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April 24, 2002

Ms. Wendy M. Comes, CPA
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6K17V
441 G Street, NW, Suite 6814
Washington, DC 20548

***Comments on Assigning Costs and Liabilities to Agencies That Result
From Legal Claims Against the Federal Government
Technical Bulletin Exposure Draft***

Dear Ms. Comes:

On behalf of the AGA, the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board (FASAB) technical bulletin (TB) exposure draft (ED), *Assigning Costs and Liabilities to Agencies That Result From Legal Claims Against the Federal Government*.

The FMSB, comprised of 21 members with accounting and auditing backgrounds in federal, state, and local government, academia, and public accounting, reviews and responds to proposed standards and regulations of interest to AGA members. The FMSB's comments and recommendations regarding the proposed changes are presented below. However, our comments and recommendations do not necessarily represent positions of individual FMSB members or the organizations that they represent. Local AGA chapters and individual members are encouraged to comment separately.

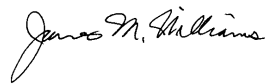
The FMSB believes that the TB ED provides reasonable interpretative guidance in applying Statements of Federal Financial Accounting Standards (SFFAS) 4 and 5 to legal claims. Paragraph 11. contains a straightforward algorithm for liability and cost allocations. Paragraph 11.a. summarizes the cost allocation requirements of SFFAS 4. Paragraph 11.b provides a viable approach to dispute resolution that should encourage the affected component entities to resolve their cost allocation issues as indicated in paragraph 11.a.



With regard to paragraph 11.b., the FMSB encourages the FASAB to clarify one of the disclosure requirements listed in the last sentence. The requirement to disclose “the estimated total liability among all component entities involved” (paragraph 11.b.) implies that the total costs and liabilities of legal claims should be determined, and moreover, that the total of the amounts reported by each component entity should equal that total. We believe that the FASAB should clarify that one intent of the TB is to reconcile the component entities’ allocations to the total legal claims liabilities and costs. This clarification could be readily accomplished by the addition of a sentence to paragraph 11.b. or by an example.

Again, the FMSB appreciates the opportunity to provide comments on this ED. Should you have any questions, or desire further details on FMSB’s position, please contact me at (216) 583-8276 or james.williams17@ey.com, or Rhoda Icerman, the FMSB facilitator for this project, at (850) 644-7874 or ricerma@cob.fsu.edu.

Sincerely,



James M. Williams, CPA, CGFM, Chair,
AGA Financial Management Standards Board

C: Mr. Richard V. Norment, CGFM
AGA National President