragraph 55B, the reader is referred to paragraphs 73A – 73G for a description of a process for selecting the appropriate category.

Table 1: *Factors to Consider in Distinguishing Basic from RSI*, is introduced in Chapter 73D and is meant to provide a framework for classifying information. While the factors presented by the table are useful for that purpose, the presence of a table could allow personal judgment and/or interpretation of the Boards intent to be applied to the process.

Additionally, the ED misses an opportunity to provide information on Required Supplementary Stewardship Information (RSSI) which appears to have been eliminated. Paragraph 70 references the third objective of Federal financial reporting which requires, "a reporting of information concerning investments in education, training, research and development and certain types of property, plant, and equipment that can affect the nation's future wealth, and to the claims on future budgetary resources resulting from prior decisions and actions."

Paragraph 71 of the ED continues the discussion, indicating that information concerning these investments may be recorded and/or maintained external to general ledgers, in units other than dollars, or in systems not offering the controls of double entry recordkeeping. The last sentence of this paragraph reads, "Accordingly, a more suitable way to fulfill the third reporting objective would be to display the appropriate information as required supplementary information rather than attempting to include it in the financial statements." Interior currently reports these items in RSSI in accordance with SFFAS 8, not RSI as paragraph 71 seems to indicate. Please clarify the status of RSSI.

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)?

Yes, the factors presented in Table 1 represent valuable points of consideration to be used in distinguishing between Basic Information and RSI. It is assumed that the table was included to illustrate elements that the FASAB may have considered or used in its deliberations surrounding standards. However, the table and its lack of a hierarchy or other means for determining the relative importance of the individual factors is open for interpretation and may allow for a process that is unduly subjective. Therefore, it would be helpful if the intended purpose of the table was clarified and considerations of the Board were more clearly detailed.

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

No, we have no suggestions for additional factors to be considered.

Additional Comments/Questions

1. References to the Statement of Financing (page 13, 17) should be consistent with OMB Circular A-136. The most recently published A-136 now refers to the former Statement of Financing as the "Reconciliation of Net Cost to Budget". This reconciliation is a note display and no longer considered a statement. The board should reevaluate the Standards related to this reference as part of its *Reviewing Existing Standards* technical agenda item.

2. The Balance Sheet is referred to as the Statement of Financial Position. It is preferable that it simply be identified by the more commonly used term "Balance Sheet".

3. Would it be possible to present Table 1 as a decision tree, hierarchy, or precise algorithm for classifying items?

4. Should RSSI be included in this concept?

5. On page 17, paragraph 16, is the statement of program performance measures (8th bullet) the same as the footnote disclosure for the Statement of Net Cost?

6. On page 19, 3rd bullet, change Statement of Operations and Changes in Net Position to Statement of Changes in Net Position for consistency with page 17.