

FASAB Annual Update

May 9, 2024



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Disclaimer

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

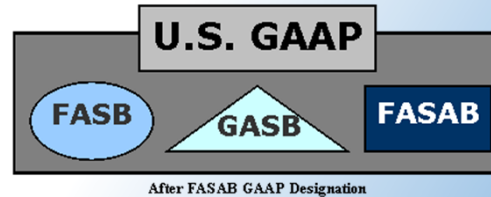


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FASAB Background

- Established in 1990
 - a FACA Committee
- Achieved GAAP status in 1999
 - One of three in the U.S.
- 9 Board members
 - 6 non-federal members and 3 federal sponsors



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Agenda

1. Financial Reporting Process and Stakeholder Roles
2. Research Topic
3. Active Projects
4. Recently Issued Guidance
5. Outreach and Collaboration
6. Spotlight on SFFAS 54, *Leases*
7. Spotlight on SFFAS 59, *Accounting and Reporting of Government Land*



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Financial Reporting

- Financial reporting is a critical aspect of an entity's governance and stakeholder communication
 - Accounting standards provide a foundation for accurate and consistent financial reporting
- Process involves collaboration and communication with many stakeholders
 - Continuous feedback is essential



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Stakeholder Roles

Standard-setter

- Develop and maintain standards
- Through extensive deliberations

Preparers

- Report financial transactions
 - In accordance with standards
 - Using professional judgment

Auditors

- Provide assurance to users
 - By expressing an opinion
 - As independent professionals

Users

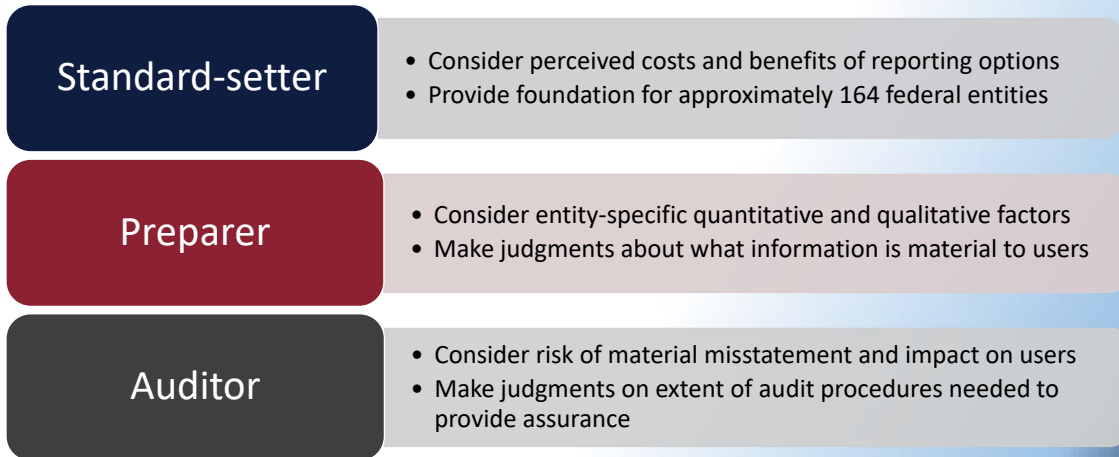
- Make informed decisions
- Assess financial health of federal government
- Assess federal program performance



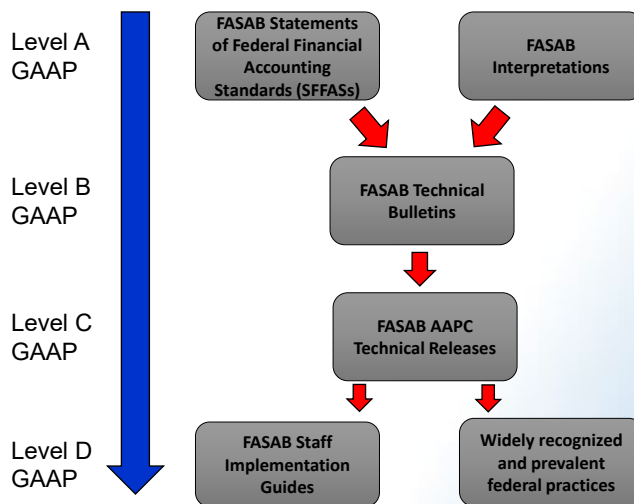
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Materiality Factors



GAAP Hierarchy



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

Research Topic

Commitments

- While reporting on commitments is currently required by the Office of Management and Budget (OMB) Circular A-136, commitments are not specifically defined in FASAB guidance.
- The Board approved this effort as a research topic during the August 2023 meeting.
 - During recent meetings, the Board discussed the similarities and differences between commitments and contingencies.

Active Projects

Climate-Related Financial Reporting

- Staff issued a **non-authoritative** education paper on what guidance is available for accounting and reporting on climate-related impacts and risks (see the project page)
- Currently developing a climate-related financial reporting framework
 - Identified the Board's vision
 - To provide users relevant information on the current and potential impact of climate-related events and risks on a federal reporting entity's financial position, condition, and operating performance**
 - Collected survey responses on the level of effort needed from preparers and providers who included climate-related information in the FY23 federal financial reports (survey closed)

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

- Developed proposed Statement to provide a comprehensive set of standards
 - **For a balanced, integrated, concise, and understandable MD&A**
 - **About the organization and mission; financial position and condition; operating performance, opportunities, and risks; etc.**
- Board issued exposure draft in 2023 requesting public comment
- Board deliberated the comment letter responses and updates for the draft MD&A SFFAS during the February & April 2024 meetings

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

- Board explains how the Statement will improve current standards in the Summary; the new MD&A Statement will
 - **merge and update relevant content from SFFAC 3 and SFFAS 15;**
 - **provide a concise set of principle-based standards;**
 - **encourage flexibility; and**
 - **provide guidance on the *how and what*.**
- Board plans to pre-ballot the proposed SFFAS at the June 2024 meeting

Reporting Model | Omnibus Concepts Amendments

- 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, rescind SFFAC 3
- Board issued exposure draft in 2023 requesting public comment for 90 days
 - During the February 2024 meeting, the Board deliberated the comment letter responses and staff's initial analysis on the exposure draft.
 - The Board agreed to minor changes for note disclosure concepts and no changes to the MD&A concepts.
- Board plans to pre-ballot the proposed SFFAC at the June 2024 meeting

Software Technology

Project scope

- Cloud-service arrangements
- Shared services
- Internal use software
- Other software technology

Consider updates to software license and IUS development guidance

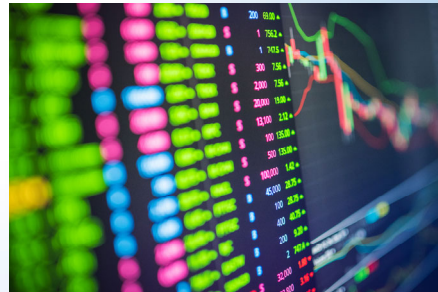
Digital assets, blockchain, AI, etc.

Omnibus Technical Release Amendments 202X: Conforming Amendments

- Issued an exposure draft titled, *Omnibus Technical Release Amendments 202X: Conforming Amendments to Technical Releases 10, 16, 20, and 21*
 - Would implement conforming amendments to TR 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, to align with SFFAS 6, *Accounting for Property, Plant and Equipment*
 - Would **restore prior guidance on perpetual software licenses** to TR 16, *Implementation Guidance for Internal Use Software*

Seized and Forfeited Digital Assets

- Issued an exposure draft for Technical Bulletin 202X-X, *Seized and Forfeited Digital Assets*
 - Would **clarify existing guidance** in SFFAS 3, *Accounting for Inventory and Related Property*, for seized and forfeited digital assets.



Reexamination of Existing Standards

- Board issued an Invitation to Comment (ITC) seeking public feedback on:
 - FASAB GAAP hierarchy
 - Reexamination of FASAB standards
- Board deliberated the ITC feedback at the December 2023 and April 2024 meetings
 - **Priority topics are SFFAS 5, SFFAS 7, and SFFAS 34**

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 – Developing implementation guidance for Phase 1



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Polling Question 2

The Board is considering guidance to address digital assets for what types of scenarios?

- A. Payment transactions
- B. Seized and forfeited property
- C. Investments
- D. All of the above



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Questions?

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Break

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Recently Issued Guidance

SFFAS 63: Omnibus Amendments 2024-1

- Provides narrow amendments in a single action for
 - SFFAS 38, *Accounting for Federal Oil and Gas Resources*,
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, and
 - TB 2011-1, *Accounting for Federal Natural Resources Other Than Oil and Gas*.
- SFFAS 63
 - Is now effective (issued on April 12, 2024)
 - Retains the reporting of federal oil, gas, and other natural resources information as required supplementary information per SFFAS 38 and TB 2011-1
 - Eliminates an exception in SFFAS 49 to avoid reporting inconsistencies and to increase comparability

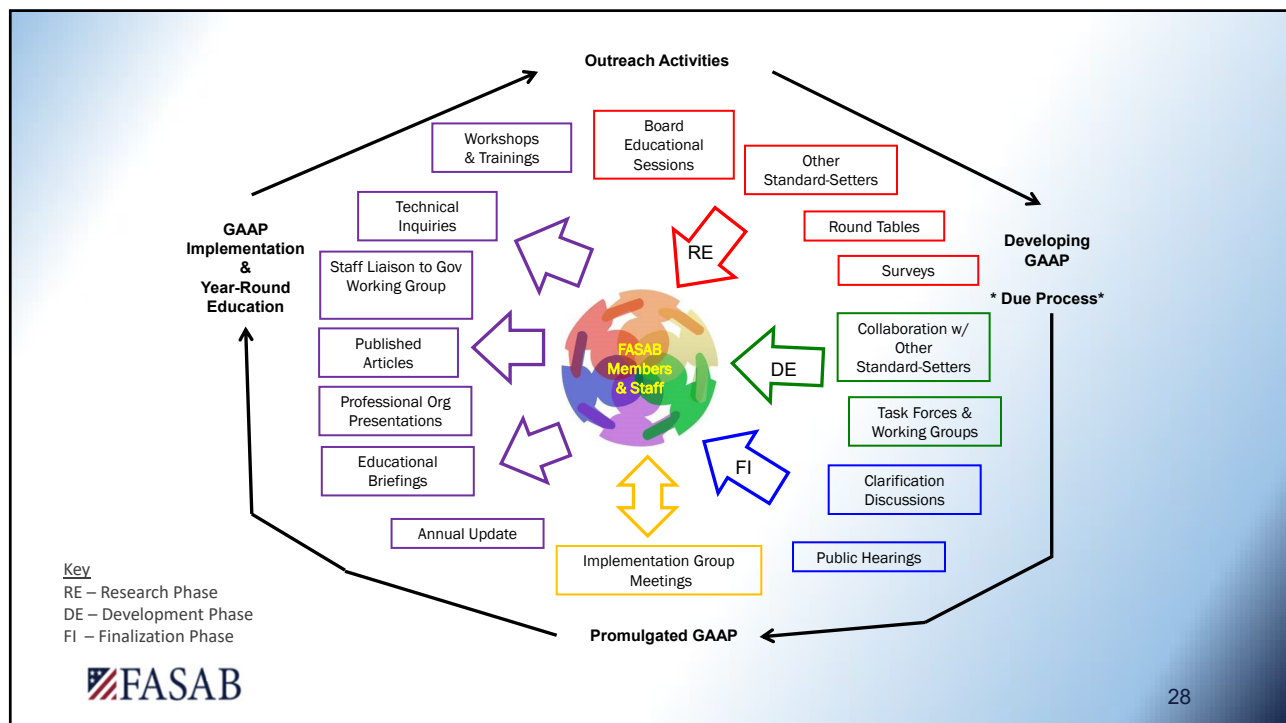
How to Get Involved in the Standard-setting Process

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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What's going on with FASAB staff course offerings?

- The Good news:
 - Streamlining our registration process
 - Designing a "one-stop" Training Web Page
 - Updating our most popular courses
 - Increasing our trainer pool
 - Staff and members are continuing to present at conferences and other training venues
- The not-so-good news:
 - Resources/funding are constrained
 - Staff resources focused on key project issues/re-examination
 - We hope to resume staff course offerings beginning in FY25



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How to Stay Connected

Quick Links

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

Connect with Us

[Subscribe to our Listserv](#)

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

[Listen to episode 106 of AGA's Accountability Talks podcast](#) featuring FASAB Chair George Scott, who discusses FASAB's guidance on land.

[Listen to episode 121 of AGA's Accountability Talks podcast](#) featuring Robin Gilliam, who discusses FASAB's proposal for rescinding & replacing SFFAS 15, *Management's Discussion and Analysis*.

- [Sign up for our listserv](#)
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Polling Question 3

Which of the following is considered level B GAAP?

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



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Questions?

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Break

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Spotlight on SFFAS 54, *Leases*



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SFFAS 62, *Transitional Amendment to SFFAS 54*

- Paragraphs 96A-96E are added to SFFAS 54
- Eligibility criteria (par. 96A)
- Accommodation
- Flexibilities, groupings of reasonably similar contracts
- Pre- and post-accommodation period considerations



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Polling Question 4

True or False: SFFAS 62 can only be applied to contracts or agreements that contain nonlease components and may contain lease components.

- A. True
- B. False

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Technical Bulletin 2023-1, *Intragovernmental Leasehold Reimbursable Work Agreements*

What are they?

- ***Will the customer-lessee be the predominant beneficiary of the reimbursable work?***
 - If yes, customer-lessee recognizes the leasehold improvement
- ***Or will the provider-lessor derive a significant level of residual economic benefits and services from the reimbursable work?***
 - If yes, the customer-lessee is not the predominant beneficiary
 - Accordingly, the provider-lessor recognizes the leasehold improvement
 - The customer-lessee recognizes an intragovernmental reimbursable work asset, and the provider-lessor recognizes an unearned reimbursable work revenue liability

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Polling Question 5

True or False: SFFAS 62 must be applied to contracts or agreements (or groups thereof) that meet both of the following criteria:

- Contain nonlease component(s) and may contain lease component(s)
- The primary purpose is attributable to nonlease components, such as services. The primary purpose attribution should not appear to be unreasonable based on the nature of the contract or agreement and professional judgment.

- A. True
- B. False

Leases – Q&A

- Questions submitted in advance
- Questions submitted live

Break

Spotlight on SFFAS 59,
*Accounting and Reporting of
Government Land*

Land

- Reclassifies G-PP&E land as a non-capitalized asset
- Clarifies the definition for the stewardship land (SL) category
- Requires reporting estimated acres of G-PP&E land and SL using three predominant use sub-categories
 - Conservation and preservation land
 - Operational land
 - Commercial use land



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Land

SFFAS 59 effective dates

- FY22-FY25 - Required supplementary information (RSI)
- FY26 – Notes disclosure
 - Remove G-PP&E land and permanent land rights from balance sheet

Current Status – Entities have reported: positive data-cleansing results; sub-category clarifications; system integration concerns; GAO audit guidance concerns; and USSGL FY26 J/E concerns.



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Transitional Implementation Period

Early Implementation of Land De-recognition NOT Allowed					
Issue SFFAS	SFFAS 59 Paragraphs 6 through 12				Effective Date for G-PP&E Land De-recognition
	For FYs 2022/2023 GAO plans to develop and issue audit guidance for auditing total acreage and acreage by predominant use sub-categories. For FYs 2023 and 2024 identification of preparation and audit challenges and for FY 2025 the Board plans to complete its assessment of remaining implementation issues before the RSI requirements transition to the notes.				Paragraphs 4, 5, 13, and 14 apply. Remove G-PP&E Land from Balance Sheet. Entities may continue to Disclose Historical/Acquisition Cost in Notes
	Entity RSI Presentation				Basic Presentation
FY '21	FY '22	FY '23	FY '24	FY '25	FY '26
4 Year Implementation Window					

Polling Question 6

True or False: The Land Task Force concluded that acreage information alone would be sufficient to meet the stewardship objective.

- A. True
- B. False

Land – Q&A

- Questions submitted in advance
- Questions submitted live



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