



FASAB Annual Update

Cohosted by the National Defense University (NDU)

Chief Financial Officers Academy

April 21, 2022



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NDU Welcome

Dorothy Potter (NDU), Professor

David Harvey (NDU), Professor

Domenic Savini (FASAB), NDU Visiting Professor



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Polling Question 1

What role do you serve in the federal government?

- A. Federal Preparer
- B. Federal Policy
- C. Federal Auditor
- D. External Auditor
- E. External Consultant
- F. Other

FASAB Introduction

Monica Valentine, FASAB Executive Director

Disclaimer

- Views expressed are those of the speaker.
- The Board expresses its views in official publications.

Our Response to COVID-19

- Transitioning to virtual meetings
- Proactively identifying and prioritizing accounting issues
- Encouraging technical inquiries
- Providing virtual training

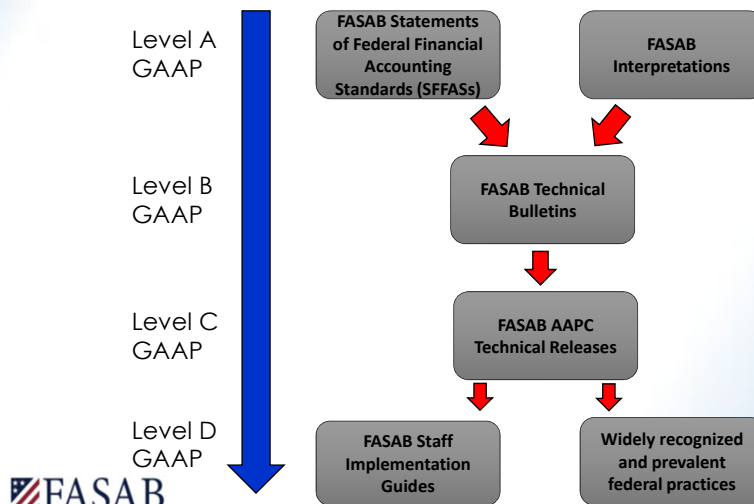
Training Offered

- SFFAS 49 - P3 Accounting & Reporting (3 CPEs)
- FASAB Accounting Concepts and Standards (8 CPEs)
- Federal Accounting for Climate-Related Events (1 CPE)
- Accounting for Internal Use Software (2 CPEs)
- Understanding Government Debt Reporting (3 CPEs)
- Implementation of SFFAS 54 (1-2 CPEs)
- Federal GAAP hierarchy (1-4 CPEs)

Agenda

1. GAAP hierarchy for federal reporting entities
2. FASAB translates to user needs
3. Annual Report & Three-Year Plan
4. Active projects
5. Recently issued guidance
6. How to get involved in the standard-setting process
7. Technical inquiries
8. How to stay connected

GAAP Hierarchy for Federal Reporting Entities



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FASAB Translates to User Needs

- Financial reporting is the means of communicating with those who use financial information. For this communication to be effective, information in financial reports must have these basic characteristics:
 - reliability, \longrightarrow **R = Are**
 - understandability, \longrightarrow **U = You**
 - relevance, \longrightarrow **R = Ready**
 - timeliness, \longrightarrow **T = To**
 - consistency, and \longrightarrow **C = Communicate**
 - comparability. \longrightarrow **C = Clearly?**

Annual Report & Three-Year Plan

- Statement from the chair
- Statement from the executive director
- Status of current projects
- Three-year plan for the technical agenda

Polling Question 2

What is the highest level of GAAP?

- A. Technical Releases
- B. Implementation Guides
- C. Statements of Federal Financial Accounting Standards
- D. Technical Bulletins

Active Projects

Climate-Related Financial Reporting

- Developing a **non-authoritative** staff education paper on what guidance is available for accounting and reporting on climate-related impacts and risks
- Develop a climate-related financial disclosure framework
- Monitor & report to the Board - implementation of climate-related Executive Orders (14030) & other standard setter disclosure activities

Reporting Model | Management's Discussion & Analysis (MD&A)

Developing proposed standards for exposure draft based on the

- Board's vision for management to produce a streamlined holistic MD&A that provides balanced, integrated, and concise information to help users understand the financial position and condition of the reporting entity
- reporting objectives, SFFAS 15 standards, standards-based language in SFFAC 3, and lessons learned from the MD&A pilot;

Will not affect SFFAS 37, *Social Insurance: Additional Requirements for MD&A...*

Reporting Model | Concepts Omnibus

Incorporates note disclosures project into amending Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*, to

- Include types of information appropriate for note disclosures
- Amend and consolidate MD&A concepts

Software Technology

Project scope

1. Cloud service arrangements
2. Shared services
3. Internal use software
4. Other software technology

Intangible Assets Working Definition

A recognizable intangible asset is a resource that

- Lacks physical substance
- Represents a nonmonetary asset
- Has a useful life greater than two years
- Is identifiable as a separate asset from the entity
- Embodies future economic benefits or services
- The entity controls
- Has measurable value

Leases Post-issuance Activities

Project objective:

- Support effective implementation and understanding of SFFAS 54 through timely identification and issuance of conforming amendments, clarifications, and other guidance that may be necessary.

Currently reviewing implementation issues surrounding incremental borrowing rates and reimbursable work authorizations

Public-Private Partnerships (P3s)

Phase I – In 2016 the Board issued SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, effective FY 2019

Phase II – Measurement and Recognition

- What do we measure?
- How do we recognize profits/losses?
- How do we treat liabilities?

Current Status – Staff is conducting training and outreach concerning SFFAS 49 implementation before fully initiating phase II.

Reexamination of Existing Standards

Address issues related to

- Inconsistencies with current practices
- Confusion or difficulties applying requirements
- Need for clarifications
- Usefulness of disclosures and other required information

Reexamination of Existing Standards

First step - The Board will seek stakeholder and public feedback through an Invitation to Comment:

- FASAB GAAP hierarchy
- Reexamination of FASAB standards
- Codification of FASAB standards and/or Handbook improvement

Polling Question 3

What document will be used to solicit feedback from stakeholders on the approach for the reexamination project?

- A. Preliminary Views (PV)
- B. Invitation to Comment (ITC)
- C. Exposure Draft (ED)
- D. Discussion Memoranda (DM)

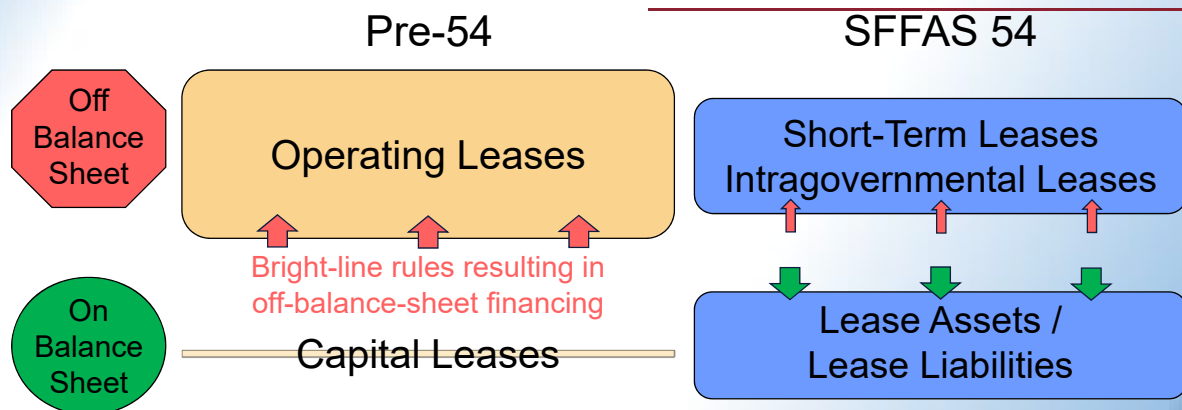
Recently Issued Guidance

Land

SFFAS 59, *Accounting and Reporting of Government Land*

- Effective for FY 22 with a four-year transitional implementation; RSI to Basic reporting of: estimated acres of land, estimated acres of land held-for-disposal or exchange, and predominant land uses
- Requires reclassifying G-PP&E land as a non-capitalized asset
- Clarifies the definition for the stewardship land (SL) category
- Requires the reporting of G-PP&E land and SL using three predominant use sub-categories: conservation and preservation land; operational land; and commercial use land

Leases – Big Picture



Leases

Lessees: Recognize a lease liability[^] and lease asset at the commencement of the lease term.*

Lessors: Recognize a lease receivable[^] and unearned revenue at the commencement of the lease term.*

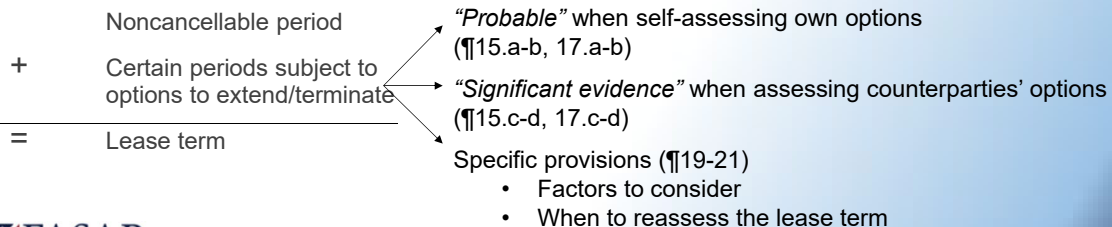
[^]*Measurement basis:* Present value of future payments/receipts expected to be made/received during the lease term.

**Except for:* short-term leases and intragovernmental leases, which follow accounting guidance under SFFAS 54 paragraphs 22-24 and 26-38, respectively.

Leases

Lease (§ 2) – a contract or agreement whereby one entity conveys the right to control the use of the underlying asset (PP&E) to another entity for a period of time as specified in the contract or agreement in exchange for consideration.

Lease term (§14-21)



Leases

SFFAS 60: *Omnibus Amendments 2021, Leases-Related Topics*

- Enhances the clarity of SFFAS 54, rescinds certain disclosure requirements, and provides minor technical corrections

Technical Release 20: *Implementation Guidance for Leases*

- Provides guidance for applying the requirements of SFFAS 54

Polling Question 4

Which of the below attributes **does not** describe a lease, as defined by SFFAS 54?

- A. Lessees have the right to derive economic benefits and services from use of the underlying asset
- B. Must be for a period of time, which may include certain periods subject to termination or renewal options
- C. Lease assets are PP&E
- D. Consideration, which may include monetary or non-monetary consideration, is exchanged

10 Minute Break

Technical Clarification of Existing Standards

Interpretation 10, *Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*

- Non-federal non-entity amounts received for unfilled orders that are reflected in FBWT should be reported as an intragovernmental asset by the component reporting entity.

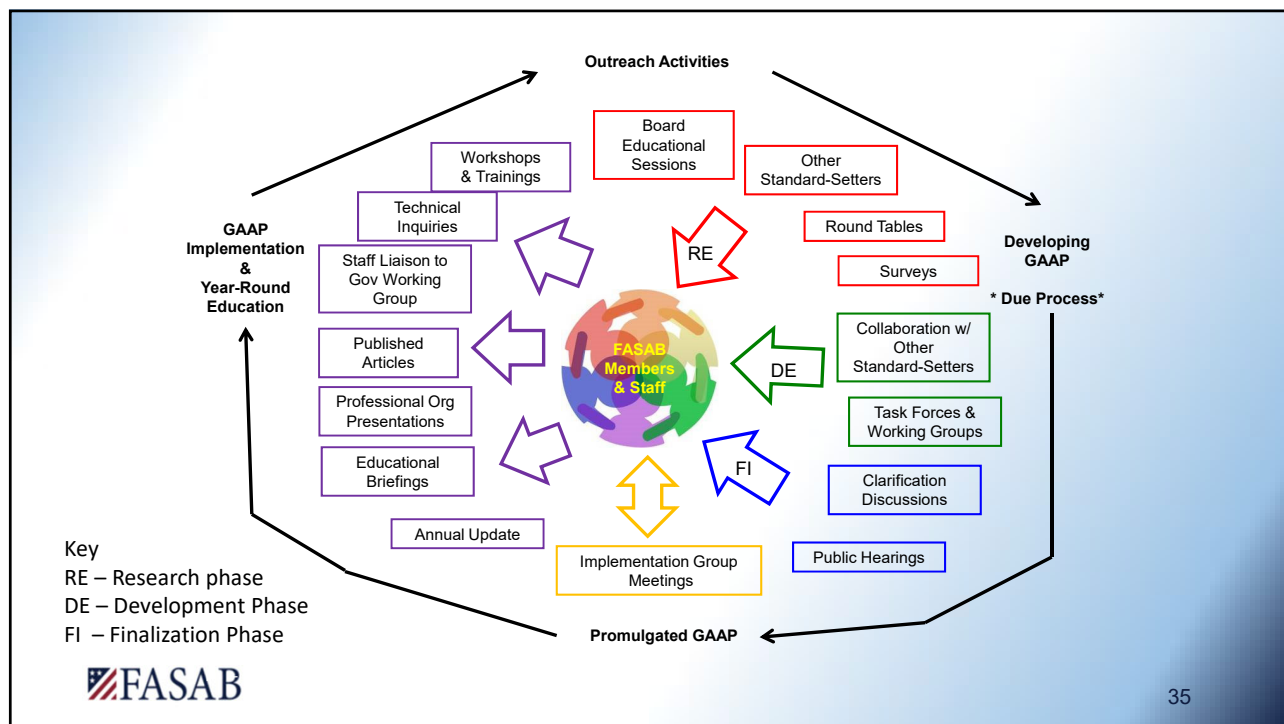
Technical Clarification of Existing Standards

Interpretation 11, *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313*

- Standards provide that debt cancellation is a non-exchange activity that should be reported on the SCN
- A particular line item “gain” or “loss” is not required to be displayed on the SCN
- Budgetary accounting should be considered

How to Get Involved in the Standard-setting Process

Collaboration, Education & Outreach



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Technical Inquiries

If you need help applying GAAP for implementation or existing accounting issues then visit our updated technical inquiry page to learn

- How we can help
- Who we help
- What you can expect from the TI process once you submit the new form at <https://fasab.gov/technical-inquiries-2/>

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Quick Links

[Handbook by Chapter](#)
[Board Briefing Materials](#)

Connect with Us

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[Listen to episode 79 of AGA's Accountability Talks podcast featuring Robin Gilliam, who discusses FASAB's climate-related financial reporting project.](#)



[10/20/20 – FASAB 30th Anniversary](#)

[6/23/20 – Leases Implementation](#)

FASAB Bits & Bytes Podcast

[Public-Private Partnerships](#) Posted: September 1, 2020

[ED Chat Part II: Ms. Payne Interviews Ms. Valentine](#) Posted: October 30, 2019

[ED Chat Part I: Ms. Valentine Interviews Ms. Payne](#) Posted: October 28, 2019



How to Stay Connected

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Contact Us

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QUESTIONS

FASAB Panel Discussion

Climate Risk and Fiscal Exposure in the Federal Government

FASAB Annual Update, April 21, 2022

Robin M. Gilliam, CPA, PMP

Disclaimer

- ▶ Views expressed are those of the speaker
- ▶ Official positions of the FASAB are determined only after extensive due process and deliberations

WHAT YOU WILL LEARN

- ▶ Climate Risk and Fiscal Exposure is affecting all federal agencies
- ▶ **AGENDA:**
 - ▶ **GAO** – *Opportunities to Improve Federal Planning and Implementation to Enhance Climate Resilience*
 - ▶ **GSA** – *Climate Adaptation and Resilience – Protecting Land Ports of Entry Mission Critical Facilities*
- ▶ Your role in accounting for and reporting climate risk and fiscal exposure in financial statements

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Panelists

GAO

- ▶ Alfredo Gomez
- ▶ Joe Thompson

GSA

- ▶ Ann Kosmal

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Opportunities to Improve Federal Planning and Implementation to Enhance Climate Resilience

April 21, 2022
Federal Accounting Standards Advisory Board
Climate Resilience Session

Alfredo Gomez and Joe Thompson
Natural Resources and Environment Team
U.S. Government Accountability Office



Why Focus on Climate Adaptation and Resilience

- The Increasing Cost of Disasters Due to Climate
 - Disaster costs are projected to increase as certain extreme weather events become more frequent and intense due to climate change, as observed and projected by the U.S. Global Change Research Program and the National Academies of Sciences, Engineering, and Medicine.
 - From fiscal years 2015 through 2021, select appropriations for disaster assistance totaled \$315 billion.
-



High Risk: Limiting the Federal Government's Fiscal Exposure By Better Managing Climate Change Risks

Government-wide action is needed in the federal government's roles as a:

1. leader of a strategic plan,
2. owner and operator of infrastructure,
3. insurer of property and crops,
4. provider of technical assistance to decision makers, and
5. provider of disaster assistance.



March 2022 Congressional Testimony on Climate Resilience

Our testimony focused on how Congress and federal agencies can improve federal climate resilience planning and implementation by pursuing opportunities related to the three guiding principles of the Disaster Resilience Framework.

- Information
- Integration
- Incentives

GAO's Disaster Resilience Framework

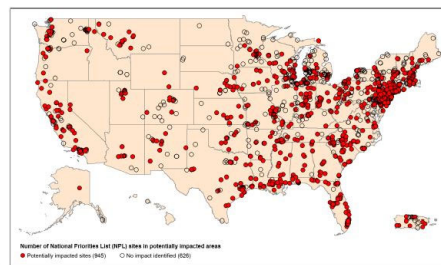
Figure 1: GAO's Disaster Resilience Framework Principles



Source: GAO-21-2759P | GAO-22-105688

Principle: Information

Figure 2: Nonfederal Superfund National Priorities List Sites Vulnerable to Climate Change Impacts



Source: GAO-21-0517 | GAO-22-105688

Principle: Integration

Figure 3: Flooding at Naval Station Norfolk, Virginia



Source: GAO-19-453 | GAO-22-105688

Examples of Ongoing GAO Climate Resilience Work

1. Report on options to enhance the climate resilience of a suite of United States Department of Agriculture programs
2. Report on options to enhance the climate resilience of the Army Corps of Engineers flood risk management infrastructure

Questions?



GAO on the Web

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GSA Discussion

- Climate Adaptation and Resilience - Protecting Land Ports of Entry Mission Critical Facilities

Panelist – Ann Kosmal, FAIA, LEED APBD+C, CPHC, PDC

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GSA Discussion – Climate-related Executive Orders

EO 14008 - Interim Instructions, March 2, 2021

Interim Instructions for Preparing Draft Climate Action Plans under Executive Order 14008

Purpose

Revitalizing prior Federal efforts to bolster adaptation and increase resilience, Executive Order (E.O.) 14008, *Tackling the Climate Crisis at Home and Abroad*, requires that each Federal agency develop a draft Climate Action Plan (Plan) that responds to the climate crisis. By policy and example, Federal climate leadership integrates climate change adaptation (adaptation) and climate resilience across agency programs and the management of Federal procurement, real property, public lands and waters, and financial programs. Federal climate leadership prompts the demand for climate-ready products and services, advances decision-making transparency, connects more climate information to standard setting for infrastructure, and drives American innovation. The Plans are the necessary first step to address the objectives outlined in the E.O. The purpose of this document is to provide Federal agencies with guidance on the preparation and submission of their Plans to the National Climate Task Force and Federal Chief Sustainability Officer.

Background

E.O. 14008 sets forth a government-wide approach to address the climate crisis. It establishes a National Climate Task Force (Task Force) charged with facilitating the organization and deployment of this approach. Its members include Cabinet Secretaries, agency heads, and White House advisors. The E.O. also sets forth numerous directives to integrate climate considerations into foreign policy, Federal

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GSA Discussion – Climate-related Executive Orders

EO 14008 - Interim Instructions, AFR and ERM

Topic 1: Update Climate Vulnerability Assessments

Building on prior adaptation actions and climate vulnerability assessments, update the agency's most recent assessment using the latest climate information included or referenced in the [Fourth National Climate Assessment](#). Only include in the Plan the five vulnerabilities directly tied to management functions and decision points for managing procurement, real property, public lands and waters, and financial programs. These five vulnerabilities may not necessarily be the same as those that are tied to the priority actions above. For each of these five vulnerabilities describe: 1) the climate threat and the expected impact, including the impact of no action; 2) the determined adaptation action, including the known barriers to implementation; 3) a rough estimate of the timeline and any measures for indicating progress over time and success; 4) a determination if managing the risk and overcoming the barrier is achievable within existing agency resources or consistent with the agency's budget request; and 5) identification of how the vulnerability either is or will be disclosed in annual agency financial reporting and integrated into the agency's enterprise risk management process.

GSA Discussion – Climate Adaptation Plans

sustainability.gov/adaptation/

Designate Agency Official
5 Climate Adaptation Actions
5 Top Vulnerabilities
Climate Literacy
Climate-Ready Service, Supply, Sites+ EJ
Criteria

GSA Discussion – Climate-related Executive Orders

EO 14030- May 25, 2021

Sec. 2. *Climate-Related Financial Risk Strategy.* The Assistant to the President for Economic Policy and Director of the National Economic Council (Director of the National Economic Council) and the Assistant to the President and National Climate Advisor (National Climate Advisor), in coordination with the Secretary of the Treasury and the Director of the Office of Management and Budget (OMB), shall develop, within 120 days of the date of this order, a comprehensive, Government-wide strategy regarding:

- (a) the measurement, assessment, mitigation, and disclosure of climate-related financial risk to Federal Government programs, assets, and liabilities in order to increase the long-term stability of Federal operations;
- (b) financing needs associated with achieving net-zero greenhouse gas emissions for the U.S. economy by no later than 2050, limiting global average temperature rise to 1.5 degrees Celsius, and adapting to the acute and chronic impacts of climate change; and
- (c) areas in which private and public investments can play complementary roles in meeting these financing needs—while advancing economic opportunity, worker empowerment, and environmental mitigation, especially in disadvantaged communities and communities of color.



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GSA Discussion – Climate-related Executive Orders

EO 14057 – Dec. 8, 2021

Sec. 209 . *Adapting the Federal Government to the Impacts of Climate Change.* Consistent with its mission, each agency shall:

- (a) develop or revise policies and processes to promote climate resilient investment that advances adaptation to climate change and protects public health and the environment;
- (b) conduct climate adaptation analysis and planning for climate-informed financial and management decisions and program implementation;
- (c) reform agency policies and funding programs that are maladaptive to climate change and increase the vulnerability of communities, natural or built systems, economic sectors, and natural resources to climate impacts, or related risks; and
- (d) develop and enhance tools that assess climate change impacts and support climate adaptation planning and implementation.



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Polling Question 5

Are you working directly on any of the climate related Executive Orders: 14008, 14030 and/or 14057?

- A. Yes
- B. No
- C. Not sure

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GSA Service for Land Ports of Entry: Interagency Agreements (IAA)



U.S. Customs and
Border Protection



U.S. FOOD & DRUG
ADMINISTRATION



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GSA Discussion

Potential Impacts of Climate-related Risks

Multimodal transport

Buildings

Personnel

Equipment

Kennels

GSA Discussion

Potential Impacts of Climate-related Risks

Observed Change

Urban heat island

Extreme precip (Forms)

Surface flooding

Urban Flooding

Water availability

GSA Discussion

Expected Change

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P3 Panel Discussion

- SFFAS 49 Par 5.

“The Board has previously addressed various types of long-term arrangements or transactions in which the government participates (for example, leases or guarantees). As such, accounting standards exist that provide for recognition and measurement of assets/liabilities and revenues/expenses as well as disclosures of certain risks in these long-standing types of arrangements or transactions. This Statement supplements existing guidance to help ensure adequate disclosure of those arrangements/transactions that either form the basis of or are part of a P3. Therefore, existing accounting standards that govern the various types of long-term arrangements/transactions continue to apply.”

- Now, let's go to our speakers!!

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Kellie Allison

Ms. Kellie Allison is an accountant with the Office of the Under Secretary of Defense (Comptroller) OUSD(C). In addition to spear-heading implementation of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, she prepares the Department's required financial reports, including the annual Agency Financial Report and Summary of Performance and Financial Information. She is responsible for researching, identifying, developing and ultimately negotiating necessary changes to DoD financial reporting and financial management policies. Her work experience includes:

- Accountant, U.S. Department of Homeland Security
- Supervisory Accountant, Defense Logistics Agency
- Assistant Controller, Lee Enterprises
- Utility Accountant, Black Hills Corporation



Ms. Allison attained her Bachelor of Science in Business Administration from Pennsylvania College of Technology and holds two Master's Degrees from the National Defense University and Bloomsburg University of Pennsylvania.. She is also a Certified Financial Examiner (CFE) and a Certified Forensic Accountant (CrFA).

Christopher Hilton

Mr. Christopher Hilton joined the DoD Office of Inspector General in July 2008. Shortly after joining the agency, he was detailed to the Inspector General's Office in Iraq for 14 months (September 2009 to November 2010), where he supported the agency's efforts to ensure the efficient and use of DoD funds in Iraq. During his tenure with the OIG, his audit work has focused on the DoD's improvement of its financial management and reporting in the following areas:

- DoD Enterprise Resource Planning Systems
- Fund Balance with Treasury
- Operating Materials and Supplies
- Reimbursable Agreements
- Military Housing Privatization Initiative
- Environmental and Disposal Liabilities
- Foreign Military Sales

Mr. Hilton attained his Bachelor of Science in Business Administration and Master of Business Administration with a concentration in assurance and risk management from Indiana University in Bloomington, Indiana. He is also a Certified Public Accountant and a Certified Fraud Examiner.



P3 Panel Discussion

- Ms. Allison – Preparer's perspective
 - Implementation Issues: data calls vs. data bases, lead-times, etc.
 - Best practices to share: Consistency in analysis and reporting, Communication, Credibility/Corroboration, Create milestones.
- Mr. Hilton – An auditor's (personal) perspective
 - Audit scope and execution: auditing disclosures; difficulty with estimates, etc.
 - Some personal tips to auditors and preparers

Polling Question 6

Governments are increasingly using innovative approaches to partnering with non-governmental entities and, as a result, accrue many benefits. However, P3 arrangements may:

- A. Result in recognizing contingent assets
- B. Obscure costs and results
- C. Overstate contingent liabilities
- D. Obscure costs, risks, and results



Overview of Graduate Certificate Programs

April 2022

Information provided in this briefing is for informational purposes only. Please refer to CIC catalog for official information.

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Graduate Certificates

Graduate Certificates (15 credits)

- Academic Areas: Chief Financial Officer, Chief Information Officer, Chief Data Officer, Cybersecurity, Cyber Leadership, and IT Program Management
- Complete five 3-credit accredited courses online on a part-time basis
- CIO Leadership Development Program (14 weeks to earn CIO Certificate)

General Eligibility Criteria

- Bachelors Degree with at least a 3.0 GPA (provisional admissions also available)
- GS-13/O-4/equivalent or above
- Government Affiliation (e.g., DoD or Civilian Agency Personnel)

Tuition

- 3-credit courses are **free** for DoD personnel, and \$1,100 each for Civilian agency personnel
- CIO Leadership Development Program:
 - **free** to DoD personnel
 - \$10,750 for Civilian agency personnel

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Required Graduate Certificate Courses for AY 2021-2022



Chief Financial Officer Certificate

- White House, Congress, and the Budget
- The Future of Federal Financial Information Sharing
- Risk Management, Internal Controls, and Auditing for Leaders
- Strategic Performance and Budget Management

Chief Data Officer Certificate

- Data Management Strategies and Technologies
- Data Analytics for Leaders
- Data Strategy and Governance
- Strategic Information Technology Acquisition
- Warfighting and Disruptive Technologies

Chief Information Officer Certificate

- Strategic Performance and Budget Management
- Cybersecurity Fundamentals
- CIO 2.0 Roles and Responsibilities
- Strategic Information Technology Acquisition
- Warfighting and Disruptive Technologies

Chief Information Security Officer Certificate

- Cybersecurity for Information Leaders
- Cybersecurity Fundamentals
- Critical Information Infrastructure protection
- Risk Management Framework for Strategic Leaders
- Illicit Use of Cyber

Cyber Leadership Certificate

- National Security Strategy
- Cybersecurity Fundamentals
- Cyberlaw
- Multi-Agency Information-Enabled Collaboration
- Illicit Use of Cyber

IT Program Management Certificate

- Data Management Strategies and Technologies
- Capital Planning and Portfolio Management
- Information Technology Program Leadership
- Strategic Information Technology Acquisition
- Information Technology Project Management

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