Federal Accounting Standards Advisory Board

February 14, 2013

Memorandum

To: Members of the Board

From: Ross Simms, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Reporting Model – **TAB D**[1]

MEETING OBJECTIVE

The objectives of the meeting are to discuss project options and the framework for an educational website to assist users in understanding agency financial reports.

BRIEFING MATERIALS

The briefing materials include the following:

Attachment I: Options for Next Steps discusses project alternatives.

Attachment II: Classification and Disaggregation of Cost provides a strawman of a standard to guide departments and agencies in classifying and disaggregating costs in the statement of net cost.

Attachment III: Framework of an Educational Website provides a high-level view of the contents and arrangement of an educational website to assist users in understanding agency financial reports.

[1] The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations

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BACKGROUND

During the December 2012 meeting, FASAB discussed the recommendation of the task forces organized to determine improvements in reporting cost, budget, and performance information. The task forces recommended that FASAB revisit Statement of Federal Financial Accounting Standards (SFFAS) 4, *Managerial Cost Accounting Standards and Concepts*, to help ensure that financial reporting meets the expectations of users and help the federal government manage its costs.

FASAB members determined that the recommended project is broad and involves matters that are not exclusively within FASAB's purview. Consequently, the Board asked staff to determine the issue(s) that FASAB could address and a scope that the Board could complete within a reasonable timeframe.

MEMBER FEEDBACK

If you require additional information, please contact staff as soon as possible. In most cases, staff would be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at (202) 512-2512 or by email at simmsr@fasab.gov with a cc to paynew@fasab.gov .

QUESTIONS FOR THE BOARD

Attachment I discusses five options for the project's next steps and the following questions relate those alternatives:

1. Do you agree with the staff recommendation to consider addressing other issues rather than developing a model for better presenting integrated budget, cost, and performance information? See Attachment I, page 1.

2. Do you agree with the staff recommendation to consider addressing other issues rather than developing more prescriptive managerial cost accounting standards to guide departments and agencies? See Attachment I, page 2.

3. Do you agree with the staff recommendation to develop standards to help guide the process for determining how to classify and disaggregate costs in the statement of net cost? See Attachment I, pages 3-5.

4. Do you agree with the staff recommendation to amend SFFAS 7 to give prominence to the existing SFFAS 4 requirement to distinguish the cost of resources transferred from the cost of operating the program? See Attachment I, pages 6-8.

5. Do you agree with the staff recommendation to consider addressing other issues rather than clarifying the Board's conceptual guidance with respect to the various alternatives for disaggregating costs in the statement of net cost? See Attachment I, pages 9-10.

Attachment III presents a high-level view of the contents and arrangement of an educational website to assist users in understanding agency financial reports. When reviewing the draft, consider the following:

6. Are these the topics you would expect to see in the educational tool? If not, what changes would you suggest?

7. What additional information do you believe should be presented?