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FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

FASAB LAW LIBRARY NEWS

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PHIL CALDER JOINS BOARD AS NEW GAO REPRESENTATIVE

Mr. Phil Calder has been appointed as the General Accounting Office (GAO) representative on the Board, replacing Don Chapin, who retired in September. Phil retired as a Partner from Ernst and Young after 35 years with the international public accounting firm. He joined GAO in July 1994 and was on loan to FASAB until mid-1996. While with FASAB, he headed up the Supplementary Stewardship Reporting Project. Upon returning to GAO, he was appointed Acting Chief Accountant.

Phil has an extensive background in governmental accounting and auditing at the state and local level. He also served as the chairman of the AICPA Government Auditing and Accounting Committee from 1990 to 1993 where he helped develop the new Audit Guide for State and Local Governments. He has also lectured and taught governmental auditing and accounting. We welcome him to the Board.

STATUS OF TRAINING ON FASAB STANDARDS

FASAB has completed its "core" set of accounting standards that provides the basics of what is to be called Generally Accepted Accounting Principles for the Federal government. As FASAB was completing the work of developing the fundamental standards, calls for training on the composition and application of the standards began coming in to the staff. There was an immediate need to provide some guidance on the new principles to the federal and nonfederal financial community.

To meet that need, staff members developed a one-day seminar addressing the highlights of the concepts and standards. This one-day seminar, taught by FASAB staff and some Board members' staffs, was initially given in July 1995 at the Professional Development Course (PDC) of the Association of Government Accountants (AGA). Since that time, the one-day seminar has been given several times locally at the request of the AGA, the Joint Financial Management Improvement Program, and the General Accounting Office. A somewhat condensed version of the one-day seminar will be given at this year's AGA PDC in Phoenix, Arizona.

In addition to the one-day seminar, FASAB staff developed and taught two 2-day workshops that were intended to provide a more in-depth coverage of all the standards. The workshops were provided in partnership with the Department of the Treasury, Financial Management Service, Center for Applied Financial Management (the Center). These workshops were given twice each in fiscal year 1996 to help to meet the immediate demand for more information on FASAB standards. FASAB also provided a "traveling" 2-day condensed version of the two 2-day workshops that was given several times outside of the Washington metropolitan area.

In addition to developing and teaching these fiscal year 1996 workshops in conjunction with the Center, FASAB is providing the Center with technical review of its fiscal year 1997 curriculum development efforts. At this point, the proposed course schedule for FASAB-related courses being offered for fiscal year 1997 by the Center is:

Survey of Federal Accounting Concepts and Standards - January 27-28; March 10-11; July 14-15

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Managerial Cost Accounting - Feb. 6-7; April 7-8; June 26-27

Accounting for Revenue - March 10-11; April 17-18; July 14- 15

Property, Plant, & Equipment/Stewardship Reporting - December 10-11,1996; March 17-18; April 28-29; July 28-29

Federal Asset and Liability Standards - January 9-10; May 5-6

Direct Loans and Guarantees - March 25-26; May 21-22

Each 2-day course costs \$355. For more information, contact the Registrar at 202-874-9560, or fax, 202-874-9629.

Courses addressing the FASAB standards are being taught by other organizations, as well. Two of those in the Washington metropolitan area are the Graduate School of the US Department of Agriculture (USDA Graduate School) and Management Concepts Incorporated.

At the request of the Graduate School, FASAB staff reviewed the curriculum of the "Federal Accounting Standards" course. Moreover, the Grad School has developed other courses relating to some of the FASAB standards. At this time, the Washington metropolitan area schedule for fiscal year 1997 courses is as follows:

Activity Based Costing - March 13-14; May 15-16; August 14- 15

Cost Accounting Concepts in Federal Government Operations - February 12-14; June 4-6; September 17-19

Federal Accounting Standards - March 31-April 2; June 23-25; September 3-5

Point of contact for the Washington metropolitan area is Deanna Turay, (202) 401-9194. The three courses listed above are also offered at the Grad School's five other training centers located throughout the nation. Points of contact for those training centers are:

Northeast Training Center - Tony Cooper, (215) 597-2527

Midwest Training Center - Julie Moisant, (312) 353-2919

Southeast Training Center - Jill Massey, (404) 331-3513

Southwest Training Center - Joe Mata, (214) 767-8245

Western Training Center - Darrell Fung, (415) 281-7025

In addition to the three scheduled courses, the USDA Graduate School plans to offer agency specific courses and open enrollment courses as follows:

Revenue Accounting (2 days)
Accounting for Direct Loans and Loan Guarantees (2 days)
Accounting for Federal Assets and Liabilities (1 day)
Property, Plant, and Equipment (1 day)
Stewardship Reporting (1 day).

FASAB staff also was invited to attend some of the courses addressing FASAB standards developed and provided by Management Concepts Incorporated. Courses on FASAB standards being offered by Management Concepts Incorporated in the near future are:

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Implementing the New Accounting Standards - December 16-18, 1996; and March 24-26, 1997

SFFAS #2: Accounting for Direct Loans and Loan Guarantees - February 6-7, 1997

SFFAS #4: Managerial Cost Accounting Standards - December 19- 20, 1996; and March 27-28, 1997

CFO Reporting: Presentation and Disclosure - December 11-13, 1996; and February 24-26, 1997.

For more information, contact Ms. Kimberly Sowers, telephone (703) 790-9595, ext. 136, or e-mail at KSowers@MgmtConcepts.com.

For the above training, questions regarding course tent, location, cost, CPE's or registration should be ected to the listed points of contacts of the respective training providers.

Now that several organizations have taken up the task of teaching the more in-depth courses covering FASAB standards and concepts, the FASAB staff is devoting less of its efforts to training and more to its current work, including new projects, implementation issues, and emerging issues. However, the FASAB staff does remain available to occasionally address local organizations who have a need for the one-day seminar or shorter presentations on one or more specific areas. For example, in the last year, FASAB staff members have given one and two hour lectures on cost; liabilities; property, plant, and equipment; and stewardship to several organizations and agencies. These presentations are made only as they fit into the staff's work schedule.

For more information, contact Wendy Comes at 202-512-7357, or Lucy Lomax at 202-512- 7359.

MANAGEMENT'S DISCUSSION & ANALYSIS

The Board reviewed the final edition of the exposure draft (ED) of a concept statement for management's discussion and analysis (MD&A). The Board discussed its relationship to the pilot Accountability Reports (AR). The Office of Management and Budget (OMB) is working with the agencies to develop pilot ARs under the Government Management Reform Act authority, and additional agencies are expected to have ARs by FY 1999. The ARs are incorporating many reporting elements in one report and will probably be large documents. The Board discussed the possibility that the MD&A could complement the ARs because MD&A is intended to provide a brief summary of the agencies' most important financial and program activities. Since MD&A is a separate initiative, the Board decided not to include explicit references to the AR in the ED.

Due to concerns that the MD&A would become overly lengthy, the Board considered whether the materiality threshold should be higher for MD&A than for the financial statements. Changing the materiality threshold would mean that management would not have to discuss everything that might be material for the financial statements in the MD&A. Consistent with the Board's decision to not discuss an executive summary for MD&A in the ED, the Board's consensus was that the MD&A should be explicitly selective rather than comprehensive, and this should be clearly stated in the ED.

With a few recommended changes, the Board decided that the ED is ready for publication. Staff will do the final editing over the next several weeks, and the ED should be published by early January for a 90-day comment period.

ACCOUNTING FOR MARAD'S NDRF SHIPS

A proposed interpretation classifying ships covered under the Maritime Administration's (MARAD) National Defense Reserve Fleet as Federal mission

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PP&E was presented to the Board at the November meeting. The proposed interpretation was drafted in response to a request from the Department of Transportation (DOT) regarding property, plant, and equipment (PP&E) held by MARAD, the Federal Aviation Administration and the US Coast Guard.

The creation and maintenance of a government-owned merchant ship reserve fleet was authorized under the Merchant Ship Sales Act of 1946. This fleet is called the National Defense Reserve Fleet (NDRF). The NDRF ships are held in a preservation status to provide supplemental shipping capacity that the United States can rely on during a military crisis or national emergency.

Since the NDRF ships do not fall into one of the two categories of Federal mission PP&E identified in the PP&E standards, the Board considered whether the NDRF ships met the general test established for in Federal mission PP&E. That is, whether the PP&E exhibited one characteristic from each of two categories--one relating to use and another relating to useful life. In this case, the Board concluded that the NDRF ships did meet the test and could be classified as Federal mission PP&E.

However, the Board expressed concern regarding the message communicated to users on the application of this category to other types of PP&E. In light of the nature of the Federal mission PP&E category and the intent that it be applied in specific circumstances, the Board prefers to accumulate several interpretations on the category, including the remaining DOT items, before issuing this interpretation. The Board believes that this approach will serve to clarify the intended use

of the category. In the meantime, the Board agreed that FASAB would provide a letter to MARAD indicating the results of their deliberations.

AGENDA FOR JANUARY MEETING

The next meeting of the Board is scheduled for Friday, January 17, 1997, in Room 7C13 of the GAO Building, 441 G St., N.W., Washington, D.C. At this meeting a number of new members will be introduced. The new members will be assuming the seats vacated by Messrs. Staats, Ives, and Tierney, whose terms end with the January meeting. The agenda includes discussions on future agenda items, comments received on cost of capital, social insurance, and interpretations.

1997 BOARD MEETING DATES

The 1997 Board meeting schedule is as follows, all in Room 7C13, 441 G St., N.W., Washington, D.C.:

Friday, January 17
Thursday, February 27
Thursday, March 27
Thursday, April 17
Thursday, May 22
Thursday, June 26
Thursday, July 24
Thursday, August 28
Thursday, September 25
Thursday, October 23
Friday, November 7
Thursday, December 18

FASAB STAFF

Name	Tele. #	Past Project	Present Project
Bob Bramlett	512-7353	Rules of Procedure & other admin. matters in connection w/establishing the Board; Objectives of Federal Financial Reporting; Entity & Display; Liabilities; Revenue Recognition	Management's Discussion & Analysis (MD&A)
Rich Fontenrose	512-7358	Stewardship & Future Claims on Budget Resources; Liabilities; Credit Reform	MD&A; Social Insurance; Software-Contractor Developed
Lucy Lomax	512-7359	Selected Assets & Liabilities; Direct & Guaranteed Loans; Stewardship Human Capitol & Research & Development; FASAB Training Presentations	Expense/Expenditures
Richard Mayo	512-7356	Direct Loans; Selected Assets & Liabilities; Cost Accounting	Cost of Capitol
Monica Valentine	512-7362	Liabilities	Natural Resources
Richard Wascak	512-7363	Inventory & Related Property; Property, Plant & Equipment; Stewardship Reporting (PPE & Nonfederal Physical Property	Natural Resources; Standard General Ledger Support.

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