



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

**April/May 2015**  
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[FASAB Chairman Receives the Donald L. Scantlebury Memorial Award](#)



David Lebryk, Fiscal Assistant Secretary, U. S. Department of the Treasury; Beth Cobert, Deputy Director for Management, Office of Management and Budget; Tom Allen, Chairman, FASAB; and Gene Dodaro, Comptroller General of the U. S., Government Accountability Office

On May 18th, Tom Allen, the FASAB Chairman, was presented the Donald L. Scantlebury Memorial Award. The award was established by the Joint Financial Management Improvement Program (JFMIP) in 1971 to recognize senior financial management executives for distinguished leadership in financial management in the public sector over a number of years. The JFMIP is a cooperative undertaking of the Office of Management and Budget (OMB), the Department of the Treasury, the Office of Personnel

Management (OPM), and the Government Accountability Office (GAO). In 1981, the

award was designated as the Donald L. Scantlebury Memorial Award in honor of the Chief Accountant of the GAO and the Chairman of the JFMIP Steering Committee.

Mr. Allen was recognized for his exemplary leadership in financial management and dedicated public service. He has been visionary in advancing government financial management throughout his career. Through his untiring commitment to the advancement of accounting standards for federal, state and local governments, he has led efforts to increase the relevance of government financial reporting to all users and to provide for measurable improvements while favorably impacting and integrating financial reporting and economic analyses. Under Mr. Allen's leadership, the FASAB established requirements for prospective cash flow information important in understanding the consequences of government programs. Through his congenial and intellectually honest demeanor and exemplary commitment to ethical and professional standards, Mr. Allen personifies the very essence of public service and the standards that resulted under his leadership will ensure critical information is available to citizens for many years to come.

#### 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 Grace Wu, 202-512-7377, [wug@fasab.gov](mailto:wug@fasab.gov).

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

## Current Board Projects

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

### [DoD Implementation Guidance Request Project](#)

At the April Board meeting, the Board considered an exposure draft of a proposed Statement of Federal Financial Accounting Standards entitled *Opening Balances for Inventory, Operating Materials and Supplies (OM&S) and Stockpile Materials*. The proposal would permit the use of alternative methods in establishing opening balances for inventory, operating materials and supplies, and stockpile materials under SFFAS 3, *Accounting for Inventory and Related Property*. After reviewing and discussing the draft proposed standards the Board agreed to the proposal with primarily editorial changes. The exposure draft is being finalized and is expected to be released for comment in early June.

The Board discussed another draft document, exposure draft of an Interpretation of a Statement of Federal Financial Accounting Standards entitled *Interpretation of Statement of Federal Financial Accounting Standards (SFFAS) 6, Accounting for Property, Plant, and Equipment as amended by SFFAS 35, Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23*. The

objective is to clarify whether capital improvements are included when estimating the historical cost of general property plant and equipment (G-PP&E) and whether estimates are permitted to capture the historical cost of construction in progress. The Board generally agreed but requested clarification of the treatment of new capital improvements. The Board will discuss revisions at its June meeting.

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 is discussing the main aspects of an ideal reporting model concepts statement. During the Board's April 2015 meeting, Board members reviewed an outline of reporting model conceptual guidance. The Board developed the outline during the February 2015 meeting and it presented plans for discussing several topics, including: the two levels of the federal government's stewardship; intergovernmental financial dependency; financial statements and the interrelationships among them; budgetary reporting; performance reporting; and cost accounting. Although the current conceptual framework discusses some features of these topics, the Board believed that these topics are important for developing an ideal reporting model. Also, the outline proposed a discussion on national indicators. Members were generally not supportive of discussing this topic given that government policies do not always directly influence the indicators.

FASAB staff will begin proposing detailed concepts at the next Board meeting. Members believed that discussing the various topics could help clarify the role of the Board and how financial reports presented in conformity with generally accepted accounting principles (GAAP) should relate to non-GAAP sources.

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

### [Leases](#)

The objective for the April 2015 Lease discussion was to review an initial draft exposure draft (ED) for the leases standard. Staff noted that the lease standard will include guidance for all federal leases, including intragovernmental leases. The Board has tentatively agreed that intragovernmental leases should be accounted for similar to current operating leases guidance. The draft ED included definitions of relevant terms, as well as specific provisions that address the recognition and measurement of intragovernmental leases for both the lessee and the lessor. Staff asked the Board if they agreed with the proposed language. The Board generally agreed with the staff proposal and asked staff to provide clarifying language in several sections of the proposal.

Staff also presented to the Board a summary of possible FASAB-relevant comments from the Governmental Accounting Standards Board's (GASB) Preliminary Views (PV) on Leases. The Board had previously directed staff to use the GASB Lease PV as a platform for developing the FASAB standards on non-intragovernmental leases. GASB received 37 comment letters on their lease PV and held three public hearings and

expects to issue its exposure draft in February 2016 and a final standard in early 2017. Since the Board previously agreed to use the GASB lease accounting proposal as the foundation for the FASAB lease account proposal and any wording differences could denote a difference in meaning, staff recommended that the FASAB ED also be released close to that same timeframe as the GASB ED. The Board agreed to stay in sync with the GASB timeline for the release of the lease ED and final standard.

Staff will continue to work with the task force to further develop the lease standards and will continue to follow the progress of the GASB lease discussions.

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

### Risk Assumed

Staff continued to review the updated proposed insurance standards at the April 2015 Board meeting.

The Board approved the following items:

- Definitions to clarify the recognition and measurement of claims incurred but not recorded (IBNR).
- The wording...*“Estimates should be based on ... using all available information that existed at the balance sheet date, experience with previous transactions and historical trends, and, as appropriate, the views of independent experts... in the recognition and measurement of the liability for losses on remaining coverage.*

The Board also identified changes to the draft measurement guidance and disclosure requirements.

Point of Contact: Robin Gilliam, 202-512-7356, [gilliamr@fasab.gov](mailto:gilliamr@fasab.gov)

### Public-Private Partnerships (P3)

The Board continued its consideration of comments received pursuant to the Exposure Draft (ED), *Public-Private Partnerships: Disclosure Requirements*, including the working group’s preliminary views on proposed changes to the standards section of the ED. At this meeting the Board considered the working group’s preliminary feedback and suggestions. The working group was comprised primarily of those ED respondents who had concerns over the breadth and scope of the proposed definition and offered written suggestions and rationale for improvement.

Although the definition was primarily left intact by the working group, one suggestion to exempt arrangements and transactions with a life of five years or less would probably result in a realignment of the definition with the proposed risk-based characteristics.

The working group proposed additional exclusions including (1) grants to other governments or public institutions, (2) arrangements and transactions with foreign governments and (3) the sharing of nominal or incidental resources. The working group also proposed adding a risk-based characteristic (Conclusive) for those grants that are part of a P3 and exempt from OMB requirements. The Board seemed in general agreement with the working group's suggestions regarding the additional exclusions and the inclusion of an OMB risk-based characteristic.

The Board did not appear to object to the substance of the working group's suggested language concerning risk-sharing intended to accompany the definition but noted areas when the language used may not be as clear as it could be. The Board confirmed that the distinction between the conclusive and suggestive risk-based characteristics will not be eliminated so as to better facilitate materiality assessments.

Point of Contact: Domenic Savini, 202-512-6841, [SaviniD@fasab.gov](mailto:SaviniD@fasab.gov)

# Accounting and Auditing Policy Committee

## Internal Use Software (IUS) Implementation Guide Draft Outline

The FASAB IUS working group updated the Committee on the IUS working group status and presented the IUS implementation guide draft outline. The Implementation Guide will promote an understanding of organizational considerations that affect the application of accounting standards to IUS. The implementation guidance will cover:

- Definition of IUS, component/module based IUS assets, software development phases, IUS recognition, measurement and disclosure related items such as capitalized cost, capitalization cut off, enhancement, impairment and related matters
- New IUS challenges brought by changes in the IUS environment since the issuance of SFFAS 10
- Management's role in applying SFFAS 10

The implementation guide is proposed with seven major sections and three Appendixes: I Purpose; II Background; III Accounting Literature References; IV Summary of Existing Standards; V Q&A; VI Summary of Illustrations; VII Effective Date; Appendix A Basis for Conclusion; Appendix B Illustrations; Appendix C Abbreviations. The committee reviewed the IUS implementation guide draft outline in detail and concurred the draft outline for further writing purposes.

The Chair also noted that recent meetings with DoD Financial Improvement and Audit Readiness group revealed that more issues are likely to surface. The Chair noted the importance of addressing DoD issues in the future.

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# FASAB Meeting Schedule

## Schedule for 2015 Meetings:

June 24<sup>th</sup> and 25<sup>th</sup>  
August 26<sup>th</sup> and 27<sup>th</sup>  
October 21<sup>st</sup> and 22<sup>nd</sup>  
December 16<sup>th</sup> and 17<sup>th</sup>

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 and briefing materials are available at <http://www.fasab.gov/board-activities/meeting/briefing-materials/> approximately one week before the meetings.

# AAPC Meeting Schedule

## Schedule for 2015 Meetings:

July 16<sup>th</sup> (4N30)  
November 19<sup>th</sup>

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://www.fasab.gov/about/aapc/meetings/> approximately one week before the meetings.

# Security Notice

If you wish to attend a FASAB or an AAPC meeting, please [pre-register](http://www.fasab.gov/board-activities/meeting/information-for-observers/pre-registration/) on our Web site at <http://www.fasab.gov/board-activities/meeting/information-for-observers/pre-registration/> **no later than 8 a.m. the Tuesday before the meeting to be observed.** The Government Accountability Office (GAO), which provides space for our meetings, has increased its security procedures and your name must be provided in advance to the GAO security force before you can enter the building. **When you arrive, please advise the security officer that you are attending either a FASAB or AAPC meeting. Doing so will assist the officer in locating the correct security list.** Thank you.