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January 8, 2003

Ms. Wendy M. Comes
Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW, Mailstop 6K17
Washington, DC 20548

Dear Ms. Comes:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft: *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4*. This proposed interpretation clarifies that par. 110 of Statement of Federal Financial Accounting Standards (SFFAS) No. 4 does not limit the recognition of imputed intra-departmental costs and further explains that reporting entities should account for imputed intra-departmental costs in accordance with the full cost provisions of SFFAS No.4.

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. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB would like to offer the following responses to the two questions included as Appendix C of the Exposure Draft

Question 1

This exposure draft clarifies that par. 110 of SFFAS No. 4 does not limit the recognition of imputed intra-departmental costs. Therefore, entities should recognize imputed intra-departmental costs in accordance with SFFAS No. 4. Do you agree with this decision? If not, please explain your reasons, and the alternative you would prefer.

The FMSB concurs with the decision. Including these costs will help inform readers of the financial statements of significant costs that impact the reporting entity's financial position. In addition, this will help ensure the reporting entity's stakeholders will be provided full and complete information to base decisions on whether to modify or continue current programs or operations.

Question 2

This exposure draft proposes an effective date for periods that begin after September 30, 2002. Do you agree with this effective date? If not, what date would be preferable, and why?



The FMSB does not agree with the proposed effective date. According to paragraph 33 of the Exposure Draft, a questionnaire distributed by the Board indicates that most departments do not currently recognize imputed intra-departmental costs. Given this fact and the date this interpretation will be finalized, it may be difficult for departments to recognize these costs in Fiscal Year 2003 financial statements. Consequently, the FMSB believes that the Board should delay the effective date of this interpretation for periods that begin after September 30, 2003, with earlier implementation encouraged.

Again, the FMSB appreciates the opportunity to provide comments on this Exposure Draft. Should you have any questions, or desire further details on the FMSB's position, please contact me at Sharon.Russell@Examiners.state.al.us or (334) 242-9224 or the FASAB facilitator, Barry Snyder, at barry.snyder@frb.gov or (703) 969-2772.

Sincerely,

A handwritten signature in cursive script that reads "Sharon R. Russell".

Sharon R. Russell, CPA, CGFM, Chair
AGA Financial Management Standards
Board

Cc: William J. Anderson, Jr., CGFM
AGA National President