Statement of Federal Financial Accounting Concepts 6: Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information

Status

<table>
<thead>
<tr>
<th>Issued</th>
<th>February 4, 2009</th>
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<tbody>
<tr>
<td>Affects</td>
<td>SFFAC 2, specifically, par. 2, 3, 55 (replaced), 69, 72 (rescinded), 74, 76, 77, 78, 79, 81 (rescinded), and 108, and footnotes 11, 12, 12a, 14, and 17. Also, section titled, &quot;Displaying Financial Information.&quot;</td>
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<td>Affected by</td>
<td>None.</td>
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Summary

This Statement amends SFFAC 2, *Entity and Display*, to provide guidance for use by the Board in determining whether information should be basic information, required supplementary information (RSI), or other accompanying information (OAI). Although each of these categories communicates information to readers of financial reports, each may be subjected to different procedures and reporting requirements under generally accepted government auditing standards. The Statement defines the categories as follows:

**Basic information** is essential for the financial statements and notes to be presented in conformity with generally accepted accounting principles (GAAP).

**RSI** is information that a body that establishes GAAP requires to accompany basic information.

**OAI** is information that accompanies basic information and required supplementary information, but is not required by a body that establishes GAAP.

This Statement describes the process the Board may apply in selecting one of these categories for communicating an item of information. The process begins with determining what information should be required. A candidate for required information is consistent with the reporting objectives and meets qualitative characteristics and cost-benefit considerations discussed in Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*.

Information that meets the criteria for required information is a candidate for basic information or RSI. To help distinguish basic information from RSI, this Statement provides a list of factors that the Board may consider.
Information that does not meet the criteria for required information is a candidate for OAI. Entities may report OAI to support required information or to comply with laws or administrative directives. The Board may encourage OAI to help advance overall federal financial reporting.
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Introduction

Purpose

1. The existing conceptual framework provides guidance on what information should be reported and identifies a number of methods that may be used to communicate this information within a general purpose federal financial report (GPFFR). For example, Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, provides guidance on the information that should be reported and SFFAC 2, Entity and Display, discusses the financial statements and other methods that may be used to provide the information and which entities should prepare them. In addition, SFFAC 3, Management's Discussion and Analysis, describes the management's discussion and analysis (MD&A) of significant topics.

2. Given the various alternatives for communicating information, this Statement expands the existing conceptual framework. This Statement amends SFFAC 2 to discuss a process and factors the Board considers when deciding whether the information should be considered basic information, required supplementary information (RSI), or other accompanying information (OAI). Discussing each of these categories may help those engaged in federal financial reporting to better understand the nature of the information being communicated and their importance to the financial reporting objectives.

Concepts

Scope

3. This Statement specifically affects SFFAC 2, par. 2, 3, 55, 69, 72, 74, 76, 77, 78, 79, 81, and 108, and footnotes 11, 12, 12a, 14, and 17. Also, this Statement affects the section of SFFAC 2 titled, "Displaying Financial Information."

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1The term general purpose federal financial report, abbreviated “GPFFR” is used throughout this Statement as a generic term to refer to the report that contains the entity’s financial statements that are prepared pursuant to generally accepted accounting principles. In the federal government, the report is known as the Performance and Accountability Report or the Agency Financial Report.
Definitions

4. **Required Information**: Information that consists of basic and required supplementary information.
   
a. **Basic Information**: Information that is essential for financial statements and notes to be presented in conformity with generally accepted accounting principles (GAAP).
   
b. **Required Supplementary Information**: Information that a body that establishes GAAP requires to accompany basic information.

5. **Other Accompanying Information**: Information that accompanies basic information and required supplementary information, but is not required by a body that establishes GAAP.

Amending SFFAC 2 to Distinguish Basic Information, RSI, and Other Accompanying Information

6. SFFAC 2, par. 2 is amended as follows.

   The purpose of this statement of accounting concepts is to provide guidance as to what would be encompassed by a Federal Government entity's financial report. The statement specifies the types of entities for which there ought to be financial reports (hereinafter called reporting entities), establishes guidelines for defining the makeup of each type of reporting entity, identifies types of financial reports for communicating the information for each type of reporting entity, and suggests the types of information each type of report would convey, and identifies the process and factors the Board may consider in determining whether information should be basic information, required supplementary information (RSI), or other accompanying information (OAI).

7. SFFAC 2, par. 3 is amended as follows.

   A statement of financial accounting concepts is intended to guide the members of the Federal Accounting Standards Advisory Board (FASAB) as they deliberate and recommend accounting standards for the federal government. The concepts in this Statement are consistent with those established in SFFAC 1 which are not superseded or modified by this Statement. The concepts in this Statement also are generally consistent with current practice and do not imply radical change. However, they are expected to guide the Board's future deliberations. In addition, concepts statements constitute “other literature” and may only be relied upon by financial statement preparers and auditors to resolve specific accounting issues in the absence of GAAP literature. This Statement also would be useful
to the Office of Management and Budget (OMB), when it carries out its statutory responsibilities for specifying who should prepare financial statements and the form and content of those statements; and as broad guidance for preparers, auditors, and users of financial statements of Federal agencies. A statement of financial accounting concepts does not, in and of itself, represent standards that would be considered generally accepted accounting principles for Federal agencies to be followed for the preparation of financial statements.

8. SFFAC 2, par. 55 is replaced by the following two paragraphs.

55a. To enhance confidence in the reliability of information presented in financial statements, the statements are often, but not always audited by Inspectors General, independent accounting firms, or the Government Accountability Office. In developing accounting standards, the Board considers whether information should be categorized as basic information, required supplementary information (RSI), or other accompanying information (OAI). Distinguishing these categories is important because each category is subject to different procedures and reporting requirements under generally accepted government auditing standards (GAGAS). When an auditor is engaged to audit an entity’s financial statements, basic information as a whole is subject to testing for fair presentation in conformity with GAAP. However, RSI and OAI are unaudited, but subject to certain procedures specified by GAGAS for RSI and OAI, respectively. To assist users in analyzing the different types of information within financial reports, these differences must be conveyed and can be accomplished in a variety of ways. The traditional approach is to separate the categories of information. However, the categories may be commingled if the RSI and OAI are clearly labeled as “unaudited” or distinguished in a manner that informs the reader of the level of assurance provided.

55b. Classification of the information as basic information, RSI, or OAI does not constrain the form of presentation. For example, financial statements may be presented as basic financial statements, RSI, or OAI. Information can be required or encouraged to be in the form of financial statements, narrative, graphs, or tables. To clearly communicate the intended status, the Board must specify whether the information is to be considered basic information, RSI, or OAI. Selecting a category may involve a process which is described in paragraphs 73A to 73G.

9. SFFAC 2, footnote 11 is rescinded.

10. SFFAC 2, footnote 12 is rescinded.

11. SFFAC 2, paragraph 72 is rescinded.
12. SFFAC 2, footnote 12a is amended as follows:

The Statement of Financing may be presented as a financial statement or as a schedule in the notes to financial statements. The OMB will provide guidance regarding details of how the information will be displayed for the Statement of Financing, including whether it shall be presented as a basic financial statement or as a schedule in the notes to the basic financial statements.

13. SFFAC 2, paragraphs 69, 74, 79 and 108 are amended to conform the term "management discussion and analysis" to the term established in SFFAC 3 - “management's discussion and analysis" - each time it appears in these paragraphs.

14. The following headings, paragraphs, and table are added to SFFAC 2, following paragraph 73.

Distinguishing Basic Information, RSI, and OAI

Determining Required Information

73A. Selecting a category for communicating information may involve a process that begins with determining what information should be required. Required information is information that consists of basic information and RSI. An item of information is a candidate for required information if it is consistent with the objectives of federal financial reporting and meets certain qualitative characteristics and cost-benefit considerations. The Board developed these factors earlier in the conceptual framework. SFFAC 1 identifies the reporting objectives (paragraphs 112 to 150) and the qualitative characteristics (paragraphs 157 to 164). It also discusses cost versus benefit considerations (paragraphs 151 to 155).

Determining Basic Information versus RSI

73B. Information that meets the criteria for required information is a candidate for basic information or RSI. Basic information is information which is essential for the financial statements and notes to be presented in conformity with GAAP. The FASAB standards are the core\(^2\) of GAAP and auditors may be engaged to express an opinion as to

\(^2\)The first and highest level of the GAAP hierarchy comprises standards and interpretations. Lower level GAAP may not conflict with standards or interpretations.
whether basic financial statements and notes are presented in conformity with those criteria.

73C. RSI is information that a body that establishes GAAP requires to accompany basic information. It may be experimental in nature to permit the communication of information that is relevant and important to the reporting objectives while more experience is gained through resolution of accounting issues. Also, the information may be expressed in other than financial measures or may not be subject to reliable estimation. As issues are resolved, the information may be considered basic at some point in the future.

73D. The Board specifies what information should be presented as basic information and what information should be presented as RSI. Assessing whether required information is a candidate for basic information or RSI may involve the Board's consideration of a range of factors which are listed in Table 1: Factors to Consider in Distinguishing Basic Information from RSI on page 230. The factors are not listed in a particular order and some may convey similar ideas. In addition, different Board members may assign different weight to each factor. Thus, the factors provide a general framework for each Board member's judgment and are not considered to present a decision tree, hierarchy, or precise algorithm for classifying items.

73E. For example, members may consider the relevance of the information to fair presentation. If the information has a high relevance to fair presentation, it may be a candidate for basic information communicated by financial statements and notes to the financial statements. The financial statements and notes could not be considered fairly presented if the information is missing or materially misstated. The rationales for some of the other factors that members may consider are:

a. Use of various types of financial data or financial transaction data. Members may deliberate the nature of the data used or the type of system used to process the information. Financial data used or data derived from a system for processing financial transactions, may be more likely to be considered basic information.

b. Level of importance the Board wishes to be communicated in the financial report or the auditor's report. In addition to the nature of the information, the Board may take into account the effect of categorizing an item as basic information or RSI in the financial report and what the auditor's report would communicate if the item is missing or materially misstated. By designating an item as basic information rather than RSI, the Board can have some bearing on the level of importance conveyed in the financial report and auditor's report. In other words, users may pay less attention to items categorized as “supplementary” in the financial report. Conversely, they may be more concerned with the auditor's conclusions regarding
the fair presentation of the financial statements. Hence, the more important the
item, the more likely it would be a part of the financial statements and notes
prepared in conformity with GAAP, such that if the item is missing or materially
misstated, the matter would be conveyed in the auditor's report on the fair
presentation of the financial statements.

c. The extent to which the information interests a wide audience (rather than
specialists). If an item of information is of great interest to users, the information
may be a candidate for basic information. Conversely, if the item is primarily of
interest to subject matter specialists, the information may accompany the basic
information as RSI.

d. Extent to which there are not alternative sources of reliable information. If
organizations routinely publish an item of information that is scrutinized by
independent advisors, it may be more likely to be considered RSI than basic
information.

e. Agreement on criteria that permit comparable and consistent reporting. If there is
a lack of specific criteria for measuring an item, preparers may have great
discretion in developing their calculations and auditors may lack criteria necessary
for the expression of an opinion. The item of information may be a candidate for
RSI.

f. Experience among users, preparers, and auditors with the information. The
Board may consider the views of expert users, preparers, and auditors in
developing measurement criteria for basic information. If the level of experience
regarding an item is low, input on specific criteria may not be available. Also,
when there is not sufficient experience to develop measurement criteria, auditors
may have concerns about expressing an opinion on the information. They may
express qualifications or include explanations in their report. Categorizing the
information as RSI may encourage reporting while more experience is gained and
criteria developed.

g. Benefit/cost ratio of using resources to compile the information as well as ensure
accuracy. The Board may consider the benefit and cost associated with
producing and auditing the item of information.

OAI

73F. If an item of information does not meet the criteria for basic information or RSI, it
becomes a candidate for OAI. OAI is information that accompanies basic information
and RSI, but is not required by a body that establishes GAAP. Some entities may
desire to report information to supplement required information and enhance a user’s understanding of the entity’s operations or financial condition. This may include, but is not limited to, information on delivery times, turnover, and wastage of inventories; expected replacement of physical capital; and delinquency, aging, and default rates for loan portfolios. In addition, entities report information not required by a body that establishes GAAP, but required by laws or administrative directives. The laws or administrative directives may require the information to be audited and may require it to accompany basic information and RSI. However, this information is also considered OAI.

73G. Although the FASAB does not require OAI to be presented, the FASAB may at times encourage voluntary reporting of items to help in the development of information that may enhance overall federal financial reporting. For example, the FASAB may consider an item to be relevant to entity operations but, for the moment, does not meet other criteria for required information.

Table 1: Factors to Consider in Distinguishing Basic Information from RSI

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<thead>
<tr>
<th>Low (implies RSI)</th>
<th>Factor</th>
<th>High (implies Basic)</th>
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<tbody>
<tr>
<td>&lt;Relevance to fair presentation&gt;</td>
<td>&lt;Connection with elements of financial reporting&gt;</td>
<td></td>
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<tr>
<td>&lt;Use of various types of financial data or financial transaction data&gt;</td>
<td>&lt;Level of importance the Board wishes to be communicated in the financial report&gt;</td>
<td></td>
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<tr>
<td>&lt;Significance, relevance, or importance of the item in light of Objectives&gt;</td>
<td>&lt;Level of importance the Board wishes to be communicated in the auditor's report&gt;</td>
<td></td>
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<tr>
<td>&lt;Relevance to measuring financial condition or changes in financial condition&gt;</td>
<td>&lt;Extent to which the information interests a wide audience (rather than specialists)&gt;</td>
<td></td>
</tr>
<tr>
<td>&lt;Extent to which there are not alternative sources of reliable information&gt;</td>
<td>&lt;Agreement on criteria that permit comparable and consistent reporting&gt;</td>
<td></td>
</tr>
<tr>
<td>&lt;Experience among users, preparers, and auditors with the information&gt;</td>
<td>&lt;Benefit/cost ratio of using resources to compile the information as well as ensure accuracy&gt;</td>
<td></td>
</tr>
<tr>
<td>&lt;Connection with basic financial statements&gt;</td>
<td>&lt;Reliability and/or precision possible&gt;</td>
<td></td>
</tr>
<tr>
<td>&lt;Reliability and/or precision needed&gt;</td>
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2As noted in paragraph 73D, the factors are not listed in a particular order and do not represent a hierarchy of factors.

15. SFFAC 2, paragraph 74 is amended as follows.
Meeting the four objectives of Federal financial reporting in the most efficient manner suggests that reporting entities issue a financial report that would include the following:

- management’s discussion and analysis;
- balance sheet statement of financial position (commonly referred to as balance sheet);
- statement of net costs;
- statement of changes in net position;
- statement of custodial activities, when appropriate;
- statement of budgetary resources;
- statement of financing;[footnote retained but not presented]
- statement of program performance measures; [footnote retained but not presented]
- accompanying footnotes;
- required supplemental supplementary information pertaining to physical, human, and research and development capital and selected claims on future resources, when appropriate; and
- other supplemental financial and management information, when appropriate accompanying information.

16. SFFAC 2, footnote 14 is amended as follows.

Such components are similar to responsibility segments as referred to in FASAB Exposure Draft SFFAS 4, "Managerial Cost Accounting for the Federal Government" (see pages 26-30) Concepts and Standards, par. 78-81. Responsibility segments are used to accumulate costs and outputs for major lines of activity.

17. SFFAC 2, paragraph 76 is amended as follows.

Furthermore, there are frequently instances when one or more of the suborganizations conduct a very visible or critical activity and there is a high level of public interest, e.g., Internal Revenue Service tax collection activity; maintains large and complex accounts with large fund flows activity, e.g., Defense Business Operations Fund; has major responsibilities for the appropriate use of earmarked taxes activity, e.g., Health Care Financing Administration; or its financial viability is of special concern to the Executive Branch or the Congress, e.g., deposit insurance funds. In those situations, it may be desirable for the suborganization to prepare and issue a separate financial statement that is consistent with the concepts presented in this concepts statement. [footnote retained but not presented] In doing so, it would need to identify the parent entity and describe the sub-organization’s relationship to the parent.

18. SFFAC 2, paragraph 77 is amended as follows.
The components of any reporting entity are likely to conduct transactions with other components in the reporting entity, other Federal entities, and persons and organizations outside the Federal Government. Likewise, they are likely to have assets due from and liabilities due to other Federal components and entities and to non-Federal persons and organizations. In reporting the transactions and balances of a Federal reporting entity in its entirety, it is conceptually desirable, although not always practicable, to eliminate the intra-entity transactions and balances. Factors to consider are the utility of the information for the entity in its entirety if the intra-entity balances are not eliminated, the misunderstanding that might result if the balances are not eliminated, and the cost-benefit of making the eliminations.

19. SFFAC 2, footnote 17 (presented below) is deleted.

A reporting entity that eliminates none of the intra-entity transactions or balances and still desires to present the information for its individual components in separate columns could do so by preparing and issuing a combining financial statement. If the individual columns are added to a total column without elimination of the intra-entity transactions or balances, the total column would have to be labeled “Memorandum Only” to signify that it is not net of eliminations. Recognizing that the U. S. Standard General Ledger does not presently provide accounts for identifying intra-entity transactions, the decision as to when the information for a reporting entity other than the Federal Government as a whole should be presented in a consolidating financial statement rather than a combining financial statement would be specified by OMB in a Form and Content Bulletin.

20. SFFAC 2, paragraph 78 is amended as follows.

Some of a reporting entity's components are likely to be required by law or policy to prepare and issue financial statements in accordance with accounting standards other than those recommended by FASAB’s and issued by OMB and GAO, e.g., accounting standards issued by the Financial Accounting Standards Board or accounting standards established by a regulatory agency. Those components should continue to issue the required reports. The reporting entities of which the components are a part can issue consolidated, consolidating, or combining statements that include the components' financial information prepared in accordance with the other accounting standards. They need to be sensitive, however, to differences resulting from applying different accounting standards that could be material to the users of the reporting entity's financial statements. If these differences are material, the standards recommended issued by FASAB and issued by OMB and GAO should be applied. The components would need to provide any additional disclosures recommended required by FASAB and included in the OMB-issued standards guidance that would not be required by the other standards.

21. SFFAC 2, paragraph 79 is amended as follows.
In addition to budgetary integrity, operating performance, and systems and control information, readers of the financial statements for the entire government are likely to be concerned primarily with whether the government has been a proper steward. This can best be achieved with the preparation and issuance of the following:

- management's discussion and analysis;
- balance sheet statement of financial position (commonly referred to as balance sheet);
- statement of operations or net costs;
- statement of operations and changes in net position;
- reconciliation of net operating revenue (or cost) and unified budget surplus (or deficit);
- statement of changes in cash balance from unified budget and other activities;
- comparison of budgeted and actual use of resources;
- statement of program performance measures;
- accompanying footnotes;
- required supplemental supplementary information pertaining to physical, human, and research and development capital and selected claims on future resources; and
- other supplemental financial and management information, when appropriate accompanying information.

22. SFFAC 2, paragraph 81 is rescinded.
Appendix A: Basis for Conclusions

This appendix discusses some factors considered significant by members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Some factors were given greater weight than other factors.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. Within the text of the Statements, the authoritative sections are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

Project History

A1. The FASAB developed a core set of accounting standards and initial concepts statements on reporting objectives and entity and display early in its first six years of operation. Concepts were developed as initial standards were developed. In 2003, the Board began to actively review and add to or modify its concepts statements as needed. The Board's desire to evaluate its concepts after more than twelve years of successful progress is stimulated by a realization that (a) some critical concepts that have been relied on are not yet included in a concepts statement, (b) certain aspects of the concepts are not widely understood or accepted, and (c) an expansion or modification of its concepts statements will help the Board communicate more effectively with the growing community of federal financial report users, preparers, and auditors.

A2. As part of the overall project to review and expand its conceptual framework, the FASAB began deliberations on this Statement in October 2006. The FASAB noted that, in the past, it had relied on certain concepts to distinguish between basic information, RSI, and OAI. However, those concepts had not been incorporated into a concepts statement. This Statement amends SFFAC 2 to include those concepts. The Board believes that this Statement is an important part of its conceptual framework and will provide more consistent, useful, and enduring guidance to the Board.

A3. The Board focused on this Statement, in part, because of the issues that developed regarding how to communicate complex information in the most useful manner to financial report users. There are several broad financial reporting objectives each with sub-objectives that require financial and non-financial information. In addition, reporting information to achieve those objectives raises the issue of how the information should be classified. This Statement provides guidance on addressing such issues and selecting the means of communicating information necessary to help achieve the reporting objectives.

A5. This broad announcement was followed by direct mailings of the exposure draft to the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, United States Senate, and the Subcommittee on Government Management, Organization, and Procurement, Committee on Oversight and Government Reform, House of Representatives.

A6. The Board received 19 responses from the following sources:

<table>
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<tr>
<th>Source</th>
<th>FEDERAL (Internal)</th>
<th>NON-FEDERAL (External)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Users, academics, others</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Auditors</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Preparers and financial managers</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>4</strong></td>
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A7. In general, respondents agreed with the process and factors for distinguishing the categories of information. However, many respondents believed that some of the factors listed in Table 1: Factors to Consider in Distinguishing Basic Information from RSI, needed clarification. Two respondents also noted that the factors could be weighted or assigned a value because some factors seemed more important than others.

A8. The purpose of the ED is to provide conceptual guidance for developing future standards. It is intended to guide the Board in deciding issues such as what information should be a part of the financial statements prepared in conformity with GAAP (basic information) and what information should accompany financial statements prepared in conformity with GAAP (RSI). Table 1 provides a general framework for guiding members in deciding whether an item of information should be considered basic information or RSI. A general framework permits future Boards some level of flexibility in developing standards and the framework would not necessarily need to be revised as changes in the environment occurred.
A9. In addition, although some respondents suggested additional factors to consider, the Board believes that the general framework presented in the ED includes a broad range of ideas that members may consider. For example, some respondents suggested additional factors regarding the level of uncertainty involved in accounting information, such as the impact of market factors and market volatility that may affect reportable items. However, the issue of uncertainty is embodied in the existing factors, “Reliability and/or precision possible” and “Reliability and/or precision needed.”

A10. To clarify the intent of the factors presented in Table 1, the Board added brief explanations to paragraph 73E and added a footnote to the table to inform readers that, as discussed in paragraph 73D, the factors are not listed in a particular order or considered to present a hierarchy. Also, the Board removed the factor, “Extent to which the information is aggregated (lacking detail).” The Board acknowledged that members may reach different decisions when applying the factor. Also, another factor, “Benefit/cost ratio of using resources to compile the information as well as ensure accuracy,” conveys a similar idea that members may consider.

A11. Some respondents were not clear whether distinguishing between basic information and RSI was the responsibility of the FASAB or individuals. Also, one respondent noted that a factor is needed to address instances where there is a statutory or regulatory requirement to present an item as basic information, RSI, or OAI. To clarify that the FASAB determines the category of required information, the Board replaced paragraph 55 of SFFAC 2 with paragraph 8 of the Statement and modified the language in paragraph 73D by stating that the Board specifies what information should be presented as basic information and what information should be presented as RSI. The paragraph was also modified by substituting “Board member” or “Board members” for “individual” or “individuals.” In addition, when developing the ED, the Board discussed that a statutory or regulatory body may require the reporting of information beyond that required by the FASAB and may specify audit requirements for the information. Also, the information may be included in a report containing information that the FASAB requires. Paragraph 73F explains that this information is considered OAI.

A12. Regarding the OAI category, the Board noted that there may be instances where an entity may not have both basic information and RSI. For example, an entity may only have basic information to convey. In such an instance, OAI would only accompany basic information. To accommodate circumstances where an entity may not have both basic information and RSI, the Board removed the word “both” from the definition of OAI in paragraphs 5 and 73F.

A13. Some respondents suggested changes to or expressed concern regarding the reporting model, such as removing the statement of financing. Also, SFFAC 2 discusses financial statements that have not been presented in practice such as the statement of program performance measures. As part of the Board's overall conceptual framework initiative, the
Board has started a project to revisit the reporting model. The project plan includes revisiting the financial statements and other components of the reporting model presented in SFFAC 2 and respondents' views will be considered as part of that project.

A14. Respondents also expressed concern regarding the status of the required supplementary stewardship information (RSSI) category. The RSSI category was a response to the unique federal financial reporting environment and the broad financial reporting objectives. For this category, the Board intended that the Government Accountability Office and the Office of Management and Budget would define a level of auditor involvement greater than applied to required supplementary information but less than applied to basic information. However, that level has never been defined and the Board initiated projects to review and recategorize RSSI items through a series of standards that would amend SFFAS 8, Supplementary Stewardship Reporting.

A15. Currently, the standards to re-categorize RSSI include the following: (1) SFFAS 23, Eliminating the Category National Defense Property, Plant, and Equipment, which eliminated the use of RSSI to report weapons systems information; (2) SFFAS 25, Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment, which eliminated the use of RSSI for the reporting of information about stewardship responsibilities; and (3) SFFAS 29, Heritage Assets and Stewardship Land, which eliminated the use of RSSI for the reporting of stewardship property, plant and equipment (PP&E). The Board plans to address the remaining RSSI item, stewardship investments, in a future standard. Once the Board reclassifies all items of RSSI, the category will be eliminated.

A16. The Board distinguishes concepts from accounting principles presented in standards. As noted earlier, the purpose of the Statement is to provide concepts to guide the FASAB in developing future standards. Thus, until the Board amends existing standards regarding RSSI, the Board expects practice to be governed by those standards.

Board Approval

A17. This Statement was approved for issuance by all members of the Board. The written ballots are available for public inspection at the FASAB’s offices.
## Appendix B: Abbreviations

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AICPA</td>
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