



*FASAB News*  
*Federal Accounting Standards*  
*Advisory Board*

**OCTOBER/NOVEMBER 2008**

**HAPPY THANKSGIVING!**



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## Seeking Candidates for Board Membership

FASAB maintains a registry of individuals interested in serving a five year term as a member of the Board. Currently, we are updating the registry to identify candidates for two vacancies occurring on July 1, 2009 when Board members James Patton and John Farrell will have completed their service.

We are particularly interested in candidates who have experience as:

- analysts of financial information,
- economists or forecasters,

- academics,
- auditors,
- preparers of financial information, or
- those otherwise knowledgeable regarding the use of financial information in decision making.

#### 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](mailto:loughanm@fasab.gov).

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov).

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, [jacksoncw1@fasab.gov](mailto:jacksoncw1@fasab.gov).

The registry is open to those not currently employed by the federal government. If you are interested in serving but need more information, the FASAB website includes a “Statement of Board Members’ Responsibilities,” a list of current members and a fact sheet (see <http://www.fasab.gov/aboutfasab.html>). The nonfederal members serve as part-time Special Government Employees and are compensated at an hourly rate for attendance at Board meetings and an equivalent amount of time for preparation (typically 200 hours per year).

The registry will be provided to the Appointments Panel in January 2009. The Panel—comprising three federal members, the FASAB chairman, and three individuals representing the American Institute of CPAs, the Financial Accounting Foundation and the Accounting Research Association—advises the FASAB Sponsors on appointments and re-appointments for the six nonfederal members of the Board. The Sponsors—the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General—make the final appointment.

Individuals wishing to be added to the registry should submit a resume by addressing it before **December 19, 2008** to:

Ms. Wendy M. Payne, Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street NW, Mailstop 6K17V, Washington, DC 20548  
or [fasab@fasab.gov](mailto:fasab@fasab.gov).

## 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.)*

## Concepts Projects

### Federal Entity

At the October Board meeting, staff presented a summary of the most recent Federal Entity Task Force meeting. In addition, staff provided a brief summary of the results of the Survey on Boundaries of the Federal Reporting Entities and the Federally Funded Research and Development Centers (FFRDC) Survey. The survey provided the following general observations (detailed analysis and results of the survey can be found in the October Board Materials):

- The results of the survey demonstrated that much of the CFO and IG community does not rely on the current Concepts statement and there is a need for the boundaries of the reporting entity to be addressed in a Standard.
- The survey provided an opportunity to gather information on the current staff proposal. Most of the respondents agreed with the three general principles and suggested this would be a more comprehensive approach.

Staff explained the federal entity task force met to discuss the results of the surveys and to determine next actions and recommendations. Based on the respondents agreeing with the general principles and approach, the task force agreed it would be best to move forward finalizing language in the proposed standard. The Board agreed with the recommendation.

The task force recommended the issue of whether the Federal Reserve System should be included or excluded from the federal reporting entity should be revisited. The Board agreed with this recommendation. Staff will provide an educational session at the next Board meeting by providing background materials on the Federal Reserve and determining how other countries treat central banking systems.

**Point of Contact:** Melissa Loughan, 202-512-5976, [loughanm@fasab.gov](mailto:loughanm@fasab.gov)

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

The Board completed the communication methods segment and unanimously adopted Statement of Federal Financial Accounting Concepts (SFFAC) 6, *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*. In this statement, the FASAB has amended SFFAC 2, *Entity and Display*, to provide guidance for use by the Board in determining whether information should be basic information, required supplementary information, or other accompanying information. The Statement was forwarded to the Principals for their 90-day review period on November 4, 2008. Absent an objection from OMB or GAO, the document will be issued on February 3, 2009.

Regarding the next segment, the Reporting Model, staff plans to conduct a study of user “needs.” Staff will conduct multiple focus group discussions with each group of users identified in SFFAC 1, *Objectives of Federal Financial Reporting*, and will

conduct a discussion with financial report preparers. Also, staff will keep the Board informed as progress is made in conducting the study.

Point of Contact: Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov),

### Fiscal Sustainability Reporting

The exposure draft, *Reporting Comprehensive Long-Term Projections for the U.S. Government*, was issued on September 2, 2008. A copy of the exposure draft is posted on the FASAB website under "Exposure Drafts and Documents for Comment" at <http://www.fasab.gov/exposure.html>. Comments are requested by January 5, 2009.

Point of Contact: Eileen Parlow, 202-512-7356, [parlowe@fasab.gov](mailto:parlowe@fasab.gov)

### Natural Resources

At the October meeting, after hearing from the Department of Interior representatives regarding their experience during field testing of the May 2007 exposure draft (ED), the board members directed staff to draft a principles-based ED for their consideration.

Point of Contact: Julia Ranagan, 202-512-7377, [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov)

### Social Insurance

The Board reviewed and approved the social insurance exposure draft for publication. Five affirmative ballots and one negative ballot were submitted at the meeting. [A sixth affirmative ballot was received on October 29, 2008.] The exposure draft was issued November 17<sup>th</sup> and is available at <http://www.fasab.gov/exposure.html>. Comments are requested by February 9, 2009.

Point of Contact: Richard Fontenrose, 202-512-7358, [fontenroser@fasab.gov](mailto:fontenroser@fasab.gov)

### Appropriate Source of GAAP

As reported in the August/September 2008 issue of *FASAB News*, the Appropriate Source of GAAP project was elevated to the number one priority by the board at its August agenda-setting session. At the October meeting, a proposed project plan was provided to the board that contained the following five objectives for the project:

- a. Establish requirements necessary to ensure that the stand alone federal financial reports prepared pursuant to Financial Accounting Standards Board (FASB) standards meet federal financial reporting objectives

- b. Consider any issues arising from possible transition to IFRSs by U.S. non-listed reporting entities (private companies and non-profits)
- c. Address whether it is appropriate for those federal entities currently applying standards issued by the FASB to continue that practice (i.e., establish whether GAAP for a federal entity permits this practice and it is therefore generally accepted)
- d. Determine whether a newly created federal entity may apply FASB standards and, if so, under what conditions (i.e., establish criteria for new entities)
- e. Provide guidance to address the case of a federal entity consolidating information from an entity (or entities) applying FASB standards with its own FASAB based information [Note that this does not extend to providing guidance for eliminations. If needed, this can be addressed through implementation guidance or informal assistance.]

Two of those objectives (c and d) will be accomplished as part of the forthcoming ED, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*. As reported in the February/March 2008 issue of *FASAB News*, the board has tentatively decided that no entities will be required to convert to full FASAB GAAP at this time. Therefore, the upcoming ED proposes to formally incorporate the newsletter provision that allows federal entities that have issued general purpose financial reports in conformance with accounting and reporting principles issued by the FASB prior to October 19, 1999, to continue to do so into a standard. In addition, the ED proposes guidance for federal entities that begin preparing GAAP-based financial statements for the first time.

The three remaining objectives will be accomplished through ongoing research which will be used to determine if additional reporting should be required of federal entities that are currently applying FASB accounting principles. With the completion of objectives c and d, it is anticipated that this project will be renamed to more appropriately reflect the remaining objectives.

**Point of Contact:** Julia Ranagan, 202-512-7377, [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov)

### General PP&E Valuation

At the October 22, 2008 meeting, staff presented a revised draft exposure draft (ED) to the Board, Statement of Federal Financial Accounting Standards entitled, *Estimating the Historical Cost of General Property, Plant, and Equipment – Amending Statements of Federal Financial Accounting Standards 6 and 23*. This proposed statement amends SFFAS 6 and 23 to provide for reasonably estimating the historical cost and accumulated depreciation of G-PP&E.

The ED includes an alternative view that will be included in the basis for conclusions along with question in the questions to respondents related to the alternative view. The alternative view disagrees with the open-ended time period allowed for the use of

reasonable estimates and the lack of objective basis upon which to compare the estimates made by an agency.

The Board approved the release of the ED. The ED was released for public comment on November 14, 2008.

**Point of Contact:** Monica Valentine, 202-512-7362, [ValentineM@fasab.gov](mailto:ValentineM@fasab.gov)

### Fiduciary Activities

FASAB staff is requesting public comments on draft Staff Implementation Guidance (SIG), "Fiduciary Q&As." Comments are requested by December 3, 2008. The draft SIG has been posted to the FASAB website under "Exposure Drafts and Documents for Comment" at <http://www.fasab.gov/exposure.html>.

Note: FASAB SIG does not create new requirements. Any comments received will be forwarded to the Board along with staff's proposed final guidance. If a majority of the Board does not object, written SIG signed by the Executive Director will be issued and posted to the FASAB website. Notice of its release will be made in the Federal Register.

**Point of Contact:** Eileen Parlow, 202-512-7356, [parlowe@fasab.gov](mailto:parlowe@fasab.gov)

### GAAP Hierarchy

Representatives of the American Institute of Certified Public Accountants (AICPA) requested that the U.S. accounting standards-setters consider adopting certain guidance for accounting and financial reporting issues that now reside in the professional auditing literature and the FASAB joined the Governmental Accounting Standards Board in responding to this request. Currently, the hierarchy of generally accepted accounting principles (GAAP) is set forth in the AICPA Statement on Auditing Standards (SAS) No. 91, *Federal GAAP Hierarchy*, rather than in the authoritative literature of the FASAB. The Board believes that incorporation of the "GAAP hierarchy" into the FASAB's authoritative literature would more clearly convey that financial statement preparers are responsible for selecting the sources of the principles to be used in the preparation of financial statements that are presented in conformity with GAAP.

At the October 2008 meeting the Board discussed a draft exposure draft (ED) entitled, *Hierarchy of Generally Accepted Accounting Principles, Including the Use of Standards Issued by the Financial Accounting Standards Board*. The Board acknowledged that the AICPA plans to remove the hierarchy from its auditing standards and that they are interested in the FASAB's timetable for incorporating the GAAP hierarchy into a statement of federal financial accounting standards. Considering the need to incorporate the GAAP hierarchy timely, the Board agreed that it would not require changes in practice at this time. Consequently, the GAAP

hierarchy structure presented in the ED generally carries forward the hierarchy as set forth in SAS 91 and as presented in the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

In addition to the GAAP hierarchy, members agreed that the ED would include: (1) guidance to clarify GAAP for those federal entities that continue to apply Financial Accounting Standards Board (FASB) accounting and reporting principles; (2) interim guidance for federal entities that begin preparing GAAP-based financial statements for the first time; and (3) guidance for how to apply standards to analogous transactions and events. Also, rather than proposing standards that could affect current practice, the Board determined that the ED would present issues to help gather information for the companion project, the Appropriate Source of GAAP. The ED would include questions to assist the Board in considering, for the standalone financial statements of entities following FASB GAAP, additional reporting that may be required to meet the federal reporting objectives and whether consolidated information should be on a FASAB basis.

As of November 21<sup>st</sup>, the Board was presented with an exposure draft for approval and, pending approval, issuance is expected by early December.

**Point of Contact:** Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov)

# FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 4 2008	Quarter 1 2009	Quarter 2 2009	Quarter 3 2009	Staff Contact
Natural Resources	ED – May 2007	Oil & Gas DP	Oil & Gas DP	Oil & Gas DP	UR	Julia Ranagan, 202-512-7377
Fiduciary Activity	SFFAS 31 Issued – October 2006		Develop Q&As	Implementation Guidance Finalized		Eileen Parlow, 202-512-7356
Fiscal Sustainability		ED	DP	DP	UR	Eileen Parlow, 202-512-7356
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
Social Insurance Liabilities	PV -- October 2006	ED	DP	DP	UR	Richard Fontenrose, 202-512-7358
Reporting Gains & Losses from Changes in Assumptions	ED – August 2007	UR	Final			Richard Fontenrose, 202-512-7358
Appropriate Source of GAAP		ED for Selected Issues	Research	Research	ED for Remaining Issues	Julia Ranagan, 202-512-7377
General PP&E Valuation		ED	DP	UR	Final	Monica Valentine, 202-512.7362
Conceptual Framework Project:						
Measurement Attributes		Research	Research	Research	Research	Penny Wardlow, 202-512-7350
Financial Reporting Communications Methods		UR	Final			Ross Simms, 202-512-2512
Reporting Model		Research	Research	Research	Research	

**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

At the September 18, 2008 meeting of the AAPC, Ms. Payne, AAPC Chair, introduced two new PCIE representatives, Alice Carey (Deputy Assistant Inspector General, DoD - Defense Financial Auditing Service Department of Defense, Office of Inspector General) and George Rippey (Deputy Assistant Inspector General for Audit, Office of Inspector General, U.S. Department of Education) to the AAPC. Ms. Carey and Mr. Rippey replace PCIE representatives Michael McFadden and Stephen Dingbaum. Mr. McFadden, left his position at Labor for a non-OIG and non-CFO-related position within NASA and Mr. Dingbaum completed his maximum 6 years on the AAPC. Ms. Payne and the other members of the Committee welcomed Ms. Carey and Mr. Rippey to the AAPC.

Ms. Gilmore, co-chair of the G-PP&E task force provided a detailed update on the current work of the group. The task force was formed to assist in developing implementation guidance for federal G-PP&E as it relates to SFFAS 6, *Accounting for PP&E*, SFFAS 23, *Eliminating the Category National Defense Property Plant, & Equipment*, and other related G-PP&E guidance developed by the FASAB. Ms. Gilmore noted that the task force membership was up to 64 members, including 21 federal agency representatives and 4 contractors. She also noted that the task force meets monthly and has separated into four sub groups that are named for the group of issues to be addressed by each sub group. The G-PP&E sub groups are Acquisition, Use, Disposal, and Records Retention and are also meeting monthly separate from the full task meetings.

Broad participation in the task force is important to ensuring that the guidance developed is appropriate for all impacted. If interested please contact FASAB Project Director Monica Valentine by email at [valentinem@fasab.gov](mailto:valentinem@fasab.gov), with your information (email, phone number, etc.). Additional information on the work of the task, a list of issues being address, meetings, and other contact information can be found at the AAPC G-PP&E Task Force web portal at <http://fasab.gov/aapc/genproptaskforce.html>.

Updates on all AAPC projects can be found on the AAPC website. The minutes for all meetings can be found on the FASAB/AAPC website at <http://fasab.gov/aapc/meeting.html>.

**Point of Contact:** Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)

# FASAB Meeting Schedule

## Schedule for 2008 Meetings:

Wednesday, December 17<sup>th</sup> and Thursday, December 18<sup>th</sup>

## Schedule for 2009 Meetings:

Wednesday, February 25<sup>th</sup> and Thursday, February 26<sup>th</sup>  
Wednesday, April 22<sup>nd</sup> and Thursday, April 23<sup>rd</sup>  
Wednesday, June 17<sup>th</sup> and Thursday, June 18<sup>th</sup>  
Wednesday, August 26<sup>th</sup> and Thursday, August 27<sup>th</sup>  
Wednesday, October 21<sup>st</sup> and Thursday, October 22<sup>nd</sup>  
Wednesday, December 16<sup>th</sup> and Thursday, December 17<sup>th</sup>

Unless otherwise noted, meetings begin at 9 AM and conclude at 4 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 2008 Meetings:

Thursday, November 20<sup>th</sup> (Cancelled)

## Schedule for 2009 Meetings:

Thursday, January 15<sup>th</sup>  
Thursday, March 19<sup>th</sup>  
Thursday, May 21<sup>st</sup>  
Thursday, July 16<sup>th</sup>  
Thursday, September 17<sup>th</sup>  
Thursday, November 19<sup>th</sup>

Unless otherwise noted, 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](mailto: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.