



Federal Accounting Standards Advisory Board

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July 12, 2006

Memorandum

To: Members of the Board

From: Melissa L. Loughan, Assistant Director

Ross Simms, Assistant Director

Through: Wendy M. Comes, Executive Director

Subj: Concepts Project--Objectives Phase TAB **A**<sup>1</sup>

At the May 2006 Board meeting, staff presented the Board with the revised white paper that included an assessment of FASAB's role in relation to the broad objectives of financial reporting. The assessment included two types of focus for FASAB in the near-term--*Primary Focus Objectives and Secondary Focus Objectives*. While the Board agreed with the overall assessment, some members believed that labels other than "primary" and "secondary" could be used for the focus categories. However, staff noted that the two categories (primary and secondary) were established because, throughout the project, the Board has expressed a need to address the fact that there are objectives that FASAB has not dealt with as much as others. Members acknowledged that FASAB appears to have more of a comparative advantage in achieving the primary objectives (Operating Performance and Stewardship) and a supporting role in the secondary objectives (Budgetary Integrity and Systems and Control).

The Board also discussed the merits of strategic planning at the May meeting and that a strategic plan could be used to narrow-down where the Board will focus over the next 3-5 years. However, the Board believed that a strategic planning exercise would require significant amounts of Board and staff time and this could overwhelm the Board's resources as it seeks to accomplish a challenging technical agenda.

Given that the white paper already addressed key aspects of strategic planning and the limited amount of FASAB resources, the Board agreed to publish the white paper as the document that communicates its strategic directions. The Board directed staff to revise the white paper for public issuance. Considering resource and time constraints, the Board agreed to subject the white paper to a review by a team of constituents familiar with FASAB's work and federal financial reporting efforts.

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<sup>1</sup> The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

In mid-June staff completed and distributed the *Draft Research Report FASAB's Strategic Directions—Clarifying FASAB's Role in Achieving the Objectives of Federal Financial Reporting*. The Draft Research Report was sent to the Board members and a review team that included approximately 15 participants from the Roundtable Meetings for review and comment. The Draft was presented as a Research Report that defined the Board's strategic directions by clarifying its role in achieving the broad objectives. The Draft Research Report included an Executive Summary as well as pictures and charts to assist with the analysis. Additionally, we revisited the terminology and changed "Secondary Focus" to "Supporting Focus" to address concerns as "Supporting" provided a softer title.

The feedback on the Draft Research Report was positive with most members of the review team finding it useful. The feedback from Board members was also positive with minimal comments received. There was some indication by certain members that we should use the focus types from the May meeting but clarify by including 'near term' in the title of the categories as well as the report. Therefore, the focus types in the revised document are *Primary Near-Term Focus and Secondary Near-Term Focus*.

Other changes included the following:

- The paper will be referred to as a report or document versus a Research Report.
- Emphasized 'near-term' throughout the document.
- Included a discussion and appendix on the criteria for selecting new agenda projects as those criteria are determinants in decision-making.
- Moved the "Analysis of Factors Considered in Clarifying FASAB's Near-Term Role" chart to the section with narrative that supports the analysis.

These and other suggested changes have been incorporated in the *FASAB's Strategic Directions—Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting* included in the July binders. Also, a marked version noting all changes since the June 15 version Draft Research Report is included for your reference.

The objective for the July 2006 meeting will be to review the revised paper on *FASAB's Strategic Directions—Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting* and discuss the following questions:

1. Does the Board agree with the changes to the document?
2. Does the Board wish to discuss the two types of focus for FASAB in the near-term-- *Primary Near-Term Focus and Secondary Near-Term Focus* and the related analysis and designation for each objective?
3. Does the Board have any other comments on the Draft *FASAB's Strategic Directions—Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting*?
4. Does the Board wish to proceed on publishing this as a "Report"?

Please feel free to contact us (Melissa at 202-512-5976 or by email at [loughanm@fasab.gov](mailto:loughanm@fasab.gov) and Ross at 202-512-2512 or by email at [simmsr@fasab.gov](mailto:simmsr@fasab.gov)) to discuss any questions you may have.