



FASAB *news*

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

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FASAB News - Available Via E-Mail and the Internet

As mentioned in prior newsletters, we will stop mailing newsletters after this issue. Beginning October 1, 2002, our publications – including exposure drafts - will be available electronically. We will continue to make exposure drafts available in hard copy upon request. Please sign up for our electronic mailing list to receive (1) FASAB News, (2) meeting agendas, and (3) notices about new releases. Instructions for signing up for the electronic mailing list are presented on page 7. As a reminder, the FASAB website is www.fasab.gov



Agenda Hearing

FASAB will hold an agenda hearing on October 9th beginning at 9:00 A.M. in room 7C13, U.S. General Accounting Office Building, 441 G Street, NW, Washington, DC 20548. The purpose of the meeting is to obtain information from interested individuals, organizations, and groups about potential future projects. FASAB's staff will publish information about potential future projects in mid-September via the FASAB website (www.fasab.gov). In addition to these staff identified projects, comments will be welcome on projects not yet identified by staff.

Those individuals, organizations, or groups that want to make an oral presentation at the public hearing should provide, by **September 20th**, a written notification of intent. The notification should be addressed to Wendy Comes, Executive Director, at comesw@fasab.gov or at:

Federal Accounting Standards Advisory Board
441 G Street NW, Mailstop 6K17V
Washington, DC 20548

The hearing may be canceled if insufficient interest is expressed by the deadline. The Board intends to schedule all who want to make oral presentations and will notify them of the time of the presentation. The time allotted each individual, organization, or group will be determined based on the number of responses.



Stewardship Responsibilities

Risk Assumed

At its August meeting the Board confirmed that, as proposed in the exposure draft *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, “risk assumed” would be reclassified from Required Supplementary Stewardship Information (RSSI) to Required Supplementary Information (RSI). Like all decisions regarding stewardship responsibilities at this meeting, this was a tentative conclusion, to be confirmed at a subsequent meeting.

Current Services Assessment (CSA)

The exposure draft proposed to reclassify the CSA from RSSI to RSI status for one year, and then eliminate the requirement to present the CSA, which is published in the President’s Budget in February. Treasury expects soon to be able to publish the Consolidated Financial Report (CFR) before the Budget with the CSA as specified by SFFAS 8, *Supplementary Stewardship Reporting*. A Board member suggested another alternative, noting that OMB’s “mid-session review” of the CSA is prepared in July, and could be used in the financial report instead of the CSA that is published in February with the President’s Budget. The “mid-session review” would be available on a timely basis for the CFR after accelerated reporting is accomplished.

The Board asked staff to provide more information about the “mid-

session review” CSA and how it compares with the CSA included in the President’s Budget. The Board will consider the alternative of using the “mid-session review” CSA at its October meeting.

Social Insurance

Wendy Frederick, a member of AICPA’s staff, and Eleanor Long, a member of AICPA’s FASAB Liaison Taskforce, were invited to discuss AICPA’s concerns. Ms. Long indicated that, in addition to concerns about the proposed reclassification of Social Insurance information, AICPA continues to believe that a social insurance liability should be accrued.

For the next meeting, staff will attempt to determine the Board’s view about what currently required information, in addition to the Statement of Social Insurance, should become basic information.

Point of Contact: Robert Bramlett,
202 512-7355,
bramlett@fasab.gov



Proposed Technical Bulletin Regarding SFFAS 7 paragraph 79(g)

At its August meeting, FASAB discussed comments received on a proposed Technical Bulletin (TB) that would give guidance on how to make the disclosures called for by paragraph 79(g) of SFFAS 7, *Accounting for Revenue and Other Financing Sources*, when an entity

See, Proposed Technical Bulletin, page 3

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Board 2002 Calendar

All meetings will be held in the General Accounting Office Building, 441 G Street, NW, Washington, DC 20548, from 9:00 a.m. until 4:00 p.m. Room numbers will be available before each meeting. The meeting agenda will be released approximately one week before the meeting. The agenda will be available via the electronic mailing list, the FASAB website, or by calling 202-512-7350.

Meeting dates:

October 9 and 10
December 11 and 12

AAPC 2002 Calendar

All Accounting and Auditing Policy Committee meetings will be held from 1:30 to 4:00 p.m. in room 6N30 of the GAO Building (441 G Street NW).

Meeting dates:

September - being rescheduled
November 6

Agendas will be posted to the FASAB web page one week prior to meetings. Point of contact: Monica R. Valentine, 202-512-7362, valentinem@fasab.gov

Proposed Technical Bulletin, *From page 2*

reports before the President's Budget is available.

The draft Technical Bulletin was sent to federal Chief Financial Officers, Inspectors General, and other interested parties by means of the Internet. FASAB received 18 written responses regarding the draft Technical Bulletin. Most respondents supported the proposed Technical Bulletin or expressed no comment; four suggested clarifying language or expressed concerns that implied a need for clarification.

A Board member suggested that an example be added to clarify the Technical Bulletin's intent. Staff agreed to do so and to distribute the revised Technical Bulletin to the Board for clearance on a "no objection" basis. The Board has until September 4th to offer objections. After that date, the Technical Bulletin would be posted to www.fasab.gov

Point of Contact: Robert Bramlett,
202 512-7355,
bramlettr@fasab.gov



CFR Audience Concepts Statement Proceeds

At its August meeting the Board discussed comments received on the exposure draft *Target Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*. After agreeing to make minor changes to some of the language in the document, the Board will proceed with producing a concepts statement. Staff will forward the concepts statement to Board members for a pre-balloting by September 2002.

Point of contact: Lucy Lomax,
202-512-7359,
lomaxm@fasab.gov



Selected Standards for the Consolidated Financial Report of the United States Government – Board Concludes Deliberations

The comments on the exposure draft, *Selected Standards for the Consolidated Financial Report of the United States Government*, were generally supportive. The basis for conclusion for the final standard will explain the Board's position with respect to all respondents' comments.

See, Selected Standards, page 4

Noteworthy comments included a request from the American Institute of Certified Public Accountants (AICPA) FASAB Liaison Task Force that FASAB clarify its policy with regard to entities that have been following Financial Accounting Standards Board (FASB) standards. Shortly after the AICPA designated FASAB as the Generally Accepted Accounting Practices (GAAP) standard-setter for the Federal Government, the FASAB established a policy that “financial statements in accordance with accounting standards published by the FASB also may be regarded as in accordance with GAAP for those Federal entities that have in the past issued such financial statements” [See *FASAB News*, Jan.-March 2000, p.2]. The Board decided to state in the basis for conclusions that it is not changing this policy at this time.

The Board agreed to require that the two new statements and all other principle Consolidated Financial Report (CFR) statements be comparative. The basis for conclusions will explain that the Board generally believes that better information is provided the user when it is in a comparative environment. It was the Board’s desire to place this notion in the basis for conclusion to give a sense of the Board without requiring comparative statements for component entities via this standard, which is direct at the CFR level statements.

The Staff indicated that a final ballot draft would be available to the members within 30 days.

Point of contact: Rich Fontenrose, 202 512-7358, fontenrosr@fasab.gov. 

Board Continues Discussing Fiduciary Collections Project

The Board made its first tentative decisions on the fiduciary collections project at its August 2002 meeting. The project’s objective is to analyze current accounting and reporting for Federal “trust funds” and determine whether additional information in financial reports would enhance understandability.

The project is divided into two parts: (1) “true” fiduciary collections, and (2) other collections that are dedicated to specific

Federal purposes. Fiduciary collections and other dedicated collections are accounted for in “trust funds” as well as other types of funds. There is confusion about how Federal trust funds differ from private trust funds and other Federal funds, about the linkage between trust fund collections and expenditures, and about the relationship between trust fund accounting and the Federal Government’s overall financial condition. Most trust funds included in the budget are not of a fiduciary nature and are used in Federal financing in a way that differs from the common understanding of trust funds outside the Government. In many ways, these

See, Fiduciary Collections Project, page 5

Reminder: FASABs Web Site has Moved!

Effective December 1, 2001,
FASAB’s new web address became

www.fasab.gov



**FEDERAL ACCOUNTING
STANDARDS ADVISORY BOARD**

Meeting Attendance Security Reminder

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to Marian Nicholson, 202-512-7350, or email, nicholsonm@fasab.gov at least one day prior to the meeting. The General Accounting Office has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.

Fiduciary Collections Project, *From page 4*

trust funds can be similar to revolving or special funds in that their spending is financed by earmarked collections. Most of the collections held by Federal trust funds represent Government-owned collections dedicated to specific Federal purposes rather than the property of non-Federal beneficiaries.

The project will analyze whether information about fiduciary collections, dedicated collections, and trust funds can be made more “transparent” and understandable to users of Federal financial reports.

At its August meeting, the Board discussed the issues and staff recommendations regarding fiduciary collections. The basic definition of fiduciary collection – resources coming into the Federal Government that belong to someone outside the Government – seemed to be clear, but the Board requested that staff continue to develop the terminology.

With respect to accounting treatment for fiduciary collections, several members indicated preference for recognizing the assets and liabilities associated with fiduciary collections that are held by the administrative entity “inside the Government” on the entity’s balance sheet. The Board tentatively decided to propose that assets and liabilities be recognized on the balance sheet as the general rule and to allow for exceptions

where a true separation existed.

Regarding note disclosure, the staff recommended the information currently required by SFFAS 7, *Accounting for Revenue and Other Financing Sources*, for “special accountability” [see SFFAS 7, paragraph 85]. Members suggested more detail for “condensed” financial information and more detail in some instances than in others, e.g., less in escrow instances.

Points of contact:

Richard Fontenrose, 202-512-7358, fontenrosr@fasab.gov.



Board Considers Intra-departmental Inter-entity Cost Interpretation

At the August meeting, the Board considered responses to the questionnaire on Intra-departmental Inter-entity Costs. The questionnaire had been sent to the Chief Financial Officers (CFO) and Inspectors General (IG) of the major 24 executive departments and agencies. A total of 38 responses were received, 19 from the CFO/preparer side and 19 from the IG/audit side. The Intra-departmental inter-entity project relates to whether a component (of a department or larger reporting entity) is prohibited by paragraph 110 of SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards*, from recognizing intra-departmental inter-entity costs.

See, Intra-departmental Inter-entity, page 6

Intra-departmental costs are considered to be the costs of goods and services provided by other components or responsibility segments within the department or larger reporting entity, without reimbursement.

The Board considered key points prepared by the staff and a detailed consolidated summary of the responses. The responses indicated that most Departments don't currently impute intra-departmental costs among components and that there is a need for guidance on issues relating to areas such as definitions, examples, acceptable methodologies, materiality, and consistency. The Board noted that although the majority of the issues or concerns were pertinent, most were broader than the scope of the interpretation. The Board also noted that there is existing guidance on cost accounting. The Board also reviewed the proposed draft interpretation that provides a distinction between intra-departmental inter-entity costs and inter-departmental inter-entity costs. Specifically, the proposed draft interpretation explains that the limitation on recognition of inter-entity costs in paragraph 110 is directed at inter-departmental costs, although SFFAS No. 4, *Managerial Cost Accounting Standards*, does not use that term.

Based on the review of the responses and the proposed draft interpretation, the Board requested staff to incorporate changes or add language to the

interpretation to address the following:

1. Define imputed costs, including an example
2. Determine how to refer to 'Intra-departmental inter-entity costs' throughout the interpretation so it is less confusing
3. Reiterate and elaborate that the recognition criteria in SFFAS No. 4 applies
4. Reference available guidance on cost accounting
5. Determine if it would be appropriate to require certain reporting disclosures within the text of the interpretation

Point of contact:
Melissa Loughan, 202-512-5976,
loughanm@fasab.gov.



Disclaimer

NOTE: The staff of the Federal Accounting Standards Advisory Board publishes FASAB News following Board meetings to provide highlights of recent Board actions and issues. When an article refers to a Board decision, it should be understood that Board decisions are tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).

Please direct newsletter editorial questions to Lucy Lomax, 202-512-7359, lomaxm@fasab.gov

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, valentinem@fasab.gov.

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, jacksoncw1@fasab.gov.

Electronic Mailing List Subscription Information

The FASAB mailing list is a 'send only' list used to distribute information about Board activities to interested parties. Messages will be sent to provide Board meeting agendas, distribute newsletters, announce publications, and make other Board news available on a timely basis. We also may announce financial management training events periodically as a service to the community. The mailing list is sponsored by the General Accounting Office and will include "GAO" in the address.

You may subscribe to the list as follows:

Send an email message to listserv@listserv.gao.gov. In the body (not the subject line) of your message, type "subscribe fasab" without the quotes. (Note that the use of stationery in e-mails sometimes prevents the listserv from recognizing your command.)

If you are already on the list you may unsubscribe by, sending an email to listserv@listserv.gao.gov. In the body (not the subject line) of your message type "unsubscribe fasab" without the quotes.

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