



FASAB News
Federal Accounting Standards
Advisory Board

JUNE/JULY 2010

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[AICPA Continues FASAB Designation](#)

The American Institute of CPA’s (AICPA) recognized the Federal Accounting Standards Advisory Board as the body to establish generally accepted accounting principles for federal entities in 1999. This designation was subject to a five-year sunset review and the AICPA recently completed its second five-year review. Upon completion of the review, Robert R. Harris, Chairman of the American Institute of CPA’s Board of Directors, conveyed the results of the review to Tom Allen, FASAB Chairman, in a letter that read in part:

At its May 23, 2010, meeting, the AICPA Council unanimously voted to continue to designate the Federal Accounting Standards Advisory Board (FASAB) as the body to establish accounting principles for federal government entities under Rule 203 of the AICPA’s Code of Professional Conduct. The result of the Council approval means that AICPA members, as preparers and auditors of federal entity financial statements, will continue to recognize accounting standards promulgated by the FASAB

as generally accepted accounting principles (GAAP) for federal government financial reporting. ...

This action is the result of the AICPA evaluating the FASAB's structure and processes based on Council approved criteria used to assess standard setting bodies designated to establish accounting principles under Rule 203. ... the continued Rule 203 designation will remain in full force and effect subject to the satisfaction of the AICPA Board of Directors with regard to FASAB's implementation of the Board's recommendations to FASAB which were communicated separately to ... the FASAB [chairman and] sponsors by our FASAB Rule 203 Review Panel.

Greg Anton, chair of the AICPA's FASAB Rule 203 Review Panel, and Mary Foelster, director of governmental accounting and auditing for the AICPA, met with the Board during its June meeting to discuss implementation of the AICPA's recommendations. The recommendations will result in changes to FASAB's rules of procedure. The objective of the changes is a more transparent governance model, and a strong and effective continuing relationship with the AICPA.

FASAB Welcomes Mark Reger



Mark Reger, CPA, CGFM, joined the Board as the US Department of Treasury representative. Mr. Reger is the Deputy Assistant Secretary Accounting Policy, Office of the Fiscal Assistant Secretary, Department of the Treasury. He has oversight responsibility for the consolidation and publishing of the Financial Report of the US Government and the new Office of Financial Innovation and Transformation. Prior to joining the Office of the Fiscal Assistant Secretary, Mr. Reger served as the Chief Financial Officer (CFO) of the United States Office of Personnel Management (OPM) from 2007 through May 2010.

As CFO, he led OPM's financial management operations including accounting, payroll processing, budget, financial policy, financial systems, strategic planning and coordination, performance and evaluation, internal control activities and OPM's President's Management Agenda program.

Prior to joining OPM, Mr. Reger held leadership positions in Federal, State and Local government. He served as the CFO of the Federal Communications Commission (FCC) and the Chairman of the Small Agency Council Finance Committee. Before coming to Washington, D.C. he spent 20 years in Maryland government, serving in a series of senior management positions including CFO of the Maryland Department of Agriculture and culminating in his position as the Chief Deputy Treasurer of Maryland. Mark briefly served as a Deputy Treasurer for Baltimore County Public Schools and was responsible for the Security and Information Technology functions of one of the largest school systems in the nation. He also served as a Deputy Treasurer for the District of Columbia responsible for banking and financial services.

Mark is a Certified Public Accountant licensed in Maryland, and Certified Government Financial Manager. He has been a member of the Senior Executive Service since 1998 and graduated from the Federal Executive Institute in 1999. Mr. Reger was granted a Henry Toll Fellowship by the Council of State Governments in 1994 and is a graduate of the executive leadership program of Said Business School in Oxford, England in 2005.

Current Board Projects

(For more information on any of the current projects, click on the title of the project below to be directed to the related active project page.)

Disclaimer

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 Melissa Loughan, 202-512-5976, loughanm@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.

Federal Entity

The Board discussed the following issues related to the federal entity project at the June Board meeting:

- Issue 1- Clarification that financing accounts for any entity should be considered in the conclusive principle
- Issue 2- Entities partially in the budget (Museums and Performing Arts Organizations)
- Issue 3- Project Scope Expanded to Include Consolidation Issues Related to Entities with a Different Source of GAAP and Different Year Ends
- Issue 4- Introduction to the Indicative Principles
- Issue 5- Tone of Indicative Principles (“includes” or “may include”)
- Issue 6- Clarification of 1st Indicative Principle- Legal status of entities
- Issue 7- Clarification of 2nd Indicative Principle— Majority Ownership

Staff will reconsider an alternative approach to the indicative principles and develop options for the Board’s consideration. There is support for an approach that would look at the principles collectively or in the aggregate in order to consider all criteria in determining if an entity is within the boundaries of the reporting entity.

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

The Financial Report: MD&A, Statements, Notes, RSI and OAI

During the June 2010 meeting, FASAB staff discussed the status of the reporting model project and reminded members that a task force was organized to provide suggestions for the Board's consideration. The task force met in May 2010 and decided to begin their efforts by focusing on the summary level information of the consolidated financial report (CFR), i.e. the Citizen's Guide and MD&A sections and organize a subgroup to consider the government-wide financial statements.

FASAB staff has begun considering enhancements to the summary level information by conducting interviews with state and local government planners and analysts who referenced the CFR in the media. Also, staff organized a group of individuals to read and comment on what information they found useful; what additional information would be interesting or useful; and what questions or comments they have about the information.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

Managerial Cost Accounting – Federal Reporting Model

At the June 23, 2010, meeting, staff provided a brief overview of the FASAB forum on "Managerial Cost Accounting: Requirements, Uses, and Best Practices" that was held Tuesday, June 15, 2010, in the GAO Auditorium. In addition to Ms. Ranagan's session on the requirements of Statement of Federal Financial Accounting Standards 4 (SFFAS 4) and the results of staff's recent survey, speakers included Steve Porter, Director of the Activity Based Information (ABI) Division at the Patent and Trademark Office (PTO); Doug Webster, former Chief Financial Officer (CFO) at the Department of Labor; and Peggy Sherry, Acting CFO at the Department of Homeland Security. The forum was very well received and attendees suggested that additional sessions be offered in the future. The Board and staff greatly appreciate the speakers' willingness to share their time and experiences with the larger federal financial management community. Presentations are available to download at http://www.fasab.gov/costacc_bestuses.html. Staff plans to organize another educational session on cost accounting to be held in the near future.

The board then discussed the results of the detailed cost accounting surveys and the future direction of the project. As a result of the board's deliberations, staff was directed to contact OMB to inquire about partnering with OMB and / or the CFO Council to promote managerial cost accounting within the federal government. Staff will present an updated project plan to the board after it receives confirmation that OMB and / or the CFO Council will work jointly with FASAB staff. Until such coordination is confirmed, staff will direct resources to other active projects as assigned (Natural Resources and Financial Accounting Standards Board (FASB) Reporting by Federal Entities).

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

Natural Resources

Staff is drafting a technical bulletin to address accounting for other types of federal natural resources beyond oil and gas.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

FASB Reporting by Federal Entities (Appropriate Source of GAAP)

Staff is continuing research to determine whether additional reporting should be required for any of the entities that primarily apply FASB GAAP in order to meet users' needs and federal financial reporting objectives. Further progress on this project will depend on workload demands of projects that have been designated as higher priority.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

AICPA Omnibus

During the April 2010, meeting, the Board approved Statement of Federal Financial Accounting Standards 39, *Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards*, and on May 4, 2010, the Statement was forwarded to the Principals for their 90-day review period. Absent an objection from OMB or GAO, the Statement will be issued on August 4, 2010.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

Deferred Maintenance & Asset Impairment

Staff is (1) processing comment letters received on the May 4th Exposure Draft: *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment* and (2) continuing research and Task Force discussions concerning the measurement and reporting phase of the project.

If you are interested in participating on the Task Force or have any questions about this project, please contact Mr. Domenic N. Savini.

Point of Contact: Domenic Savini, 202-512-6841, SaviniD@fasab.gov

Review of Existing Standards: Earmarked Funds

FASAB staff is finalizing the roster for the Earmarked Funds Task Force, which will provide assistance on the Board's evaluation of existing standards in Statement of Federal Financial Accounting Standards 27, *Identifying and Reporting Earmarked Funds*.

The Earmarked Funds Task Force will evaluate various options for proposed changes to reporting requirements by using agency data to perform field tests that will provide FASAB staff with information on various potential "filters" intended to streamline reporting on earmarked funds. The Task Force will provide information on (a) how well various options might meet the objectives of earmarked funds reporting, (b) the likely impact of various options on reporting of earmarked funds, and (c) the time and effort involved in applying various options.

The kickoff meeting for the Task Force will be held on Thursday, July 21, 2010. Briefing materials and the draft Task Force roster will be posted on the FASAB website at http://www.fasab.gov/earmarked_funds.html prior to the meeting.

If you are interested in participating on the Task Force or have any questions about this project, please contact Ms. Eileen Parlow.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 3 2010	Quarter 4 2010	Quarter 1 2011	Quarter 2 2011	Staff Contact
Natural Resources	Oil & Gas Final – April 2010	Draft Technical Bulletin	ED	Technical Bulletin UR	Final Technical Bulletin	Julia Ranagan, 202-512-7377
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
FASB Reporting by Federal Entities		Research	Research	Research	Research	Julia Ranagan, 202-512-7377
Deferred Maintenance & Asset Impairment		Research DP - Definition	Research	Research	ED on measurement and reporting	Domenic N. Savini, 202-512-6841
Earmarked Funds		Research	Research	ED	DP	Eileen Parlow, 202-512-7356
Grants Reporting	Research	Tech Release ED	DP/UR/Final			Eileen Parlow, 202-512-7356
Conceptual Framework Project:						
Measurement Attributes		Research	ED	DP	DP	Penny Wardlow, 202-512-7350
Financial Reporting Model		Research	Research	Research	Research	Ross Simms, 202-512-2512 or Julia Ranagan, 202-512-7377

Key Activities or Status - Note that all estimates of progress assume that exposure drafts are finalized as statements without re-exposure due to significant changes.

Research—Staff Research Phase of Project & Board Deliberations
 ED—Exposure Draft Issued
 DP—Board Due Process, including review of comment letters, etc.
 PH—Public Hearing
 PV—Preliminary Views Issued
 UR—Under Review, document approved by FASAB and sent to sponsors for 90-day review
 Final—Final Standard, Concept, Interpretation, etc. issued final.

Accounting and Auditing Policy Committee

General PP&E Project

At its May 20 meeting, the AAPC began discussions on the “Implementation Guide on SFFAS 35, Estimating the Historical Cost of G-PP&E.” The draft includes several example estimating methodologies used by federal entities. The members asked that the examples be simplified. The guide will continue to be on the AAPC agenda as the revisions are made.

On June 2, 2010 AAPC issued for final release Statement of Federal Financial Accounting Technical Release (TR) 10 *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment* and Technical Release 11 *Implementation Guidance on Cleanup Costs Associated with Equipment*. TR 10 addresses important implementation questions regarding the consistent application of TB-2006-1 as it relates to asbestos cleanup costs associated with facilities and installed equipment. TR 11 addresses cleanup costs associated with equipment. It focuses on when cleanup costs should be recognized as an environmental liability and when it should be expensed as a cost of routine operation.

Management’s Discussion and Analysis Project

In November 2009 the AAPC voted unanimously to add the MD&A “best practices” guidance to its agenda, with AAPC member Regina Kearney as leader on behalf of the Committee. An ad hoc AAPC task group (“TG”) was formed in March 2010 to review FY 2009 MD&As based on criteria developed from the Office of Management and Budget’s Circular A-136. Circular A-136 MD&A guidance is essentially the same as Statement of Federal Financial Accounting Concepts (SFFAC) 3, *Management’s Discussion and Analysis*, and Statement of Federal Financial Accounting Standards (SFFAS) 15, *Management’s Discussion and Analysis*, and therefore also reflects the Association of Government Accountants’ Certification of Excellence in Accountability Reporting (CEAR) review guidance, which cites Circular A-136 almost paragraph-by-paragraph.

The first meeting of the TG was held on April 8, 2010, to discuss an approach for the project, and subsequently TG members reviewed and discussed selected examples of FY 2009 MD&A at a second meeting on May 20.

The TG will review final candidates for the MD&A “best practices” guide at its next meeting. The task group will eventually decide which examples of MD&A sections to develop as illustrations for the guide, as well as what additional material to include therein.

Grant Accrual Project

At the June, 2010, Board meeting, FASAB members discussed proposed Technical Release (TR), *Accrual Estimates for Grant Programs*. While some concerns were expressed, no major issues were raised. Following the 45-day review period, absent objections consistent with the rules of procedure, the TR will be issued.

Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov

FASAB Meeting Schedule

Schedule for 2010 Meetings:

Wednesday, August 25th and Thursday, August 26th
Wednesday, October 27th and Thursday, October 28th
Thursday, December 16th and Friday, December 17th

Unless otherwise noted, FASAB meetings begin at 9 AM and conclude before 5 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas are available at <http://www.fasab.gov/meeting.html> approximately one week before the meetings.

AAPC Meeting Schedule

Schedule for 2010 Meetings:

Thursday, July 22 (**Canceled**)
Thursday, September 16
Thursday, November 18

Unless otherwise noted, AAPC meetings begin at 1 PM and conclude at 3 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas are available at <http://fasab.gov/aapc/meeting.html> approximately one week before the meetings.

Security Notice

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to staff at 202-512-7350 or fasab@fasab.gov **at least two days before the meeting**. The Government Accountability Office, which provides space for our meetings, has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.