

# FASAB News

Federal Accounting Standards Advisory Board, 441 G St., 3B18, NW.Washington, DC 20548  
202-512-7350.FAX-202-512-7366.Web Page <http://www.financenet.gov/fasab.htm>  
Issue 56, April-June,1999

## **Board Continues Its Social Insurance Discussion**

At its April 12, 1999 meeting, the Board continued its discussion of the draft social insurance standard. It became clear that this area continues to be one where a consensus is difficult to achieve. Board members discussed the nature of Social Insurance reporting, the mechanics of the Social Insurance Trust Fund, and whether and how the Board could or should best inform and/or educate the public on these issues.

After considerable discussion, the Chairman asked staff to provide further background and illustrative information on measures previously considered by the Board to its two newest members. This issue will be discussed again at the Board's July meeting.

For further information, contact Richard Fontenrose, 202-512-7358, or email, [fontenroser.fasab@gao.gov](mailto:fontenroser.fasab@gao.gov).



## **Board Approves Management's Discussion and Analysis Concepts and Standards**

After making minor editorial changes, FASAB unanimously approved recommended statements of Concepts and Standards, for Management's Discussion and Analysis (MD&A). The recommended concepts and standards have been sent to the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller

General. After they approve the documents, the standards will be effective for reporting periods beginning after September 30, 1999. Both documents are posted on FASAB's Web Page:

Statement of Recommended Accounting Standards 15, *Standards for Management's Discussion and Analysis*,  
[http://www.financenet.gov/financenet/fed/fasab/15\\_md&a.pdf](http://www.financenet.gov/financenet/fed/fasab/15_md&a.pdf)

Statement of Recommended Accounting Concepts 3, *Concepts for Management's Discussion and Analysis*,  
[http://www.financenet.gov/financenet/fed/fasab/c\\_md&a.pdf](http://www.financenet.gov/financenet/fed/fasab/c_md&a.pdf)

For further information, contact Robert Bramlett, 202-512-7355, or email [bramlett.fasab@gao.gov](mailto:bramlett.fasab@gao.gov).

**Reminder!!!  
Don't Miss the Opportunity  
To Be Heard!!!**



In March 1999, the Board issued an Exposure Draft, *Amendments to Accounting Standards for Direct Loans and Loan Guarantees in SFFAS 2*. The exposure draft was mailed to FASAB's print mailing list and is posted on FASAB's web page at <http://www.financenet.gov/financenet/fed/fasab/amend2.pdf>

The proposed amendments are intended to improve financial reporting by Federal credit agencies for subsidy costs incurred in providing direct loans and loan guarantees to the private sector. (See the last edition of **FASAB News** for details of the

**COMMENTS ARE DUE JULY 2, 1999**

Please send your comments in writing or on diskette (Word or WordPerfect format) to:

Wendy M. Comes, Executive Director  
Federal Accounting Standards  
Advisory Board  
441 G Street, NW, Suite 3B18  
Washington, DC 20548

Or you may email your comments to:  
[mayor.fasab@gao.gov](mailto:mayor.fasab@gao.gov).

The Board looks forward to reviewing all responses and supporting rationales.

### ***Board Reviews Governmentwide Supplementary Stewardship Draft Standard***

The Board reviewed the second draft (based on minor revisions resulting from Board comments at the February meeting) of a Statement of Recommended Accounting Standards for the Governmentwide Supplementary Stewardship Reporting. The preparer of the governmentwide or Consolidated Financial Statements (CFS) of the US, the Department of the Treasury representative, told the Board that in the fiscal year 1998 CFS, the only area of entity stewardship reporting that was problematic for consolidation was Heritage Assets. This is because the category is diverse and entities have latitude in reporting.

The Board discussed the requirements of the Heritage Asset standard for the governmentwide, or consolidated level. Members agreed to require a description of major types of heritage assets, major agencies reporting those assets, and a general discussion of the major issues on condition or deferred maintenance, and directing readers to the applicable entities' financial reports. Staff will make the suggested language changes to the Governmentwide Heritage Assets standard and circulate those changes for Board approval when it circulates the final proposed standard. The Board agreed that a final recommended standard would be issued when the amendments to PP&E are completed (to ensure that those amendments would be included in the governmentwide standards).

For further information, contact Lucy Lomax, 202-512-7359, or email [lomaxm.fasab@gao.gov](mailto:lomaxm.fasab@gao.gov).

### ***National Defense PP&E Task Force***

As reported in the last issue of **FASAB News**, the Board is continuing to deliberate the measurement and reporting standards for National Defense property, plant, and equipment (PP&E). The Board has formed the National Defense Property, Plant, and Equipment (PP&E) Task Force. The task force held its initial meeting on May 27, 1999. Participants are from a cross-section of Federal and non-federal areas including private sector accounting firms, academia, defense agencies, the Private Sector Council, the Department of the Treasury, the Office of Management and Budget, the General Accounting Office, the Congressional Budget Office, and the FASAB staff.

The task force will consider and evaluate methods of measuring and reporting National Defense PP&E that would provide information useful for assessing defense programs. It will review, assess, and comment on documents covering measurement and reporting methods that are developed by FASAB in conjunction with working groups. The proposed working groups will include representatives of:

- ❖ Department of Defense financial statement preparers; reporting entities; and budget, planning, procurement, program management, and property accountability organizations
- ❖ Economic analysis groups
- ❖ Academia
- ❖ Citizen user groups
- ❖ Cost accounting groups

Meetings with representatives from the working groups will begin in the near future.

For further information, contact Rick Wascak, 202-512-7363, email [wascakr.fasab@gao.gov](mailto:wascakr.fasab@gao.gov), or Andrea Palmer, 202-512-7360, email [palmera.fasab@gao.gov](mailto:palmera.fasab@gao.gov).

### AAPC Meeting Highlights

The highlights of the May 13 AAPC meeting are:

- The draft paper on Materiality for Nonfinancial Information was reviewed and some changes were suggested. The task force is currently undertaking those changes and expects to post the paper on the AAPC website in early summer ([www.financenet.gov/aapc.htm](http://www.financenet.gov/aapc.htm)). Ultimately, this paper will become part of a comprehensive Accounting and Auditing Guide for Stewardship Land and Heritage Assets.
- The AAPC approved new projects covering 1) liabilities arising from litigation where more than one Federal agency is involved, and 2) clarification of the definitions for liabilities covered and not covered by budgetary resources. The AAPC also agreed to sponsor a forum series during the remaining months of 1999. The dates and topics will be announced shortly.

The next meeting of the AAPC will be Thursday, July 8, 1999, at 1:30, in room 4N13 of the General Accounting Office Building, 441 G Street, NW, Washington, DC, 20548. Items to be discussed will be liabilities resulting from litigation and new topics.

For further information, contact Dick Tingley, 202-512-7361, or email [tingleyr.fasab@gao.gov](mailto:tingleyr.fasab@gao.gov).

### FASAB's Next Meeting

FASAB's next meeting will be July 1-2, 1999, in room 7C13, of the General Accounting Office Building, 441 G Street, NW, Washington, DC, 20548. Items to be discussed will be Social Insurance, National Defense PP&E, Mutli-use Heritage Assets, and Stewardship Reporting. The agenda will be posted to the FASAB web page one-week prior to the meeting. FASAB's web page is at: [www.financenet.gov/fasab.htm](http://www.financenet.gov/fasab.htm).

For further information, contact Dick Tingley, 202-512-7361, or email [tingleyr.fasab@gao.gov](mailto:tingleyr.fasab@gao.gov).

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**Note:** FASAB News is a publication of the staff of the Federal Accounting Standards Advisory Board. This publication is intended to provide readers with an understanding of issues that the Board is considering by providing the highlights of proceedings of Board meetings. When an article refers to a Board decision, it should be understood that all Board decisions are tentative until a concept or standard is formally recommended by the Board to its principals, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General. Moreover, recommended standards are not effective Statements of Federal Financial Accounting Standards until they have been officially approved by the Board's principals, and issued by the Office of Management and Budget. GAO issues the Codification of those standards.

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