



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

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**February/March 2013**  
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## FASAB Annual Conference – April 16, 2013

Please join us for the annual FASAB Conference on April 16<sup>th</sup>. The conference is offered free of charge but space is limited. We will close registration when we reach capacity.

Topics include the “Experiences with and Plans for the Schedule of Spending” as well as recent FASAB requests for comment and final standards. Details are being finalized and will be available online at:

<http://www.fasab.gov/newsroom/training/conference-schedule-spending-and-fasab-projects/>

The above website also provides a link to our online registration system. The conference will be held at the Government Accountability Office, 441 G St NW, Room 7420 (7<sup>th</sup> Floor Auditorium), Washington, DC. The meeting will begin promptly at 8:30 a.m. and conclude at 12:30 p.m. Participants are asked to arrive prior to 8:15 a.m. to process through GAO security. All visitors must enter and exit through the G Street entrance to the building. The GAO building is located near the Judiciary Square or Gallery Place metro stops.

# 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](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).

## Federal Reporting Entity

The Federal Reporting Entity project was on the agenda both days of the February 2013 Board meeting. At the Board meeting, the Board discussed and approved proposed minimum disclosures regarding the central bank (Federal Reserve) and additional Questions for Respondents. The Board also approved editorial changes intended to avoid inferences that organizations temporarily owned or controlled are “federal reporting entities.” For example, one change was the term “disclosure entity” was replaced with “disclosure organization” to further distinguish it from “consolidation entity” and “reporting entity.”

With the approval of the changes, staff circulated a pre-ballot *Reporting Entity* exposure draft (ED) on March 6, 2013. One Board member submitted an alternative view. The Board member does not believe receiverships, conservatorships, and intervention organizations should be equated with other disclosure organizations. He believes guidance in the proposed standards gives the impression that these organizations are part of the federal government.

Based on the schedule, the *Reporting Entity* ED should be released by mid-April and the Board plans to hold a public hearing at its August 2013 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

During the February 2013 meeting, the Board discussed the next steps for the reporting model project. Staff presented the following alternatives for next steps: integrating budget, cost, and service performance information; revisiting managerial cost accounting standards; disaggregating cost information; distinguishing transfer payments from program administrative costs; and clarifying conceptual guidance on displaying costs. The Board discussed the merits of these topics, but determined that a model of the ideal presentation is needed to serve as the end goal and help guide their direction. Consequently, the Board decided to develop a conceptual model that integrates budget, cost, and service performance information. Development of the model would not be

constrained by considering existing systems and what the Board could accomplish immediately. Also, the model will take a holistic view and consider the other topics discussed and include explanations on why the resulting construct should be considered ideal.

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

### Leases

During the February meeting's technical agenda session the Board agreed to defer the lease project until the FASB/IASB lease project progresses to at least beyond the re-exposure stage. Staff will continue to monitor the FASB/IASB progress on their lease project.

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

### Risk Assumed

During the February meeting's technical agenda session the Board agreed to address the risk assumed project using a phased approach given the challenges inherent in addressing such a broad topic (i.e., exposures that could result in future outflows of the federal government). Insurance and non-loan guarantees will be addressed in the first phase of the project. This approach will allow development of principles for measuring and reporting risk where risk is most clearly identifiable – insurance and guarantees providing explicit indemnification to identified parties.

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

### Public-Private Partnerships (P3)

The inaugural meeting of the P3 Task Force was held on February 13th at the GAO Building, Washington, DC. The meeting was well attended with a good mix of federal agency, commercial sector, and citizen-centric points of view. Participants came from diverse disciplines such as accounting, auditing, facilities management, financial reporting, housing, information technology (IT), commercial and investment banking, procurement, and program management.

The majority of participants agreed that there is significant interest in P3's across the diverse disciplines represented. It was noted that conditions such as current budget constraints and capacity (i.e., contingency) planning are driving some agencies to look at various types of P3 models to accomplish mission.

Interestingly, both federal and private participants agreed that there is a strong counter-pressure against the use of P3's noting that this probably arises from the "off-balance sheet" or "off-budget spending" stigma associated with these arrangements.

A citizen viewpoint that was raised stated that absent empirical evidence supporting the notion that P3's in fact work, a citizen's concern is that the government is assuming more risk than it would otherwise and in light of the fact that many private companies are flush with cash, while agency budgets are tight, seems to suggest that this be an area of careful consideration.

Participants discussed the pros and cons of (1) developing a federal-wide P3 definition, (2) surveying agencies to ascertain nature and type of P3's that exist to help with refining P3 project scope, and (3) P3 accounting asymmetry (opposite-view accounting). Participants also offered suggestions as to the types of issues that the federal accounting community might wish to consider as it moves forward with the project.

Our next meeting is scheduled for April 11<sup>th</sup> and if you would like to join the P3 Task Force or attend any of its meetings, please contact Dom at the contact information shown below. We always welcome additional members and their viewpoints.

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

# FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 1 CY2013	Quarter 2 CY2013	Quarter 3 CY2013	Quarter 4 CY2013	Staff Contact
<b>The Reporting Entity</b>		Research	ED	DP and PH	UR	Melissa Loughan (202-512-5976)
<b>Risk Assumed</b>		Research	Research	Research	ED	Monica Valentine (202-512-7362)
<b>Investments and Other Equity Interests in Non-Federal Entities</b>		Deferred				Wendy Payne (202-512-7357)
<b>Leases</b>		Research	Research	Research	Research	Monica Valentine (202-512-7362)
<b>Financial Reporting Model</b>		Research	Research	Research	Research	Ross Simms (202-512-2512)
<b>Public Private Partnerships</b>		Research	Research	Research	Research	Dominic Savini (202 512 6841)

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

On March 1, 2013 the AAPC released exposure draft, *Implementation Guidance on General Property, Plant, and Equipment Cost Accumulation, Assignment, and Allocation*.

The exposure draft proposes implementation guidance to promote an understanding of the flexibility in the application of the standards as it relates to:

- a) Recognition requirements related to programmatic, managerial, administrative, and other elements of program costs incurred during the G-PP&E lifecycle, the required levels of precision, and acceptable methods for recognizing those costs (i.e., capital costs captured on the Balance Sheet or period expense costs captured on the Statement of Net Costs [SNC]),
- b) The concept of a cost accumulation and allocation decision framework (i.e., acceptable methods of accumulating, assigning, and reporting cost data), and
- c) Management's role in applying the cost accumulation, assignment, and allocation decision framework.

One of the objectives of this proposal is to enable federal reporting entities to use a consistent framework to interpret existing guidance. The proposal also supports the objectives of ensuring that (1) transactions involving G-PP&E are recorded in accordance with federal accounting standards, and (2) the cost of producing federal financial information, as it relates to establishing the cost of G-PP&E, does not outweigh the benefits derived by the users of the financial information. Lastly, it provides a decision framework flowchart to assist entity management in applying the principles described throughout the technical release.

The exposure draft requests comments by **May 1, 2013**. The exposure draft in PDF format is available at the FASAB website: <http://www.fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documents-for-comment/>

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

## FASAB Meeting Schedule

### Schedule for 2013 Meetings:

Wednesday and Thursday, April 24<sup>th</sup> and 25<sup>th</sup>  
Wednesday and Thursday, June 19<sup>th</sup> and 20<sup>th</sup>  
Wednesday and Thursday, August 28<sup>th</sup> and 29<sup>th</sup>  
Wednesday and Thursday, October 23<sup>rd</sup> and 24<sup>th</sup>  
Wednesday and Thursday, December 18<sup>th</sup> and 19<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 2013 Meetings:

Thursday, May 16  
Thursday, July 18  
Thursday, September 19  
Thursday, November 21

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](#) 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. Thank you.