



**February 10, 2017**

Memorandum

To: Members of the Board  
*Wendy M. Payne /s/*  
From: Wendy M. Payne, Executive Director  
Subj: Three-Year Plan – **Tab E**<sup>1</sup>

MEMBER ACTIONS REQUESTED:

- Prepare to answer questions on pages 5 and 6 regarding the Board's priorities

**MEETING OBJECTIVES**

- To review the three-year plan including outside input
- To consider 2017 objectives and priorities for the future

**BRIEFING MATERIAL**

This memo summarizes suggestions provided in response to our three-year plan and survey, and poses questions for discussion at the meeting.

Attachments provide:

1. *Memo E-1: Summary of the Planning Survey and Written Responses*
2. *Memo E-2: Summary of the Reporting Survey*
3. *Memo E-3: Disclosure in Financial Reporting*
4. *Three-Year Plan for FY2017-2019 (as published November 2015)*

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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.

## **BACKGROUND**

We released our *FY2016 Annual Report and Three-Year Plan for FY2017-2019* on November 15<sup>th</sup>. The release included a formal request for comments and was publicized to our listserv and press contacts. In addition, we conducted two online surveys – the Planning Survey and the Reporting Survey.

The memo labeled “E-1” provides a detailed summary of the planning outreach results, the survey data including narrative comments, and the individual letters received in response to the three-year plan.

The memo labeled “E-2” provides the results of the second survey on the reporting model and performance reporting projects – the Reporting Survey.

The memo labeled “E-3” provides additional information regarding one of the potential projects that received majority support from respondents – disclosures in financial statements.

## **STATUS OF CURRENT PROJECTS AND PROJECT MILESTONES**

The key 2017 project milestones embodied in the revised three-year project timelines shown in table 1 are:

1. Reporting model:
  - a. Finalize the concepts statement
  - b. Decide on next steps
2. Finalize lease accounting standards and begin developing implementation guidance
3. Risk assumed – conduct a gap analysis and identify areas for improvement in risk reporting
4. Provide implementation guidance for SFFAS 50, Opening Balances of General PP&E
5. Finalize tax expenditures standards
6. Finalize budget and accrual reconciliation amendments
7. Develop proposed standards amending land and land rights accounting standards
8. Determine whether implementation guidance is needed for public-private partnerships

**Table 1 – Three-year Project Timelines**

Project and Objective	FY2017	FY2018	FY2019
<b>Financial Reporting Model</b>	Finalize concepts statement and identify standards projects.	Develop proposed standards through discrete standards projects	Continue to develop and finalize proposals through discrete projects
<b>Leases</b> Evaluate existing standards to improve comparability and completeness of reporting	Redeliberation based on comments received Finalize Standards	Develop and finalize implementation guidance	
<b>Risk Assumed</b> Develop standards so that information about risks assumed by the federal government and their potential financial impacts are available	Phase II Research – identify gaps and information needed	Develop Exposure Drafts	Finalize Phase II Standards
<b>Department of Defense Request for Guidance</b>	Develop implementation guidance	Finalize implementation guidance	
<b>Tax Expenditures</b>	Finalize Standards		
<b>Reconciling Budget and Accrual Information – Alignment between Agency and Government-wide Requirements</b> (This project is related to the reporting model project. Incremental changes will be considered first. Decisions regarding next steps will be taken as the ideal model is developed.)	Issued Exposure Draft  Redeliberate and finalize Standards		
<b>Land and Land Rights</b>	Issue Exposure Draft	Finalize Standards	
<b>Public-Private Partnerships</b>	Determine whether implementation guidance is needed		Phase II – Recognition and Measurement

## PRIORITIES FOR THE FUTURE

Significant findings from the three-year plan responses and survey include:

1. There is majority support among respondents for the active projects with very strong support of the leases, budget and accrual reconciliation and financial report projects.
2. The performance reporting research project was identified as a priority by 87 out of 126 survey respondents. Respondents expressed both support and concern regarding the challenge of providing guidance. Some noted its complexity and the role of the DATA Act as well as a new statute on program management requirements. Note also the pending legislation entitled the 'Taxpayers Right to Know Act' would require additional program information through online resources.
3. The following are instances where a clear majority of respondents believed additional guidance was needed. They are listed in order from highest to lowest number identifying a need for additional guidance. See page 14 of Memo E-1 for detailed results.
  - a. Evaluating Existing Standards (Note that evaluation of note disclosures is a subset of this topic which also received majority support. Further, it could contribute to enhancing the reporting model by considering how notes could align with performance information.)
  - b. Financial Performance Reporting
  - c. Managerial Cost Accounting
  - d. Financial/Economic Condition Reporting
  - e. Long-term Construction/Development/Procurement Contracts
  - f. Asset retirement obligations
  - g. Cleanup costs
  - h. Electronic Reporting
  - i. Hierarchy of Generally Accepted Accounting Principles
  - j. Note Disclosures

While we do not anticipate beginning any new major projects in early 2017, we will move to active work on standards-setting projects to apply the new concepts in late 2017. Also, when we complete the budget to accrual reconciliation amendments, we will be able to devote additional resources to new efforts.

Memos E-1 and E-2 discuss in greater detail the results of the planning and reporting surveys. Memo E-3 presents information regarding other standards-setters efforts on disclosures and suggests an approach to disclosures for members to consider.

The specific staff recommendations and questions from the three memos are presented below for ease of reference during the meeting. Please review the individual memos in detail before responding to each question.

## QUESTIONS FOR THE BOARD:

### **TAB E-1 Planning Survey**

Staff suggests the Board consider a project on note disclosures upon completion of current projects. Note disclosures are established in each standard and the project would contribute to respondent comments regarding the need to revisit existing standards. In addition, a project on note disclosures would contribute to the current reporting model project.

1. What areas do members believe should be priorities following completion of current projects?
2. Does the Board believe any projects are of such high priority that a current project should be deferred so that the higher priorities can be pursued?

### **TAB E-2 Reporting Survey**

As part of the reporting model project, staff suggests the Board consider developing illustrations of cost and budget information for financial statements and required supplementary information. Respondents appeared to confirm the Board's research and concepts. The research and concepts could be used to guide development of the illustrations and ultimately financial reporting standards. In addition, the illustrations could contribute to advancing performance reporting.

1. What do members believe should be next steps for the reporting model and performance reporting projects?

### **TAB E-3 Disclosures**

FASAB's survey results, as well as other accounting standard boards' activities, suggest that improvements in the disclosure in financial reporting are needed. The new ED, *Federal Financial Reporting*, proposes concepts discussing the role of financial statements and required supplementary information (RSI) and their relationship to other reported financial information. It requires the presentation of performance information in financial statements and RSI. A research project on financial disclosure would also help address the new performance reporting requirement in the financial statement by discussing how to report performance information in note disclosures. Further, several respondents to the three-year plan suggested that FASAB converge with other standards-setters where possible. The existing references to FASB materiality guidance may be difficult to find and interpret given the evolution of FASB's guidance.

In contrast to overhauling all disclosure topics as suggested at the 2010 Board meeting, staff suggests a top-down approach to developing a framework by concentrating on the principles to guide disclosures and the materiality level for disclosures first. Then a survey can be performed to move on to identify important individual topics to address next. The advantages and disadvantages of the approach and the project include the following:

- Avoids large investment and time at the beginning of the project
- Promotes consistent decisions about disclosure requirements
- Improves the effectiveness of disclosures in notes to the financial statements by clearly communicating the information that is most important to users of each entity's financial statements and reducing redundancy
- Improves the comparison between agencies by streamlining information
- Considers the new performance reporting requirement in the project by providing guidance on how to report performance information in the note disclosure
- Increases the investment at the agency level due to the learning curve and change in the agencies' existing reporting processes

- I. Does the Board agree that a research project in disclosures in financial reporting is necessary?
- II. If the Board agrees on the project, does it agree on the top-down approach?
- III. If the Board agrees on the top-down approach, which projects should be addressed first: principle of the disclosure, the materiality considerations regarding disclosure, or these two topics combined as one statement/concept research?
- IV. If the Board does not wish to pursue the disclosure project as described above, does the Board wish to address the materiality changes made by FASB so that federal preparers and auditors know whether or not the changes apply to federal financial statements?



**February 10, 2017**

Memorandum

To: Members of the Board

*Ross Simms*

From: Ross Simms, Assistant Director

*Wendy M. Payne*

Through: Wendy M. Payne, Executive Director

Subj: Summary of the Survey and Written Responses – **TAB E-1**<sup>1</sup>

MEMBER ACTIONS REQUESTED:

- Prepare to answer questions on page 19 regarding the Board's priorities

**MEETING OBJECTIVES**

To review the results of an online survey regarding the most important priorities to improving federal financial reporting (Planning Survey) and written responses regarding the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*.

**BRIEFING MATERIAL**

This memo summarizes the results of the Board's Planning Survey and responses received regarding the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*. The following attachments provide detailed responses and additional information for the Board's consideration:

- Attachment 1: Responses to the Three-Year Plan provides written comments the Board received regarding the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*
- Attachment 2: Planning Survey Results provides the detailed responses to survey questions submitted using an online system.

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- Attachment 3: Additional Response provides a response received after the survey period and online system closed.
- Attachment 4: H.R. 71 provides proposed legislation cited as The Taxpayer's Right to Know Act.

## **BACKGROUND**

On November 15, 2016, Chairman Showalter released our *FY2016 Annual Report and Three-Year Plan for FY2017-2019* and subsequently, on November 28, 2016, the Board initiated two online surveys, the Planning Survey and the Reporting Survey. The objective of the Planning Survey was to help the Board assess project priorities for the next three years and the objective of Reporting Survey was to help the Board determine the next steps in its reporting model and performance reporting projects. The Board also requested written comments regarding the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*. The comment period for the surveys and written responses closed on January 30, 2017.

This memo discusses the Planning Survey results and the written responses. A separate memo, TAB E-2 discusses the Reporting Survey results. The Planning Survey included questions regarding the Board's near-term focus and the projects listed in the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*. Both the Planning and Reporting Surveys were publicized to our Listserv and press contacts and, to encourage responses, the Board issued reminder notices on December 8, 2016 and January 24, 2017 to its Listserv.

The Board received a total of 129 responses to the Planning Survey. Prior to the close of the survey period, the Board received 128 responses and, after the survey closed, the Board received an additional response. However, some respondents did not answer all the questions in the survey. Thus, the number of responses for some questions may not total 129.

In addition, the Board received seven responses regarding the *FY2016 Annual Report and Three-Year Plan for FY2017-2019*. The respondents reviewed the plan and provided comments regarding project priorities.

## **MEMBER FEEDBACK**

Please contact me as soon as possible to convey your questions or suggestions. Communication before the meeting will help make the meeting more productive. You can contact me by telephone at 202-512-2512 or by e-mail at [simmsr@fasab.gov](mailto:simmsr@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov)

## PLANNING SURVEY RESULTS

### Summary

Respondents confirm the *FY2016 Annual Report and Three-Year Plan for FY2017-2019* identifies the key accounting and financial reporting issues facing FASAB. The majority of survey respondents agreed with the Board's plan for the next three years. The Board received feedback from 129 survey respondents which consisted of individuals from various groups. Those groups included academia, independent public accounting firms, professional organizations, citizens, analysts, decision-makers within the federal government, preparers of financial statements, office of inspectors general, and others. The Board also received seven written responses from preparers of financial statements, professional organizations, and federal auditors. Respondents agreed the operating performance and stewardship objectives should be the Board's near-term focus and agreed the Board's active and research projects are priorities. Respondents also agreed guidance is needed regarding the topics considered as potential projects.

When expressing support for the Board's near-term focus and projects, respondents noted the importance of the information to the public and referred to the need for consistency and understandability in reporting the information. However, some respondents expressed concern about the current level of reporting requirements and whether generally accepted accounting principles (GAAP) based information could help achieve some operating performance and stewardship sub-objectives.

Respondents also suggested additional priorities for the Board's consideration. For instance, some respondents suggested the Board streamline reporting requirements, including reducing requirements for disclosures, and consider how users are assessing information as a result of initiatives such as the Digital Accountability and Transparency Act (DATA Act). The Board could consider such suggestions as part of the next steps in the reporting model project.

In addition, some respondents indicated the Board may need additional resources to address topics and encouraged continued efforts to collaborate. Respondents suggested the Board continue to collaborate with other accounting standards-setters.

## FASAB's Near-Term Focus on the Operating Performance Objective

Planning Survey respondents agreed the operating performance objective should be a near-term focus of the Board. Statement of Federal Financial Accounting Concepts (SFFAC) 1 discusses the Operating Performance objective and states

Federal financial reporting should assist report users in evaluating the service efforts, costs, and accomplishments of the reporting entity; the manner in which these efforts and accomplishments have been financed; and the management of the entity's assets and liabilities. Federal financial reporting should provide information that helps the reader to determine

- the costs of providing specific programs and activities and the composition of, and changes in, these costs;
- the efforts and accomplishments associated with federal programs and the changes over time and in relation to costs; and
- the efficiency and effectiveness of the government's management of its assets and liabilities.

In 109 out of 129 cases, respondents indicated operating performance should be a near-term focus and, in 69 of the 109 cases expressing agreement, respondents noted the objective definitely should be a near-term focus. The Board received a range of comments regarding its focus, including comments expressing support and others expressing concern. Examples of comments supporting the Board's focus are as follows.

*Operating performance is the matter that citizens and others care most about...*

-Citizen

*We are stewards of taxpayer dollars and we should show how efficiently and effectively those dollars were spent.*

-Decision-maker within the Federal Government

*As the government continues to do more with less, it is important to understand the costs of implementing programs and the costs of running the government. The identified objectives above address that need, which is very timely and relevant in today's transitioning environment.*

-Preparer of Financial Statements

However, some respondents expressed concern about how GAAP-based information might achieve the objective and how the objective might be achieved given the

constraints on component reporting entity resources. The following are examples of respondent comments expressing concern.

*The objective is valuable to the citizen. The difficulty is in making it a FASAB objective. Accounting must be standardized to be comparable across entities and it must be auditable. It is one thing to measure and classify transactions and another thing to measure efficiency and effectiveness for how assets and liabilities are managed. This seems difficult to establish accounting standards for consistent application.*

-Preparer of Financial Statements

*I agree with what was stated in #3 above. And it is very important to have users to understand it. However, the current reporting is very burdensome with many redundancies. The streamlining of reporting burden must be evaluated first before adding or modifying more reporting requirements. The financial reporting community has been suffering after the GTAS [Government-wide Treasury Account Symbol] reporting requirement was implemented that was mandated without accompanying system support nor resources.*

-Decision-maker within the Federal Government

*It's important to report on service efforts, costs, and accomplishments. However, performance is affected by factors that are difficult to measure, such as staff turnover, funding restrictions, and the effect of other priorities.*

-Analyst

Attachments 2 and 3 present all the comments received regarding the Board's near-term focus on operating performance.

### FASAB's Near-Term Focus on the Stewardship Objective

Planning Survey respondents agreed the stewardship objective should be a near-term focus for the Board. SFFAC 1 discusses the stewardship objective and states

Federal financial reporting should assist report users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial condition has changed and may change in the future. Federal financial reporting should provide information that helps the reader to determine whether

- the government's financial position improved or deteriorated over the period,

- future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due, and
- government operations have contributed to the nation’s current and future well-being.

In 103 out of 129 cases, respondents noted stewardship should be a near-term focus and, in 60 of the 103 cases expressing agreement, the respondents indicated the objective definitely should be a near-term focus. The Board received a range of comments regarding its focus on stewardship, comments expressing support and comments expressing concern. The following are examples of respondent comments supporting the Board’s focus on Stewardship.

*Sustainability is a primary concern for the Federal government. Stewardship reporting will reveal how the government is doing in this regard.*

-Citizen

*The challenges facing the nation are multi-faceted and significant. Many of those challenges need to be addressed sooner rather than later. Without the ability to evaluate the government's stewardship, stakeholders will be reluctant or maybe even opposed to providing necessary resources for the government to meet its needs and obligations.*

-Decision-maker within the Federal Government

*Stewardship of funds is the single most responsibility of the Federal Government. The professionals in government are tasked with this responsibility. It should be near term and immediate focus.*

-Preparer of Financial Statements

*This information would provide meaningful data and impact of government programs and services to the public and report users, more so than the standard financial reporting alone. This would also show a more direct impact and link to the performance of government programs and agencies to the stakeholders/taxpayers and report users.*

-Other

However, similar to comments regarding operating performance, some respondents expressed concern about how the overall objective and, in some instances, the third sub-objective might be achieved. The third sub-objective states “federal financial reporting should provide information that helps the reader to determine whether government operations have contributed to the nation’s current and future well-being.” The following are examples of respondent comments.

*Although the first two of these "stewardship objectives" are akin to the objectives of financial reporting in the private sector (concerned as they are with: financial position, financial results-of-operations, and the going-concern question), the third objective is so far removed from the FASAB's natural and appropriate purview that it would be presumptuous in the extreme for the FASAB to assign to itself the responsibility for setting the rules and principles that must be used to determine "whether government operations have contributed to the nation's current and future well-being." Indeed, under the Constitution, that determination is the responsibility of voters acting through their elected representatives in Congress, isn't it?*

-Citizen

*While stewardship is very important, I believe measurement of the agency operating effectiveness is most urgently needed to pinpoint inefficiencies. Once an agency has a handle on that then we can more accurately understand future resource needs and report on the contribution to the nation's well-being.*

-Independent Public Accounting Firm

*Financial position should be very important to federal managers, which includes budgetary resources. The nation's current and future well-being is hard to measure but valuable to longer-term analysis.*

-Academia

Attachments 2 and 3 present all the comments received regarding the Board's near-term focus on operating performance.

### Priority of Current Projects

Respondents agreed the Board's current projects are priorities. For each of the Board's current projects, a majority of respondents agreed the projects are priorities. Although the Board received a range of comments supporting the priorities, some respondents expressed concern. Respondents supporting the projects appeared to focus on the need for more consistency in reporting and perhaps the need for guidance to help present more understandable information. Respondents also agreed items of information, such as risk assumed, would be important for users. Examples of respondent comments supporting the project's priority are as follows.

*Consistency in reporting is critical in order for the information to be understandable and useful. [Accounting and Reporting of Government Land Project]*

-Preparer of Financial Statements

*Statements should be able to be understood by the public. Current reporting mixes accrual accounting with governmental (fund) accounting and is indeed difficult to follow. Need to simplify and revisit what message we are trying to convey with the statement. [Budget and Accrual Reconciliation Project]*

-Preparer of Financial Statements

*Again, the problem relates to agency financial reporting compared to the government as a whole. As long as appropriations are the major financing source for agencies, the report is of little value since there is no relationship between agency reporting and government-wide reporting. [Budget and Accrual Reconciliation Project]*

-Academia

*We have included comments in our 2015 and 2016 letters to FASAB and provided a response to the exposure draft earlier this month. We continue to support the efforts of FASAB and it is the opinion of the FMSB that the Reporting Model Project is a high priority project that should result in significant, overarching improvements to federal financial reporting. We strongly support the project's objectives and recognize that it is a complex undertaking. Users of federal financial information are placing increased demands upon the federal entity to provide improved reports that link spending to budgets and operational results and this project should further the cause to meet this demand for improved information.[Concepts-The Financial Report]*

-Association of Government Accountants

*Agree that risk assumed is important for decision makers.*

-Analyst

*Agree --DoD needs to get on the right track - particularly regarding misunderstanding or inconsistent understanding of basic issues and concepts of accounting, accountability and materiality among managers and internal and external auditors. [DoD Implementation Guidance Request Project]*

-Citizen

*It is critical that stakeholders clearly understand and grasp the obligations of the Federal government. Leases are obligations are significant and reporting consistency is needed. The proposed standard enhances the goal of consistent reporting. [Leases]*

-Decision-maker within the Federal Government

*With increasing reliance on private participation and budget restraints, the accounting and reporting needs to be addressed as soon as possible to prevent inconsistent applications across the Federal Government. [Public Private Partnerships-Recognition and Measurement Phase]*

-Decision-maker within the Federal Government

*This subject [tax expenditures] is not well understood by most stakeholders but the impact is huge. This is a critical topic for stakeholders to grasp and consider when making decisions and/or evaluating the performance of the tax expenditure and/or its impact. [Tax Expenditures]*

-Decision-maker within the Federal Government

However, other comments reflected some differences in how constituents view materiality. Some respondents may have considered materiality from the perspective of their entity while others may have considered materiality from the perspective of the government as whole. In addition, some respondents expressed concern with how the Board could develop standards for diverse component reporting entities and whether additional reporting requirements would impact component entity resources. Examples of respondent comments expressing concern are as follows.

*This project has little impact on my organization. Given the other projects, this might be worth delaying. [Accounting and Reporting of Government Land Project]*

-Preparer of Financial Statements

*Only important to select group. I'm for projects that help the average citizen understand government operations and position. [Budget and Accrual Reconciliation Project]*

-Preparer of Financial Statements

*each agency/subset needs different information you may not be able to mandate one method [Concepts – The Financial Report]*

-Analyst

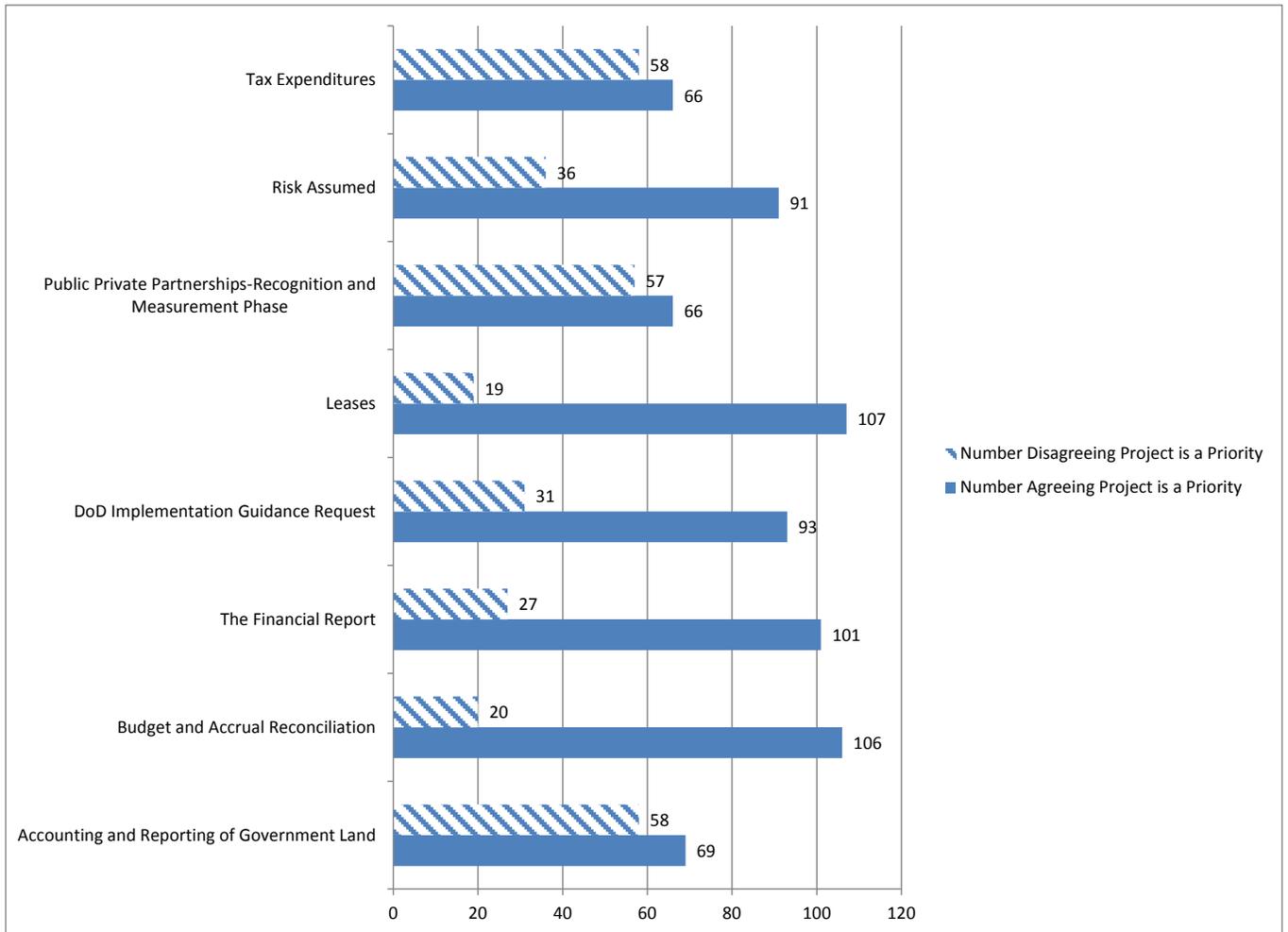
*Congress holds the purse-strings. I don't know the overall impact to the US financial statements but I don't think it is that big of an issue. Besides it should be a pretty easy fix. [Leases]*

-Office of Inspector General

*Not sure of how widespread this matter is affecting Federal agency reporting.*  
[Public-Private-Partnerships-Recognition and Measurement Phase]

-Professional Organization

Figure 1: Current Project Priority Results only includes survey participants and shows the level of agreement versus the level of disagreement regarding whether each of the current projects should be a priority.



**Figure 1: Current Project Priority Results**

Attachments 1, 2, and 3 present all the comments received regarding the Board's current projects.

## Research Project on Performance Reporting

Consistent with views on the Board's near-term focus, respondents agreed the research project on performance reporting is a priority. In 87 out of 126 instances, respondents agreed the project is a priority. Respondents provided a range of comments expressing both support for the research and concern regarding the challenge in providing guidance. Examples of comments regarding the research project are as follows.

*Performance reporting will become increasingly necessary as taxpayers and other citizens want to know what they are getting for their taxes.*

-Citizen

*This will be an extremely complicated project. Linking performance to expenditures calls into question alternative approaches, as well as the true benefits of a given program. This will be difficult to manage.*

-Analyst

*I don't believe that performance reporting is the best use of the Board's resources. The Board's focus should be effective reporting of financial information by establishing generally accepted accounting principles and developing innovative reporting models to convey financial information relative to the government operations that is simply not relevant in the private sector.*

-Preparer of Financial Statements

*Measuring the costs and financial performance of Federal programs is an important aspect of assessing their performance. FASAB is correct to be concerned that the current federal reporting model (focusing on the entity) is not useful for this purpose. The effort that is supposed to address this, however, is the DATA act. This should be part of a larger study on how real-time financial reporting as required by the DATA act can reduce or eliminate the current level of effort involved in preparing and auditing the financial statements. A major impediment to reporting on the financial performance of federal program is the lack of a common definition for a federal "program." In theory these may cross federal agencies (e.g., home weatherization programs by DOE and HUD). Federal performance management requirements recognize this by allowing for cross-agency priority goals. The new statute (passed in December 2016 and driven by GAO recommendations) requiring OMB to establish program management requirements for agencies may provide an opportunity to more consistently define the concept of program that could be used for the entire lifecycle of federal programs, from budgeting to performance management and financial reporting. A larger impediment*

-Decision-maker within the Federal Government

*Believe this would provide more value than reporting model. It would assist with determining measures, outcomes, success/failures, etc. In turn, should help devote tax dollars to optimal use.*

-Preparer of Financial Statements

### Additional Guidance

Respondents appeared to support the need for additional guidance in the 25 areas discussed in the Board's *FY2016 Annual Report and Three-Year Plan for FY2017-2019*. Respondents indicated a level of additional guidance was needed or were neutral in each case. Respondents expressing disagreement were in the minority.

The following are instances where a clear majority of respondents believed additional guidance was needed

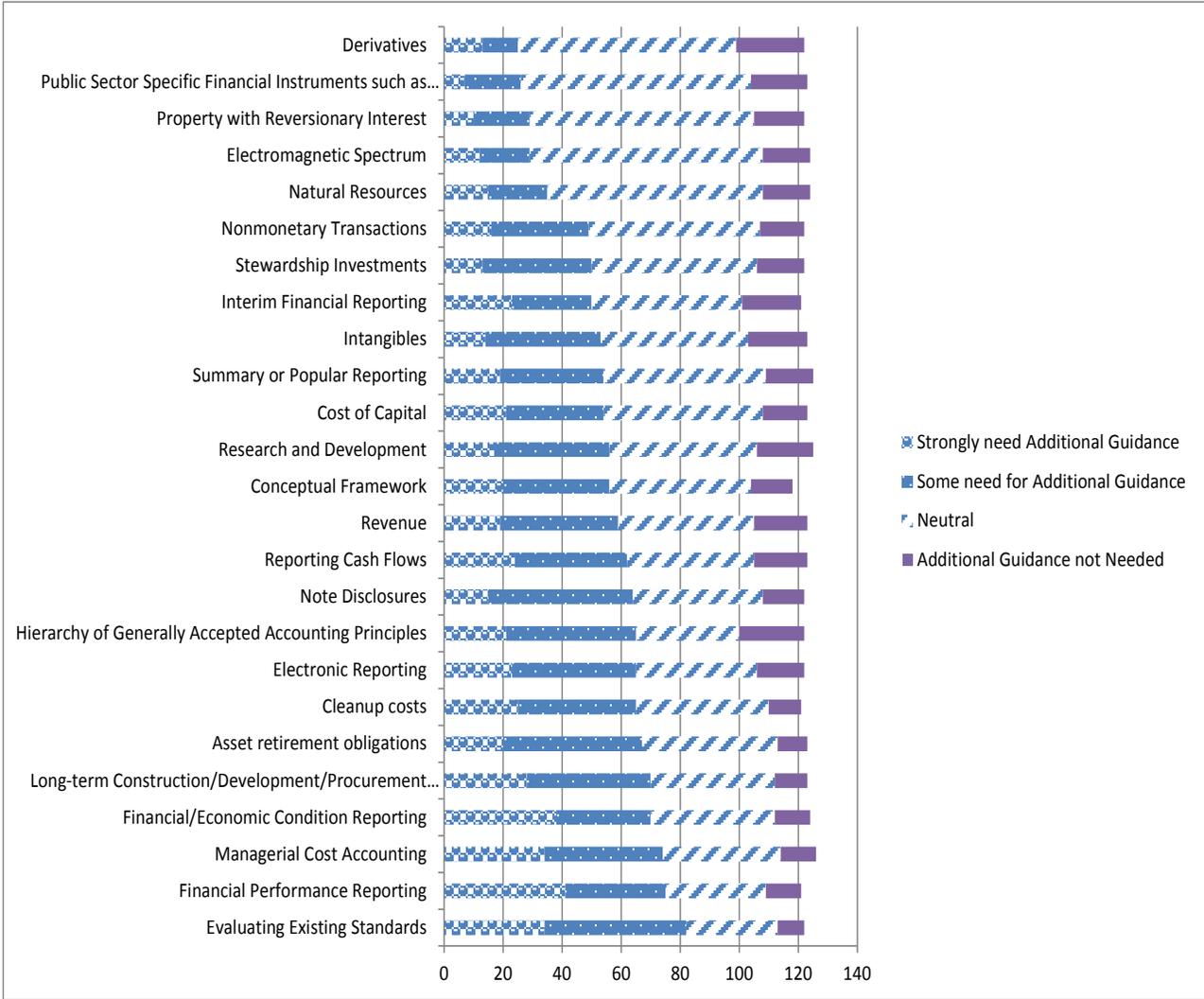
- Evaluating Existing Standards
- Financial Performance Reporting
- Managerial Cost Accounting
- Financial/Economic Condition Reporting
- Long-term Construction/Development/Procurement Contracts
- Asset retirement obligations
- Cleanup costs
- Electronic Reporting
- Hierarchy of Generally Accepted Accounting Principles
- Note Disclosures

While Evaluating Existing Standards appeared to receive strong support from respondents, Note Disclosures is a subset of the topic and could contribute to the enhancing the reporting model.

In addition, for five projects, respondents appeared to be highly neutral. A clear majority of respondents appeared to be neutral toward the following projects:

- Derivatives
- Public Sector Specific Financial Instruments such as Special Drawing Rights
- Property with Reversionary Interest
- Electromagnetic Spectrum
- Natural Resources

Figure 2: Areas that May Need Additional Guidance only includes survey participants and illustrates the level of support for the areas the Board plans to provide additional guidance. In addition, Attachments 1, 2, and 3 present all the responses received regarding the topics.



**Figure 2: Areas that May Need Additional Guidance**

Examples of respondent comments regarding the Board's potential projects are as follows.

*Three of FASAB's "potential projects" would address performance reporting: "Financial/Economic Condition", "Financial Performance Reporting", and "Managerial Cost Accounting." All three serve the critical goal of providing relevant, tangible, concise financial performance information to all types of federal managers, including program managers, federal executives, Congress, and citizens. These projects ought to be given a high priority, perhaps utilizing the Reporting Model mechanism to derive some tangible benefit from that project, which apparently is solely conceptual in nature and has consumed and is consuming FASAB resources.*

-Association of Government Accountants

*We would like to reiterate the concerns we expressed over the last few years regarding this potential project [Electronic Reporting]. As the Federal Government implements the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act), the transparency and availability of Federal financial information will increase. In addition, the Government Performance and Results Act Modernization Act of 2010 (GPRAMA) requires agencies to report performance information on performance.gov, which is publicly available. We ask that the Board keep in mind the requirements of both the DATA Act and the GPRAMA when discussing concepts for electronic reporting. Agencies face large workloads in meeting the requirements of these laws; and adding additional electronic reporting requirements could place a substantial strain on agency resources. The Association of Government Accountants' (AGA) issued the report referenced under the Electronic Reporting project description in 2012, prior to the DATA Act becoming law. We believe that at least some of the elements of the DATA Act may address the issues raised by survey participants cited in the AGA report.*

-Social Security Administration -OCFO

*Evaluating Existing Standards: HHS agrees that all reporting requirements should be reviewed to assess their usefulness, effectiveness and meaningfulness. Some of the existing standards may need to be revised or eliminated to reduce the reporting burden, while others may need to be improved. Although "Note Disclosures" and "Interim Financial Reporting" are listed as separate topics; they are related and could be included in or treated as a subset of evaluating existing standards.*

-Health and Human Services-OCFO

*...we believe that several projects, listed on Page 26, warrant strong consideration for review at this time. Those projects are:*

*Managerial Cost Accounting  
Interim Financial Reporting  
Electronic Reporting  
Asset Retirement Obligations  
Derivatives*

*Our listing reflects the order of importance we consider these projects to have in relation to Federal Government accounting standards necessary for proper use and financial recording in US Governments operations.*

-Department of Labor - OIG

*It cannot be assumed that federal agencies are measuring and recognizing asset retirement obligations and cleanup costs consistently under the current standards, given the inconsistencies and gaps discussed on page 27. I assume that the magnitude of asset retirement obligations and cleanup costs will only continue to grow as time passes and, thus, addressing these gaps and inconsistencies sooner could be beneficial.*

-Ricky A. Perry

*Among the potential projects, several FISC members continue to support the advancement of the Electronic Reporting and Financial/Economic Condition projects to current projects of the Board. The FISC members cited the growing need for standards in these areas, along with the rapid evolution of technology impacting the Electronic Reporting project, and the urgent need to report to stakeholders on the financial/economic condition of the Federal government using standardized measures and benchmarks.*

-Greater Washington Society of CPAs

### Additional Comments

Respondents provided a range of additional comments for Board consideration. They appeared to appreciate the opportunity to provide feedback on FASAB projects, expressed concern regarding FASAB's resources, and provided additional priorities for the Board's consideration. Also among the comments expressed, respondents indicated the need to consider implications of legislation such as the DATA Act and how users are accessing information electronically.

With respect to electronic reporting, the Board may wish to consider proposed legislation such as H.R. 71, cited as The Taxpayer's Right to Know Act. The bill would

require a federal website include certain information about federal programs in a program inventory. Attachment 4 presents the proposed legislation.

Respondents also emphasized the need to collaborate with other accounting standards-setters, including those outside of the U.S. Examples of respondent comments are as follows.

With respect to suggestions that may improve the outcome of the Board's efforts,  
*Additional resources for research.*

-Academia

*I would be glad to be included on a task force to assess the degree of implementation of IPSAS by FASAB. Early on, I was on a task force to implement fixed assets in federal financial statements and would be happy to be included in a task force for assessing degree of compliance with IPSAS.*

-Academia

*I would like FASAB to make streamlining both agency and the government-wide financial reports a high priority.*

-Analyst

*Presentation of DATA Act elements and Schedule of Spending. These topics are relevant to the information that will be published and allow the agencies to present their story.*

-Preparer of Financial Statements

*Simplify and reduce disclosure requirements and provide a substantial number of sample disclosures. Consider that more and more FASAB standards and more complex disclosures in an environment with major budget decreases and declining staff is just not tenable.*

-Preparer of Financial Statements

*I applaud the Board and its efforts in pursuing accounting policies and guidance and working with other authoritative bodies such as the FASB and GASB. I also am encouraged by the attention to the burdens being placed on agencies with budget constraints and hope efforts to relieve the burdens continue just as they are in the public sector.*

-Preparer of Financial Statements

Attachments 1, 2, and 3 present all the comments received.

### **STAFF RECOMMENDATION**

Staff suggests the Board consider a project on note disclosures upon completion of current projects. Note disclosures are established in each standard and the project would contribute to respondent comments regarding the need to revisit existing standards. In addition, a project on not disclosures would contribute to the current reporting model project.

## **QUESTIONS FOR THE BOARD**

1. What areas do members believe should be priorities following completion of current projects?
2. Does the Board believe any projects are of such high priority that a current project should be deferred so that the higher priorities can be pursued?

ATTACHMENT 1 – RESPONSES TO THE THREE-YEAR PLAN

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**U.S. Department of Labor**Office of Inspector General  
Washington, D.C. 20210**JAN 06 2017**

Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street, NW, Suite 6814 (Mailstop 6H19)  
Washington, DC 20548

Dear Ms. Payne:

In response to the November 15, 2016, news release, FASAB Issues its Annual Report and Three-Year Plan, and request for comment regarding the Board's three-year project priorities, we believe that several potential projects, listed on Page 26, warrant strong consideration for review at this time. Those projects are:

- Managerial Cost Accounting
- Interim Financial Reporting
- Electronic Reporting
- Asset Retirement Obligations
- Derivatives

Our listing reflects the order of importance we consider these projects to have in relation to Federal Government accounting standards necessary for proper use and financial recording in US Governments operations.

Thank you for the opportunity to comment. If you have any questions or need additional information, please contact Joseph L. Donovan, Jr. at 202-693-5248.

Sincerely,

A handwritten signature in cursive script that reads "Elliot P. Lewis".

Elliot P. Lewis  
Assistant Inspector General for Audit

January 12, 2017

Wendy,

We appreciate the opportunity to review the Federal Accounting Standards Advisory Board's *Annual Report for Fiscal Year (FY) Ended September 30, 2016 and Three-Year Plan for FYs 2017-2019*. Please see our attached response (SSA Comments on FASAB Annual Report and Three-Year Plan.doc).

Thank you in advance for your consideration of our comments and observations.

Questions may be directed to Annette Dushel at (410) 965-0073.

Carla A. Krabbe

Deputy Chief Financial Officer

Social Security Administration

**Social Security Administration's Comments on  
the Federal Accounting Standards Advisory Board's  
*Annual Report for Fiscal Year 2016 and Three-Year Plan***

**Potential Projects**

*Electronic Reporting*

We would like to reiterate the concerns we expressed over the last few years regarding this potential project. As the Federal Government implements the requirements of the *Digital Accountability and Transparency Act of 2014* (DATA Act), the transparency and availability of Federal financial information will increase. In addition, the *Government Performance and Results Act Modernization Act of 2010* (GPRAMA) requires agencies to report performance information on performance.gov, which is publicly available. We ask that the Board keep in mind the requirements of both the DATA Act and the GPRAMA when discussing concepts for electronic reporting. Agencies face large workloads in meeting the requirements of these laws; and adding additional electronic reporting requirements could place a substantial strain on agency resources. The Association of Government Accountants' (AGA) issued the report referenced under the Electronic Reporting project description in 2012, prior to the DATA Act becoming law. We believe that at least some of the elements of the DATA Act may address the issues raised by survey participants cited in the AGA report.

*Interim Financial Reporting*

Prior to fiscal year (FY) 2014, the Office of Management and Budget (OMB) required agencies to submit unaudited interim financial statements for the first, second, and third quarters. However, the FY 2014 update to OMB Circular No. A-136 removed the requirement for agencies to submit interim statements for the first and second quarters. OMB Circular No. A-136 currently only requires agencies to submit interim unaudited financial statements for the third quarter of the fiscal year. Given that OMB reduced the agency burden with regard to interim financial statements, we request that Board members keep in mind resource issues for agencies when researching this issue.

*Summary or Popular Reporting*

As we stated in our comments the last few years, we believe the current guidance in OMB Circular No. A-136 concerning the Summary of Performance and Financial Information (SPFI) is sufficient. We agree with OMB's decision to make the SPFI optional for agencies to produce, as each agency has different stakeholders with different interests. Between the OMB guidance and the AGA's Citizen-Centric Reporting initiative, agencies that decide to produce a Summary report have sufficient guidance and best practice information on producing a SPFI. However, if the Board decides to undertake this project, we would request that the Board allow flexibility in any guidance issued so that agencies can formulate their SPFIs to match the needs of their stakeholders.

## **U.S. Department of Housing and Urban Development**

### **HUD's Comments on FASAB's Annual Report (Fiscal Year ended September 30, 2016) and FASAB's Three Year Plan (Fiscal Years 2017-2019)**

Annual Report: In HUD's view, the Annual Report comprehensively presents FASAB's efforts and accomplishments during Fiscal Year 2016 in its role as the authoritative standards-setting body in establishing generally accepted accounting principles for the federal government.

Three-Year Plan: HUD supports the planning and priorities set forth by the FASAB Board in the projects selected for inclusion in the Three-Year Plan (Fiscal Years 2017-2019).



Ms. Wendy M. Payne, Executive Director  
Federal Accounting Standards Advisory Board  
Mailstop 6H19  
441 G Street, NW, Suite 6814  
Washington, DC 20548

Dear Ms. Payne:

The Department of Health and Human Services (HHS) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) *Annual Report for Fiscal Year 2016 and Three-Year Plan*.

As operational complexity continues to increase across the federal government, so do the risks due to fiscal uncertainty. HHS recognizes these changes require enhancements to current FASAB standards and, in some instances, new standards altogether. It is necessary to identify reports and disclosures that provide relevant and useful information to federal decision makers while also providing transparent and engaging information to stakeholders. To do this without overwhelming the users, preparers, and auditors is a constant challenge for federal agencies.

The current 3-year plan appears to be centered on redefining the current financial reporting model and increasing agency disclosure requirements. While the new requirements provide additional transparency, we believe it would be more beneficial to improve the value and ease-of-use of existing disclosures. Through many of the current projects, especially the *Financial Reporting Model*, FASAB has the opportunity to make meaningful and effective changes.

FASAB's 3-year plan included a list of 24 potential projects; HHS recommends the following five priorities for FASAB projects:

1. **Evaluating Existing Standards:** HHS agrees that all reporting requirements should be reviewed to assess their usefulness, effectiveness and meaningfulness. Some of the existing standards may need to be revised or eliminated to reduce the reporting burden, while others may need to be improved. Although "Note Disclosures" and "Interim Financial Reporting" are listed as separate topics; they are related and could be included in or treated as a subset of evaluating existing standards.
2. **Conceptual Framework - Review and Finalization:** Since the Board already started a review of the conceptual framework, HHS recommends that the Board finalize the review to ensure that all topics are covered and that everything is internally consistent.

3. Revenue (Exchange and NonExchange): HHS recommends that the Board revisit SSFAS No. 7 from 1998 and update the standard to be consistent with FASB. Additional clarification of exchange and nonexchange revenue will assist agencies with improving their year-end reclassification process from OMB A-136 financial statements to the government-wide statements (i.e., closing package reporting).
4. Stewardship Investments: Stewardship investment related to human capital, research and development, and non-federal physical property is still a required disclosure in Required Supplementary Stewardship Information and needs clarification. HHS recommends that the Board complete the work on this topic, so that audit coverage and the disclosure can meet the Board's expectations.
5. Electronic Reporting: HHS agrees that this effort can potentially be a major cost-savings at the government-wide level. The Board should identify requirements and provide more detailed guidance.

If you have any questions, please contact Yianting Lee, Director of Financial Statements and Audit. She can be reached at [Yianting.Lee@hhs.gov](mailto:Yianting.Lee@hhs.gov) or 202-690-6441.

Sincerely,



David C. Horn

Director

Officer of Financial Policy and Reporting



January 30, 2017

Ms. Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
Mailstop 6H19  
441 G Street, NW, Suite 6814  
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its *Three-Year Plan for Fiscal Years 2017-2019*. The FMSB is comprised of 25 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB has reviewed the proposed three-year plan and we appreciate FASAB's continued effort furthering the federal financial standards. The FMSB has reviewed the 2017 through 2019 Plan and concurs with most of the content and relative prioritization of the projects on the agenda. We do have a few comments and questions regarding some of the projects.

Reporting Model Project – We have included comments in our 2015 and 2016 letters to FASAB and provided a response to the exposure draft earlier this month. We continue to support the efforts of FASAB and it is the opinion of the FMSB that the Reporting Model Project is a high priority project that should result in significant, overarching improvements to federal financial reporting. We strongly support the project's objectives and recognize that it is a complex undertaking. Users of federal financial information are placing increased demands upon the federal entity to provide improved reports that link spending to budgets and operational results and this project should further the cause to meet this demand for improved information.

Leases Project – The FMSB continues to support FASAB's efforts to address leases. We continue to recommend the FASAB to converge as much as possible with FASB and GASB. We provided specific comments for FASAB's consideration in our response to the exposure draft earlier this month.

Risk Assumed Project - In our prior letters, we supported the approach taken by FASAB to address the issue of Risk Assumed through a three-phased approach. The 2014 through 2016 Plan highlighted that Phase I will address Explicit Indemnification Arrangements (insurance and guarantees other than loans), Phase II will address other types of risks (entitlements other than social insurance, natural disasters, implicit risks, etc.). Phase III will address other reporting commitments. We note that in the 2015 through 2017 and the current three-year Plan, there is no mention of a Phase III. However, we did note in 2019 that FASAB indicated that after finalizing Phase II the next step would be "research on next RA activity". Please clarify whether the research will include reporting commitments.

Department of Defense Implementation Guidance – This project is ongoing and we support FASAB's attempts to resolve some long-standing matters specific to the Department of Defense. The AGA has also

engaged in projects relative to the Department of Defense in the past and addressing Department of Defense concerns is a matter we support.

Tax Expenditures – The growth of tax expenditures has been significant and we agree that standards should be developed to improve the quality of information provided in the government’s financial statements on this matter. GASB has sought to address this matter through its recent standard on Tax Abatement Disclosures (GASB Statement No. 77). We recognize this is more limited in scope than the project planned by FASAB, however it does address issues relative to the amount of resources forgone by government to support specific programs. Such information should be captured in a logical, consistent manner in the federal financial statements and information on decisions regarding what revenues have been forgone should be provided to the users of government financial information. We are interested in the development of this project. We recommend the FASAB reach out to key Congressional committees on this area of research as Congress has approved these tax expenditures.

Reconciling Budget and Accrual Information – Members of our board were excited to see FASAB adding this topic as project. We look forward to providing feedback to the upcoming exposure draft.

Land – At the outset, this may be a straightforward project. However, accounting for federal lands will be extremely complex as the federal government is the nation’s largest landowner with historical costs largely irrelevant. Therefore, it is very complex. We support FASAB’s efforts in addressing this issue especially dealing with recognition, measurement and disclosure requirements.

#### *Research Projects*

Performance Reporting – We have mixed comments from our board members. A few have expressed their support for the continued research in this area as they believe performance reporting can add value to the financial statements. Others have concerns with this project as the Yellow Book provides guidance for issuance of performance audits that FASAB could be infringing on. This infringement may create competing standards to GAO’s established authority on what is included in performance audits.

As noted in our 2016 response letter, performance reporting is crucial for all organizations, especially the federal government. This is an area where the FASAB can add value. Although the Government Performance and Results Act (GPR), the GPR Modernization Act (GPRAMA), and other statutes have provided a framework for federal agency performance reporting, a recent Government Accountability Office (GAO) analysis [GAO-15-819] has found that GPRAMA implementation has been uneven, with varying effects on agencies’ performance management. GAO has identified a range of long-standing challenges including:

- Agencies continue to have problems effectively using performance information.
- Agencies’ reported use of performance information generally did not improve between 2007 and 2013.
- They continue to face challenges linking individual and agency performance to results.
- OMB and agencies have not clearly communicated reliable and complete financial and performance information.

#### *Potential Projects*

While we have had limited response from our Federal members, the following items with explanations are provided for your consideration of potential projects.

Three of FASAB's "potential projects" would address performance reporting: "Financial/Economic Condition", "Financial Performance Reporting", and "Managerial Cost Accounting." All three serve the critical goal of providing relevant, tangible, concise financial performance information to all types of federal managers, including program managers, federal executives, Congress, and citizens.

These projects ought to be given a high priority, perhaps utilizing the Reporting Model mechanism to derive some tangible benefit from that project, which apparently is solely conceptual in nature and has consumed and is consuming FASAB resources.

We support the need to simplify the current four-level hierarchy and encourage FASAB to use GASB's approach by reducing to two levels. Related to simplification of standards we also encourage FASAB to follow FASB's initiative to identify and prioritize specific projects where simplification can be achieved rather than approaching it as an omnibus project.

We suggest the following items be removed from the list of potential projects for the following reasons:

- *Derivatives* – as noted in the plan, the Board has not had any inquiries by agencies or auditors on this subject.
- *Public Sector Specific Financial Instruments* – we question of how applicable this may be, given that the Federal Reserve is not currently reported in the Federal Governments financial report.
- *Cost of Capital* – this appears to be a managerial accounting technique and may not be appropriate for external financial reporting.

We appreciate FASAB's outreach such as the chair's article in the Fall 2016 edition of the Journal of Government Financial management and FASAB's collaboration and efforts to converge with GASB. Convergence with other standards setters allows greater accessibility of statements to the public, greater ability for federal agencies to attract accounting talent with transferable experience and lower onboarding and training costs at stakeholder organizations.

As with all standard setting bodies, we encourage FASAB to consider transitioning to a codification similar to the FASB model. We believe this is necessary as the number of standards and amendments continue to increase. Codification makes amendments easier to communicate and administer but also allows for standards to be organized in a logical order rather than evolution.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, Chair at [lmiller@eidebailly.com](mailto:lmiller@eidebailly.com) or at 208-383-4756.

Sincerely,



Lealan Miller, CGFM, CPA  
Chair- AGA Financial Management Standards Board

cc: Doug Glen, CPA  
AGA National President

July 2016 – June 2017

Lealan Miller, Chair  
Eric Baltas  
Eric S. Berman  
Robert L. Childree  
Vanessa Davis  
Scott DeViney  
Richard Fontenrose  
Melanie L. Geesaman  
Stephen Gilbride  
J. Dwight Hadley  
David C. Horn  
Albert A. Hrabak  
Drummond Kahn  
Simcha Kuritzky  
Craig M. Murray, Vice Chair  
Suesan R. Patton  
Harriet Richardson  
Eric Scheetz  
Kenneth Smith  
Roger Von Elm  
Sheila Weinberg  
Brittney Williams  
Stephen Wills

Ann M. Ebberts, Chief Executive Officer, (Ex-Officio Member) AGA  
Susan Fritzlen, Staff Liaison, AGA



January 31, 2017

Wendy Payne, Executive Director  
Federal Accounting Standards Advisory Board  
Mail Stop 6H19  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Payne:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Three-Year Plan (Plan).

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 30 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views, and the hard work and dedication by the Board Members and Staff on their contributions to improving federal financial reporting.

FASAB's Three-Year Plan is an ambitious agenda, and we applaud the Board and staff for their unwavering efforts to improve Federal financial reporting.

We provide the following suggestions to the Board's Three-Year Plan:

1. Among the potential projects, several FISC members continue to support the advancement of the Electronic Reporting and Financial/Economic Condition projects to current projects of the Board. The FISC members cited the growing need for standards in these areas, along with the rapid evolution of technology impacting the Electronic Reporting project, and the urgent need to report to stakeholders on the financial/economic condition of the Federal government using standardized measures and benchmarks.
2. Interest was also expressed by some FISC members on the Interim Financial Reporting and Managerial Cost Accounting projects, which could provide increased value to the financial information made available by Federal agencies. Having a defined and consistent framework for agencies to report interim information, and having additional requirements around the reporting of cost data for enhanced decision-making, could assist the readers of Federal financial information with an increased understanding of the contributions made by Federal agencies.

\*\*\*\*\*

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,

A handwritten signature in cursive script that reads "Andrew Lewis". The signature is written in black ink and is positioned above the printed name and title.

Andrew C. Lewis  
FISC Chair

November 29, 2016

Mr. Scott Showalter, Chairman  
Federal Accounting Standards Advisory Board  
441 G Street, NW, Suite 6814  
Mail Stop 6H19  
Washington, D.C. 20548

Dear Chairman Showalter,

Thank you for the opportunity to provide my comments on FASAB's Annual Report and Three Year Plan. I hope my comments will be useful in helping the Board think through its plans.

- Pages 14-15: The current projects underway and in research phase are important projects for improving federal financial reporting. I have no comments or feedback on the projects that appear in Table 2; however, I do have feedback on the Board's priority projects moving forward...
- Pages 26-27: There are two topics that I think should be priority projects in the Board's three-year plan, one of which is not listed in the index of potential projects at all. I believe that both of these topics are worthy of consideration.

1. Asset Retirement Obligations, Cleanup Costs, and Revisions to SFFAS 6:

I encourage the Board to undertake a project on asset retirement obligations and cleanup costs. Convergence with FASB standard ASC 410 for these types of liabilities and FASAB's other recognition and measurement criteria under SFFAS 5 would help to significantly improve the extent to which the operating performance and stewardship federal financial reporting objectives are achieved.

Without additional federal accounting standards for asset retirement obligations and amendments to cleanup cost standards in SFFAS 6, federal financial statement balance sheets seem incomplete and inconsistent with FASB standards for asset retirement obligations and clean-up costs. They also seem inconsistent with accounting for other liabilities under FASAB standards.

The three inconsistencies between federal accounting standards and FASB standards that are discussed on page 27 under the asset retirement obligations topic are worthy of attention. These issues are also relevant to the topic of cleanup costs—also on page 27. Incremental recognition of asset retirement obligations and cleanup cost liabilities over time does not make sense to me. Asset retirement obligations should generally be recognized as both assets and liabilities in their full, fair value amounts during the periods in which the exchange transactions (asset purchases)—which are an integral part of the cost of assets—and the associated legal obligations come into existence and are measurable. This includes obligations for which legal actions have not taken place and laws and regulations do not address the costs and obligations, but that are nonetheless generally considered inherent and integral costs and legal obligations under the doctrine of promissory estoppel or as a matter of reasonable expectation regarding public policy and stewardship.

I encourage the Board to compare the bases for conclusions to SFFAS 6 at paragraphs 192 through 194 to FAS 143 at paragraph B42 and consider whether the Board maintains its position or whether it agrees with the FASB position. As you may be aware, the Board's original position when this statement was issued in 1995 pre-dates FAS 143—now ASC 410—which was issued in 2001.

Under SFFAS 5, other liabilities resulting from exchange transactions—such as federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB)—are recognized because the future outflow of resources is so likely that the Board deemed it appropriate to recognize the liabilities prior to the other events necessary to create legally enforceable claims. This concept should also be applied to certain asset retirement obligations and clean-up costs associated with federal assets.

It cannot be assumed that federal agencies are measuring and recognizing asset retirement obligations and cleanup costs consistently under the current standards, given the inconsistencies and gaps discussed on page 27. I assume that the magnitude of asset retirement obligations and cleanup costs will only continue to grow as time passes and, thus, addressing these gaps and inconsistencies sooner could be beneficial.

I should also note that there are opportunities to collaborate with and learn from GASB on its current asset retirement obligations project currently under due process. For example, one noteworthy difference between FASB standards and the GASB exposure draft is that the GASB-proposed liability measurement requirements require the use of the best estimate of the current value of the asset retirement obligations if they were going to be paid during the current reporting period. This approach is not ideal in my opinion, as it would overstate the liability by not discounting it to reflect the fair value. For this reason I concur with the alternative view expressed in the GASB exposure draft.

## 2. Improper Payments:

For several years GAO has reported that the government has been unable to determine the full extent of improper payments that occur. The government-wide improper payments estimate has increased significantly in recent years and still—according to inspectors general (IGs)—several agencies continue to be noncompliant with requirements to produce estimates for risk-susceptible programs in accordance with the Improper Payments Information Act of 2002 (IPIA). GAO has noted that the government's ability to understand the scope of the issue is hindered by incomplete, unreliable, or understated estimates. As a result, improper payments—despite their exclusion from basic information in the consolidated financial report of the U.S. government (CFR) and the component entities' agency financial reports (AFRs)—were a material weakness in internal controls over the U.S. government's CFR in fiscal year 2015. I imagine this is partially due to the relationship between this information and the internal controls over management's asset safeguarding assertions.

Under current accounting standards, component entities are not required to include improper payment estimates and disclosures in basic information but in other information (OI). As a result, it seems like material weaknesses in internal controls over financial reporting related to incomplete, unreliable, or understated estimates are less likely to be identified by component entity financial auditors when evaluating the effectiveness of internal controls over financial reporting.

Improper payment reporting in OI is subject to annual compliance determinations by inspectors general; however, the term “compliance” as defined by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) seems to entail merely publishing estimates for susceptible programs. As a result, IGs may find agencies with incomplete, unreliable, or understated estimates to be “compliant” or “compliant with requirements but improvements are needed.” While IGs can go above and beyond IPERA requirements for IGs and report on estimation methodology and precision issues, the current framework does not seem like an effective accountability and assurance mechanism for providing useful, highly relevant financial information to decision-makers regarding the extent to which payment integrity and program management objectives are being achieved.

I generally believe that the promulgation of generally accepted accounting principles in this area would significantly improve the extent to which all four objectives of federal financial reporting in SFFAC 1 are achieved.

I do not envision that the promulgation and implementation of federal accounting standards would be more costly to implement than the current requirements in place today. On the contrary, I believe it could actually yield a considerable net benefit for many agencies and programs. Consider the following:

- A. The inclusion of improper payment estimation processes within the scope of internal controls over financial reporting for component entities and the related integrated financial audits may incentivize agencies with longstanding issues related to the completeness and accuracy of program estimates to address such issues in order to avoid negative audit implications.
- B. Inclusion of improper payment estimates in basic information brings compliance with IPIA within the scope of GAGAS financial audit objectives for compliance with laws and regulations. This may allow agency IGs to streamline their IPERA audits and leverage financial audit work in meeting the IG compliance review requirements under IPIA. Currently, IGs do not report on compliance until the middle of the following fiscal year.
- C. The cost of achieving the level of precision required by current guidance<sup>1</sup> for certain programs may far outweigh the benefits. The level of precision—estimates with a 90 percent confidence interval of plus or minus 2.5 percent of the estimate or 95 percent confidence interval of plus or minus 3 percent—seems like a practically impossible and very costly requirement to meet for new and more complex federal programs. For some programs, I think an estimate using a 90 percent confidence level of plus or minus 7 or even 10 percent could be reasonable enough. Sample design itself is extremely costly for complex programs. Management and its auditors should be able to exercise a greater level of discretion regarding the level of precision needed for improper payment estimates, on a program-by-program basis, based on the concept of materiality—which encompasses and the degree of precision that is reasonably attainable for certain programs (and that which is necessary for decision-making), given constraints and cost-benefit considerations that might exist. While I believe that the current laws, regulations, and OMB guidance are a great thing for more transparency and for preventing,

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<sup>1</sup> See requirements under Part I, Section A of *OMB Circular No. A-123 Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments* for information regarding current precision requirements.

reducing, and recovering improper payments, I do not believe that the laws and regulatory requirements are cost-beneficial or practical for all federal programs in terms of the requirements for measurement and estimation of improper payments.

D. A FASAB project in this area would allow for more dialogue between agencies, IGs, OMB, Congress, and the Board regarding these and other issues. Such a project could help provide a pathway to achieving accountability objectives in a more cost-effective manner. All of this of course assumes that a project was supported by and could be coordinated with congressional stakeholders. I admittedly do not know how that would work. Legislative changes would be required to address some of these issues. Additional collaboration and dialogue across stakeholders seems necessary before these challenges are addressed; perhaps a FASAB project would be a step in the right direction. The first step would be to find out what the user needs are for these estimates; the whole premise of my feedback here is that I do not think they are getting what they need right now, but perhaps they are. My view is that many stakeholders would prefer that resources be devoted to preventing improper payments and disclosing *reasonable* estimates for programs as opposed to tying up a lot of resources in meeting robust sampling requirements that yield feedback value that might not be cost-beneficial for many programs.

- Pages 27-36: Derivatives, financial instruments, non-monetary transactions, and revenue all seem like beneficial projects to undertake that would improve federal financial reporting; however, given the information that I see in the narrative and absent other factors, I would not be inclined to prioritize these projects at this time for reasons described below:
  - o FASAB is not receiving inquiries from agencies on derivatives. (page 28)
  - o Additional time may be needed to assess lessons learned from IPSASB on financial instruments. (page 34) As a result, it seems alright to put off this project; however, I do think that a project for this perhaps show up on the technical agenda within 4-5 years.
  - o Although additional clarity would be beneficial, non-monetary transaction guidance currently exists. (page 33)
  - o The potential benefits in the potential project description for revenue seem like a positive thing—but perhaps not significant enough to necessitate prioritization at this time. (page 36)

This completes my comments. Thank you again for the opportunity to provide them for your consideration.

Sincerely,



Ricky A. Perry, Jr., CPA

Attachment 2

q1. Are you responding as an individual or organization?

	Individual		Organization		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	89.8	114	10.2	13	127
<b>Capacity</b>					
<b>Academia</b>	100.0	5	0.0	0	5
<b>Independent Public Accounting Firm</b>	100.0	7	0.0	0	7
<b>Professional Organization</b>	50.0	1	50.0	1	2
<b>Citizen</b>	100.0	7	0.0	0	7
<b>Analyst</b>	100.0	11	0.0	0	11
<b>Decision-maker within the Federal Government</b>	89.5	17	10.5	2	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	86.4	51	13.6	8	59
<b>Office of the Inspector General</b>	85.7	6	14.3	1	7
<b>Other</b>	90.0	9	10.0	1	10

2a. If other, please describe.

Other	Financial Management Policy
Other	Consultant
Other	Instructor for the CGFM and the CDFM.
Other	Quality Control
Other	Auditor Judiciary branch
Other	GL Reporting and Reconciliations
Other	Governmental accounting standards setter
Other	My company is supporting auditability at The Defense Intelligence Agency
Other	Accounting Policy writer for a Federal Agency
Other	Supervisory Accountant/former preparer of financial statements

3a. Do you agree the operating performance objective should be a near-term focus for the Board?

Attachment 2

	Definitely yes		Probably yes		Uncertain		Probably no		Definitely no		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	53.9	69	30.5	39	7.0	9	4.7	6	3.9	5	128
<b>Capacity</b>											
<b>Academia</b>	100.0	5	0.0	0	0.0	0	0.0	0	0.0	0	5
<b>Independent Public Accounting Firm</b>	57.1	4	14.3	1	14.3	1	0.0	0	14.3	1	7
<b>Professional Organization</b>	50.0	1	0.0	0	50.0	1	0.0	0	0.0	0	2
<b>Citizen</b>	100.0	7	0.0	0	0.0	0	0.0	0	0.0	0	7
<b>Analyst</b>	27.3	3	54.5	6	0.0	0	9.1	1	9.1	1	11
<b>Decision-maker within the Federal Government</b>	52.6	10	26.3	5	10.5	2	5.3	1	5.3	1	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	48.3	29	36.7	22	6.7	4	5.0	3	3.3	2	60
<b>Office of the Inspector General</b>	57.1	4	28.6	2	14.3	1	0.0	0	0.0	0	7
<b>Other</b>	60.0	6	30.0	3	0.0	0	10.0	1	0.0	0	10

3b. Why or why not?

Academia	Since the objective related to providing the cost of programs, that has to involve the near term. Any information older than the current year should be used to help the government budget for subsequent years.
Academia	Decision-useful information about performance and results of program activity should be of critical importance to all types of federal managers.
Academia	There is no value in just accounting for accounting sake. The accounting info provided is of no value unless it is used to improve operations.
Academia	These are key concerns of the public.

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Independent Public Accounting Firm	Federal and commercial financial statements have a push and pull between comparability and operating performance. In theory, comparability drives comparable EPS's in the commercial world. There's a possibility that a focus on operating performance could drive comparability in the Federal environment.
Independent Public Accounting Firm	I believe that agencies' program operating effectiveness should also provide an element of the costs incurred related to delayed budget authority and/or program redirection.
Independent Public Accounting Firm	Federal entities generally only focus on preparing full cost (including appropriate accruals) financial statements for year end. The year end financial statements are not being used to evaluate operating performance by management and probably not a focus of external users of the annual financial statements.
Independent Public Accounting Firm	Yes and with much greater detail on dollars spent each year and in total on the programs operated by the agency. And defining success as "utilizing" 100% of the funds appropriated is absolutely not a success. Detail of the money spent on programs reporting costs for the types of capital, types of operating expenses, and how payroll costs were used is necessary.
Independent Public Accounting Firm	Better shows how resources are being used and if programs are designed properly and operating as designed (effectively and efficiently)
Professional Organization	As a profession, we should be placing more emphasis on the cost and value of each program or activity. This would require a much clearer picture of what are unique programs or activities using a common framework across all agencies.
Citizen	These objectives reinforce the internal control framework (effective and effective operations, reliable reporting for decision making purposes and compliance with laws and regulations. These should be the near-term and long-term objectives. Create, measure and improve the overall system and let the system work.
Citizen	"Federal financial reporting" was defined and codified via the passage of the CFO Act of 1990, which called for the production by the federal government of private-sector-style financial statements (balance sheets and income statements)able to win unqualified opinions from financial-statement auditors to wit: that the statements fairly present the financial position and results of operations of the government in accordance with generally accepted accounting principles. Please note that A (mgmt cost acctg),B (program descriptions), and C (efficiency and effectiveness measurements) have nothing to do with federal financial reporting so defined. Therefore, if the Board begins focusing on "operating performance objectives" as defined by A, B, and C, it must first explain that it is no longer pursuing, and is renouncing, "federal financial reporting" as originally defined and codified in the CFO Act of 1990. This would be a VERY good and useful thing for the Board to do.
Citizen	Operating performance is the matter that citizens and others care most about with their governments.
Citizen	DATA Act is producing new data and increasing the call for a better definition of what a program is. Once defined, the Federal accounting profession should have rules in place to allow accurate costing by program.
Analyst	Public is not interested in production costs. Real problem in the US is public debt and deficit spending, regardless of individual agency efficiency.
Analyst	It's important to report on service efforts, costs, and accomplishments. However, performance is affected by factors that are difficult to measure, such as staff turnover, funding restrictions, and the effect of other priorities.
Analyst	Organizations still struggle with acutually being able to judge how their operating performance is progressing/not progressing according to plans. Comparing

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	budget/plan to actual execution is a great weakness of the Federal Government as a whole and especially in the DoD (due to the lack of actual understanding of financial accounting/managerial accounting/cost accounting principles.
Decision-maker within the Federal Government	To provide the users of the financial statements information that can assist them with making more informed management decisions as it relates the federal environment.
Decision-maker within the Federal Government	The intention behind this proposal is good--it's trying to find an actual user for the Federal Financial reports. The proposal is too narrow, however. What is really needed over the next three years is a fundamental reassessment of the role and purpose of the federal financial statements and whether the process of generating static reports can be replaced altogether through real-time reporting such as that required by the DATA Act. This study should not be done by the accounting-professional centric FASAB or by an accounting firm invested in the current process, but rather by NAPA or by general-purpose management consulting firm such as McKinsey. FASAB really needs to understand the requirements of users and decision-makers of federal financial data. This survey, sent to the FASAB distribution list (primarily accounting and CFO types invested in the current reporting model) is unlikely to be an effective tool for truly understanding user requirements.
Decision-maker within the Federal Government	To imply that financial reporting needs to be done at the specific program and activity level is way overkill and not necessary. The cost associated with this level of detail will be more than significant. Systems will require major rework...who will pay for this effort?
Decision-maker within the Federal Government	performance is directly related to achievement of stated goals
Decision-maker within the Federal Government	Providing additional information in operating performance will increase transparency with regards to mission-related activities being performed by an agency.
Decision-maker within the Federal Government	It is important to have consistent reporting to gain an understanding of our operating performance that is consistent throughout all entities. I think there should be tied close to guidance coming from FASB as well.
Decision-maker within the Federal Government	Since the Federal government's resources are not unlimited, but the needs extensive, it is logical to examine and report of operating performance to enhance decision making and deployment of scarce resources.
Decision-maker within the Federal Government	Resources are scarce need to get value from efforts.
Decision-maker within the Federal Government	I definitely feel the operating performance objective should be a near-term focus for the Board due to the importance of the information for management decisions and to also identify waste in the Federal government.
Decision-maker within the Federal Government	Historical financial information is dated and of limited value. Expanding financial reporting in these nonfinancial areas will provide a more holistic view and assist users in understanding the risks the entity is facing.
Decision-maker within the Federal Government	We are stewards of taxpayer dollars and we should show how efficiently and effectively those dollars were spent.
Decision-maker within the Federal Government	I agree with what was stated in #3 above. And it is very important topic to have users to understand it. However, the current reporting is very burdensome with many redundancies. The streamlining of reporting burden must be evaluated first before

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	adding or modifying more reporting requirements. The financial reporting community has been suffering after the GTAS reporting requirement was implemented that was mandated without accompanying system support nor resources.
Preparer of Financial Statements	this would make our planning a bit easier and help us determine costs of certain programs more efficiently
Preparer of Financial Statements	The main objective of financial report for the federal government is primary based on success of programs and activities; thus, the reporting of operating performance should always be a continuous improvement objective.
Preparer of Financial Statements	Performance reporting is difficult to establish detailed requirements for, due to the lack of uniform units by which to measure an agency's performance. Each agency is unique.
Preparer of Financial Statements	For a large Department, providing information for specific programs would be an overwhelming task and would require additional manpower.
Preparer of Financial Statements	It's of interest to everyone, whether government employees or citizens.
Preparer of Financial Statements	Statement of Net Costs is the driver of operating performance effectiveness; however, within this statement, performance metrics should be supplementary that details the entity's true operating efficiency, since SNC can be subject to manipulation.
Preparer of Financial Statements	This should be a near term focus because this is the objective of financial reporting and the government must be as transparent as possible to the taxpayers. In addition, timeliness of financial information assist in making informed future financial decisions.
Preparer of Financial Statements	Each agency is unique
Preparer of Financial Statements	Federal Government changing reporting and work force environment. Cost of operations, return on investment, and performance reports for financials I believe will continue to shape the future of how our federal government service will provide services to the public.
Preparer of Financial Statements	The FASAB needs, at the very least to require public enterprise revolving funds to prepare a Statement of Cash Flows under FASB No. 95 requirements, recommending the direct method of computation.
Preparer of Financial Statements	This is a very broad objective very much beyond the preparation of financial results of operations, seems more like performance reporting mostly, and I am personally not sure that this should be addressed by FASAB, although it appears to me that FASAB is very interested in pursuing this.
Preparer of Financial Statements	The more information that is available on the costs and benefits of federal programs should enable the users of the financial information to make better decisions.
Preparer of Financial Statements	The level of detail required to address the operating performance to be useful to the reader would enlarge the financial report considerably. This would not be user friendly.
Preparer of Financial Statements	Provides Accountability to the public and Congress on spending. Also provides a template to improvements going forward and gives some measure on program impact and effectiveness.
Preparer of Financial Statements	The public should know what agencies do, how much programs costs, and what accomplishments have been achieved.
Preparer of Financial Statements	FASAB sets financial reporting standards and should have leadership and provide guidance in how best to reflect program cost and accomplishments that relate to the

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	statements
Preparer of Financial Statements	Accountable to taxpayers for disclosing what value (or how) their tax dollars performed. Similar to determining ROI, especially in the ongoing uncertain budgetary climate (deficits predicted to continue in near term in face of interest rates just starting to rise). Ultimately, more tax dollars will be committed to paying down the nation's debt and crowding out all other spending. Tax payers need to know how effectively those dollars are being used. If those dollars aren't producing a positive return or performance measure, those dollars s/b redirected, or the related program cancelled, etc.
Preparer of Financial Statements	There is no accountability of Operating Performance in Government. If there is, it is hard to measure. Program professional do not understand the performance measurement. Financial and Accounting professionals can contribute in it.
Preparer of Financial Statements	Clear and concise vision.
Preparer of Financial Statements	accounting principles should not be conflated with performance objectives
Preparer of Financial Statements	While the goal of providing information to citizen stakeholders & other interested parties is admirable; unfortunately it seems to me (personally) that getting to the real details on the ground is not something that the financial statement preparer community would be able to accomplish and illustrate; as the cost capture & categorization mechanism (BOC/Commitment Item classifications) isn't as consistently applied as we would hope. Given the difficulties in this area, I believe that the efforts should be focused on fundamental cost accounting and classification misunderstandings.
Preparer of Financial Statements	The objective is valuable to the citizen. The difficulty is in making it a FASAB objective. Accounting must be standardized to be comparable across entities and it must auditable. It is one thing to measure and classify transactions and another thing to measure efficiency and effectiveness for how assets and liabilities are managed. This seems difficult to establish accounting standards for consistent application.
Preparer of Financial Statements	The stated purpose of the Financial Report of the U.S. Government is to inform citizens on the use of their money. We owe it to them to be transparent on how effectively the government is using their money.
Preparer of Financial Statements	With a number of other substantial accounting topics for the Board to address, such a broad-scope approach would not seem to rank as a significant priority for staff efforts. I further question the role the FASAB should have in defining requirements to address the above elements 3.B. and 3.C. So other than staff performing analysis for the Board to understand the Federal environment better, it is not clear what outcomes are expected and purpose the Board would have to prioritize such efforts in the near-term. Without further clarity regarding specific components of operating performance that may be examined, it is difficult to agree or disagree with such a broad statement.
Preparer of Financial Statements	Although this information is usually already reported in an Agencies AFR, it is not audited for correctness, reasonableness, and completeness. However, this would be difficult to audit to include in opining on the financial statements. One concern is "objectivity" with the auditors.
Preparer of Financial Statements	Because I agree that the reporting should assist users in evaluating the service efforts, costs and accomplishments of the reporting entity.
Preparer of Financial Statements	As the government continues to do more with less, it is important to understand the costs of implementing programs and the costs of running the government. The identified objectives above address that need, which is very timely and relevant in today's transitioning environment.

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Preparer of Financial Statements	Yes, because this information would be most beneficial to the users of financial reporting data.
Preparer of Financial Statements	Citizens want accountability and transparency. Working folks need to know their tax dollars are being used effectively or not.
Preparer of Financial Statements	to help drive the efficiency and effectiveness of the programs
Preparer of Financial Statements	It appears that there will be continued and increasing interest in effectively managing government resources.
Preparer of Financial Statements	recognize the importance of an agency's mission and making the right decisions to prevent cost overruns on major and minor projects such as construction or system conversions.
Preparer of Financial Statements	Operating performance helps provide transparency to tax payer dollars.
Preparer of Financial Statements	It is a means of determining if programs are accomplishing their goals and at what cost. If programs are not achieving its goals for the costs incurred , the resources need to be challenged elsewhere and/or the programs need to be evaluated more closely and/or absorbed elsewhere within the Federal government. Resources are too scarce to waste on programs that are not effective and efficient.
Preparer of Financial Statements	The Federal Government is a bureaucracy. By exposing the costs, it may lead to slimming down the layers of oversight and make the government lean and productive.
Office of the Inspector General	The Statement of Net Cost is pretty much useless. Report users are not provided useful information allowing them to determine the costs associated with the programs. Overhead costs are always lumped in and never broken out resulting in overstated program costs and understated administrative costs. If the U.S. Government really wants to control costs, then the statement of net costs needs to be more informative and accurately reflect direct, indirect, and overhead costs.
Office of the Inspector General	It's unclear if "the efforts and accomplishments" would become additive to the reporting requirements of the Government Performance and Results Modernization Act (GPRMA), duplicative, or just a further implementation of GPRMA. Concerned about reporting creep that becomes a paper chase and really adds no value.
Office of the Inspector General	its important to be transparent about how public funds are used
Office of the Inspector General	Having an operating performance assessment can provide a good picture of the cost effectiveness of each program. In today's environment where we have to do more with less, being able to see how effective programs are is a must.
Other	Since federal financial management laws are changing or new ones enacted, I believe the impact of those changes on operating performance should be the focus for the board.
Other	helps is correct; not the complete answer
Other	While operating performance should be a goal of every federal program manager all to often the funding source (Congress) is more concerned about money spent in a district/state than in the performance received for dollars spent. Not sure if that basically philosophy can ever be changed.
Other	We are stewards of funds entrusted to us to serve a public need. The public does not trust that we are using those funds effectively and efficiently to satisfy the public need.

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Other	This is of significant interest to the public. Tax dollars and their expenditure should be as detailed as possible, within cost efficiency constraints.
Other	The sooner the public can determine what has been going on, the quicker change can take place to improve on stewardship.
Other	This is a tremendously challenging area for standards setting, but this information is very valuable more almost all users of financial statements.
Other	If we cannot even report our assets, why would we be focused on Operating Performance? Whatever numbers we calculated would be incorrect, so the data would be meaningless.
Other	Accountability is what taxpayers require from their government and this objective directly ties into how the government spends the money they receive and if it's efficiently spending.
Other	This would be important for taxpayers and report users in obtaining meaningful information regarding the details, nature, and success of the programs each agency is tasked to perform; this would also unveil inefficiencies, improvements needed and also what does work in the gov't. However, the way we can meaningfully extract this information out of the existing system and its cost should also be weighed in also.

4a. Do you agree the stewardship objective should be a near-term focus for the Board?

	Definitely yes		Probably yes		Uncertain		Probably no		Definitely no		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	46.1	59	33.6	43	11.7	15	6.3	8	2.3	3	128
<b>Capacity</b>											
<b>Academia</b>	80.0	4	0.0	0	0.0	0	20.0	1	0.0	0	5
<b>Independent Public Accounting Firm</b>	28.6	2	42.9	3	14.3	1	0.0	0	14.3	1	7
<b>Professional Organization</b>	50.0	1	0.0	0	50.0	1	0.0	0	0.0	0	2
<b>Citizen</b>	71.4	5	14.3	1	0.0	0	0.0	0	14.3	1	7
<b>Analyst</b>	36.4	4	54.5	6	0.0	0	9.1	1	0.0	0	11
<b>Decision-maker within the Federal Government</b>	47.4	9	47.4	9	5.3	1	0.0	0	0.0	0	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0	0	0

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	Definitely yes		Probably yes		Uncertain		Probably no		Definitely no		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Preparer of Financial Statements</b>	43.3	26	35.0	21	11.7	7	8.3	5	1.7	1	60
<b>Office of the Inspector General</b>	42.9	3	42.9	3	14.3	1	0.0	0	0.0	0	7
<b>Other</b>	50.0	5	0.0	0	40.0	4	10.0	1	0.0	0	10

4b. Why or why not?

Academia	This objective relates to the government as a whole, not a particular agency. subobjectives A and C can only apply to the short term--the current audit. However, subobjective B should apply to more than the near-term--at least 3-5 years. Decisions need to be made about the longer term, particularly since a major financing source for the government is borrowed money. How long can this level of spending be sustained?
Academia	Financial position should be very important to federal managers, which includes budgetary resources. The nation's current and future well-being is hard to measure but valuable to longer-term analysis.
Academia	Accounting info should be used to assess the accountability of the decision-makers in the use of taxpayer dollars.
Academia	Government financial condition and fiscal sustainability are key issues in a world facing the 6th extinction, etc.
Independent Public Accounting Firm	The core of stewardship is why Federal government programs exist to benefit the American people. Not requiring Stewardship reporting is the antithesis of why Federal government programs exist.
Independent Public Accounting Firm	While stewardship is very important, I believe measurement of the agency operating effectiveness is most urgently needed to pinpoint inefficiencies. Once an agency has a handle on that then we can more accurately understand future resource needs and report on the contribution to the nation's well-being.
Independent Public Accounting Firm	Part of this is much more subjective then reporting operating results. With sufficient detail in the reporting of operations this "stewardship" question is already partly addressed. To the extent funds are available in the future to complete a program, this is less a matter of financial reporting and more of an MD&A discussion.
Independent Public Accounting Firm	Same as 3b above shows accountability and use of resources and if government will be able to sustain the programs in place. Will allow for better budgeting in efforts in future.
Professional Organization	Yes at a government-wide level; not a major priority at a component level.
Citizen	We need much improvement in this area. Stewardship is another term for asset management. For stewardship/asset management, a common approach using ISO 55000 should be used to meet the overall objectives. The construct/framework/system needs to be developed, tested, implemented and enforced. Advanced computer models need to be developed to identify deficiencies and opportunities - think of

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	computer assistance tools for situational awareness comparable to the F35.
Citizen	Although this is touched on in the yearly Financial Report of the US Government more attention is needed.
Citizen	Although the first two of these "stewardship objectives" are akin to the objectives of financial reporting in the private sector (concerned as they are with: financial position, financial results-of-operations, and the going-concern question), the third objective is so far removed from the FASAB's natural and appropriate purview that it would be presumptuous in the extreme for the FASAB to assign to itself the responsibility for setting the rules and principles that must be used to determine "whether government operations have contributed to the nation's current and future well-being." Indeed, under the Constitution, that determination is the responsibility of voters acting through their elected representatives in Congress, isn't it?
Citizen	Sustainability is a primary concern for the Federal government. Stewardship reporting will reveal how the government is doing in this regard.
Citizen	I question how much we should focus on element "C" but believe A and B are important and are something federal accounting has made some progress on.
Analyst	Public is interested in the nation's financial position. It's likely entitlements are consuming way too many financial capacity.
Analyst	To understand the impact/results
Analyst	Again, it's difficult to measure what could have been accomplished through other means as well as what may be lost by not utilizing Federal workers. Risk factors that are inherent to the Federal environment are difficult to measure.
Analyst	My experience with our resource management team is they lack the training, understanding, and ability to project and analyze data until it is too late. They don't understand macro and micro impacts and standardizing how this information should be gathered/analyzed and presented would be beneficial across the government.
Decision-maker within the Federal Government	To provide the users of the financial statements information that can assist them with making more informed management decisions as it relates the federal environment.
Decision-maker within the Federal Government	Information is needed on this, certainly, but CBO is the current trusted authority for long-term budget requirements. Any study by FASAB on this would need to be done in close coordination with CBO and GAO and in consultation with academia. Given that any calculation of future national budget and financial risks are highly uncertain (dependent on future economic growth rates, population growth rates, global trends/shocks, etc), a lot of the salient information would be ranges varying based on different assumptions. Again, the needs of the ultimate users of the data would need to be fully understood. The term "stewardship" is far too vague. Call it "long-term financial risks" if that is what the project is trying to address.
Decision-maker within the Federal Government	this should be the purpose of the statements...to provide the facts and make them available for analysis from both a user perspective and overall budgetary needs.
Decision-maker within the Federal Government	Similar to 3b, providing additional information in an agency's stewardship activities will enhance the agency's transparency with its constituents (general public).
Decision-maker within the Federal Government	Standard financial statements don't reflect stewardship in so many ways. Spending is the focus in most operations and not concerned with balance sheet impacts for example. Government accounting has too much of a focused approach to funding and expenditures that isn't captured in the current financial requirements.

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Decision-maker within the Federal Government	The challenges facing the nation are multi-faceted and significant. Many of those challenges need to be addressed sooner rather than later. Without the ability to evaluate the government's stewardship, stakeholders will be reluctant or maybe even opposed to providing necessary resources for the government to meet its needs and obligations.
Decision-maker within the Federal Government	Same as 3.b.above
Decision-maker within the Federal Government	Yes, I definitely agree the stewardship objective should be a near-term focus for the Board since this information is key for financial management.
Decision-maker within the Federal Government	Stewardship reporting will assist stakeholders in understanding the sustainability of both operations of the government and revenue and debt needs of the government.
Decision-maker within the Federal Government	It is very important to report the government's financial position and whether the path we're on is sustainable in the future.
Decision-maker within the Federal Government	It must be reported in very near future, if not now, particularly for the operations of HHS and SSA.
Preparer of Financial Statements	to see the effect and results of federal funding and justify the purpose of the same.
Preparer of Financial Statements	The appropriate handling of funds as it relates to stewardship should always be a focus of improvement because it is the essential essence of how public services should be carried out.
Preparer of Financial Statements	Fiscal sustainability is extremely important and requires innovative ways to effectively communicate information to the general public.
Preparer of Financial Statements	This information should be provided only at the government-wide level.
Preparer of Financial Statements	People need to know whether the financial position has improved and whether the budget will be sufficient to meet obligations in the future.
Preparer of Financial Statements	This should be a near term focus because this is the objective of financial reporting and the government must be as transparent as possible to the taxpayers. In addition, timeliness of financial information assist in making informed future financial decisions.
Preparer of Financial Statements	Each agency is unique
Preparer of Financial Statements	Increase accountability demands from the public.
Preparer of Financial Statements	This is a very broad objective very much beyond the preparation of financial results of operations, seems more like performance reporting mostly, and I am personally not sure that this should be addressed by FASAB, although it appears to me that FASAB is very interested in pursuing this.
Preparer of Financial Statements	As federal employees, we are charged with ensuring that tax dollars are spent wisely. The state of the federal financial position is critical to ensuring this.
Preparer of Financial	Provides a form of Report to the taxpayers and congress on agencies fiduciary

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Statements	responsibility.
Preparer of Financial Statements	A reader should know what the government is doing with the funding and how it is spent. It should be presented in the most simplified manner in which a reader can understand the terms used and not just terms used in a federal government (i.e. outlays, obligations, offsetting collections, ) Does a reader of the financial report understand these terms.
Preparer of Financial Statements	I agree with items A and B, but view item C as a bit ambiguous and difficult to define or measure.
Preparer of Financial Statements	This area is more subjective and forecasting better left to agencies like GAO, CBO, independent auditors to opine one.
Preparer of Financial Statements	See above--accountability and transparency for the compulsory taxes (non-exchange) paid.
Preparer of Financial Statements	Stewardship of funds is the single most responsibility of the Federal Government. The professionals in government are tasked with this responsibility. It should be near term and immediate focus.
Preparer of Financial Statements	To track the progress of improvements.
Preparer of Financial Statements	B and C above concern me because obligations must be covered with budgetary resources before recordation except in the Social Insurance and some other areas. There needs to be a reasonable presentation of the future and the uncertainty of these projections demand less than financial statement and note inclusion. Well-being statements are in the eye of the beholder and do not lend themselves to standard setting. Requiring political spin is a slippery slope.
Preparer of Financial Statements	cash flow, net position, and the ability to continue as a going concern seem to be very reasonable, useful, (and hopefully thought provoking/discussion starting) reporting goals
Preparer of Financial Statements	A reader should definitely be able to identify the financial position of the entity, as well as the sources and uses of resources and how they contributed to the nation's financial position. There may be some over reliance on net outlays for determination of financial health, or over reliance on other short-term financial measures. A measure of net use of cash in one year may not be the best indicator of overall long-term financial health. This would be a definite yes if there were more specifics regarding the metrics to be used to determine what is meant by financial well-being.
Preparer of Financial Statements	With a number of other substantial accounting topics for the Board to address, such a broad-scope approach would not seem to rank as a significant priority for staff efforts. I further question the role the FASAB should have in defining requirements to address the above elements 4.B. and 4.C. So other than staff performing analysis for the Board to understand the Federal environment better, it is not clear what outcomes are expected and purpose the Board would have to prioritize such efforts in the near-term. Without further clarity regarding specific components of operating performance that may be examined, it is difficult to agree or disagree with such a broad statement.
Preparer of Financial Statements	Difficulties with Agencies will be with the conduct and intent of Congress and other higher authorities with their determining the Mission's focus and the funding allotted to the Agency.
Preparer of Financial Statements	Stewardship should be an objective for the Board, however, I am not certain the financial reporting is the best option to meet the objective. Other factors that impact the financial position, and sustainability are not captured, considered nor included in the current financial reporting.

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Preparer of Financial Statements	Item B will probably be most important to the average citizen.
Preparer of Financial Statements	It appears that there will be continued and increasing interest in effectively managing government resources and making difficult choices for future budgets.
Preparer of Financial Statements	this is good for looking at the big picture and for someone who isn't looking to dig down into the details. Tracking stewardship also is good for when the political climate changes.
Preparer of Financial Statements	This is another transparency opportunity, particularly as relates to future obligations.
Preparer of Financial Statements	The Federal government's financial position has a direct impact on the way it conducts business and on the country's well being. If the government is unable to meet its obligations, this impacts the level of services to be provided to taxpayers and the economy in the long run.
Office of the Inspector General	It is widely thought by the public that the U.S. Government is overspending and eventually this will catch up and result in bankruptcy. People younger than the Baby Boom generation don't expect to receive social security. It just doesn't seem possible that the US can continue to fund trillion dollar debts and be able to pay future obligations.
Office of the Inspector General	How could anyone measure "whether government operations have contributed to the nation's current and future well-being", and who is going to report they haven't? Could this ever be implemented? Further, it is not auditable, so the only place it could go is Other Information; do that add value to a set of financial statements.
Office of the Inspector General	the government must be accountable to the public and handle the funds well
Office of the Inspector General	I think the stewardship is important but I would focus first on the operating performance objective. Knowing the cost effectiveness of the programs and how to improve efficiency first, would later help with the stewardship objective.
Other	b and c are too future oriented and are not auditable; well being is not measurable; budgets can change
Other	Our unfinanced liabilities (SS, MCARE, Interest, etc) need further recognition in the federal financial statements, maybe ever to identify these large(\$125+ T) amounts as a liability on the balance sheet of the federal government.
Other	We need to reestablish the public's trust and demonstrate that there are adequate resources to meet current and future obligations.
Other	This is of significant interest to the public. Tax dollars and their use should be as detailed as possible, within cost efficiency constraints. In addition, the projection of the future costs and its presentation in a meaningful and understandable manner to the public is of utmost importance.
Other	Going forward is more important than what has already happened. Predictive analytics based on past performance will determine how changes can be to sustain a positive future for this country.
Other	While this is important information, I think that existing standards adequately address this area.
Other	I'm not sure what stewardship implies?
Other	While being able to compare and show an increase or decline in the government's

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	operations is important, I question the ability of accounting standards to estimate appropriately part B. Forecasts of future budgetary resources are important, but are not the actual numbers that occur. Many unknowns could impact those numbers.
Other	This information would provide a meaningful data and impact of gov't programs and services to the public and report users, more so than the standard financial reporting alone. This would also show a more direct impact and link to the performance of gov't programs and agencies to the stakeholders/taxpayers and report users.

**q5a. Priority: Accounting and Reporting of Government Land Project.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	54.8	69	45.2	57	126
<b>Capacity</b>					
<b>Academia</b>	40.0	2	60.0	3	5
<b>Independent Public Accounting Firm</b>	57.1	4	42.9	3	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	42.9	3	57.1	4	7
<b>Analyst</b>	45.5	5	54.5	6	11
<b>Decision-maker within the Federal Government</b>	68.4	13	31.6	6	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	53.3	32	46.7	28	60
<b>Office of the Inspector General</b>	42.9	3	57.1	4	7
<b>Other</b>	66.7	6	33.3	3	9

**q5a. Comment: Accounting and Reporting of Government Land Project.**

Academia	Agree that this is a priority	Land is a key scarce resource in this environmentally challenged world.
Independent Public Accounting Firm	Agree that this is a priority	The differences between Stewardship and GPP&E land need to be decided, and the link between GSA FRPC needs to be established.
Citizen	Agree that this is a priority	I did not agree with the approach taken - perhaps a consistent and efficient global approach should be taken.
Analyst	Agree that this is a priority	US holding of public land is controversial and worthy of reporting.
Analyst	Agree that this is a priority	various agencies have different ways need one reporting format

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Decision-maker within the Federal Government	Agree that this is a priority	consideration must be given to the programmatic differences between agencies missions.
Decision-maker within the Federal Government	Agree that this is a priority	Consistency in financial accounting and reporting is critical to the usefulness of any government report. As a significant landholders in many instances, Federal agencies need to report this asset in a consistent manner.
Decision-maker within the Federal Government	Agree that this is a priority	Needs clarification. This is a basic accounting issue that needs to be resolved
Decision-maker within the Federal Government	Agree that this is a priority	Agencies reporting of land holdings needs to be done in a consistent manner so the information can be consolidated on financial statements of the U.S. Government in a consistent manner.
Preparer of Financial Statements	Agree that this is a priority	Good reporting may help to promote accountability and stewardship of government-owned land.
Preparer of Financial Statements	Agree that this is a priority	Consistency in reporting is critical in order for the information to be understandable and useful.
Preparer of Financial Statements	Agree that this is a priority	I am hopeful FASAB would focus on the accounting aspect, and not so much the disclosures aspect of # of acres, etc. which is stewardship reporting I would agree but I am uncertain of if this should be a focus of FASAB (i.e. how much of an emphasis on performance and stewardship reporting FASAB should have I am uncertain)
Preparer of Financial Statements	Agree that this is a priority	I agree that this should be a priority, however care needs to be taken to ensure that undue burden is not placed on those agencies that have significant land holdings. Certain agencies have hundreds of millions of acres of land and providing too much detail on those land holdings would not be cost effective and certainly not a good use of taxpayer money.
Preparer of Financial Statements	Agree that this is a priority	Huge topic of concern
Preparer of Financial Statements	Agree that this is a priority	Achieving greater consistency in the reporting of land and its cost by Federal agencies is seen as a priority.
Preparer of Financial Statements	Agree that this is a priority	Due to the high exposure of government leases, this should be more clarified to the readers of financial statements to provide a better understanding for better decision-making purposes.
Preparer of Financial Statements	Agree that this is a priority	Acreage should be more important than fair value of land.
Other	Agree that this is a priority	This is a very difficult part of accounting and better guidance is needed for agencies to follow.
Other	Agree that this is a priority	should have different agencies reporting differently for the same item.

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Other	Agree that this is a priority	Without consistency in reporting the numbers are not meaningful
Other	Agree that this is a priority	Reporting the value of land should be a priority.
Academia	Disagree that this is a priority	This might only be a priority if the government wishes to sell some of its land.
Academia	Disagree that this is a priority	Although land is an important asset, its value in the financial statements is not critical.
Independent Public Accounting Firm	Disagree that this is a priority	While important to consistently report land holdings, it generally does not have an effect on operating effectiveness of an agency as the transaction to acquire or dispose of land are infrequent. Good project for later but not a priority.
Citizen	Disagree that this is a priority	waste of time
Citizen	Disagree that this is a priority	Since the amount, cost, and/or value of Federal land has little decision-usefulness.
Analyst	Disagree that this is a priority	Doesn't affect my own agency.
Analyst	Disagree that this is a priority	Although important I do not think this should be a priority over other areas that may be more widespread.
Decision-maker within the Federal Government	Disagree that this is a priority	take all land off the balance sheet and use resources to define program and do cost accounting
Preparer of Financial Statements	Disagree that this is a priority	Much of the land managed by the federal government is stewardship land and as such, is priceless. Attempting to value these holdings, whether at historic or market value does not provide useful information overall.
Preparer of Financial Statements	Disagree that this is a priority	I am uncertain about the purpose as I imagine all agencies provide some sort of disclosure on Assets whether building or land, leases, etc. agreements, etc.
Preparer of Financial Statements	Disagree that this is a priority	Priority for longer term; disclosures and heritage asset disclosures could continue to suffice (low-risk).
Preparer of Financial Statements	Disagree that this is a priority	There are many more important measures.
Preparer of Financial Statements	Disagree that this is a priority	This project has little impact on my organization. Given the other projects, this might be worth delaying.
Office of the Inspector General	Disagree that this is a priority	If you have a deed then it is your property. If there is a dispute, let the courts settle it.
Other	Disagree that this is a priority	It would be helpful to have greater consistency in this area, I put it a low priority because carrying value of land doesn't seem to answer the questions that most users would have about the federal government's finances.

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**q5b. Priority: Budget and Accrual Reconciliation Project.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	84.0	105	16.0	20	125
<b>Capacity</b>					
<b>Academia</b>	60.0	3	40.0	2	5
<b>Independent Public Accounting Firm</b>	42.9	3	57.1	4	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	71.4	5	28.6	2	7
<b>Analyst</b>	100.0	11	0.0	0	11
<b>Decision-maker within the Federal Government</b>	89.5	17	10.5	2	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	89.8	53	10.2	6	59
<b>Office of the Inspector General</b>	71.4	5	28.6	2	7
<b>Other</b>	77.8	7	22.2	2	9

**q5b. Comment: Budget and Accrual Reconciliation Project.**

Academia	Agree that this is a priority	Again, the problem relates to agency financial reporting compared to the government as a whole. As long as appropriations are the major financing source for agencies, the report is of little value since there is no relationship between agency reporting and government-wide reporting.
Academia	Agree that this is a priority	Clear presentation is needed for those not familiar with accrual accounting.
Independent Public Accounting Firm	Agree that this is a priority	This area appears to be inconsistently displayed in the disclosures of different agencies.
Professional Organization	Agree that this is a priority	The Statement of Financing as-is does not provide much value to a user.
Citizen	Agree that this is a priority	Not a priority at the agency level, since this statement gets little attention. A priority at the Federal level, however, to remove one of the roadblocks to an unmodified opinion on the Federal government's financial statements.
Analyst	Agree that this is a priority	Any effort to address the deficit is welcome.

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Analyst	Agree that this is a priority	We have problems between the budget and accruals
Analyst	Agree that this is a priority	Too many different ways to report this across the agencies and doesn't truly allow for an "apples to apples" comparison.
Decision-maker within the Federal Government	Agree that this is a priority	This should be a top priority.
Decision-maker within the Federal Government	Agree that this is a priority	Simplification is needed to promote stakeholder understanding
Decision-maker within the Federal Government	Agree that this is a priority	The Statement of Financing needs to be simplified to be easily read and understood by non-financial individuals.
Decision-maker within the Federal Government	Agree that this is a priority	The RNCOB or Statement of Financing requires simplification and a crosswalk from the general ledger to produce it.
Preparer of Financial Statements	Agree that this is a priority	The existing Statement of Financing is not understandable to the general public.
Preparer of Financial Statements	Agree that this is a priority	Current process is complex and requires more decoding for the agencies to accurately present this reconciliation.
Preparer of Financial Statements	Agree that this is a priority	It is reasonable to prepare something in Treasury's Closing Package that assists the U.S. Government budget deficit to net operating cost reconciliation, however, I believe it is very wrong to have that as a key objective of an agency finl stmts footnote, which may not increase the usefulness of and promote better understanding of and interpretation of the agency finl stmts itself. Therefore, I am very concerned that what may be proposed is a significant step backwards to the usefulness of agency finl stmts itself. The current SOF, while it is complicated, does serve a direct purpose to the agency finl stmts (reconciling the 2 bases of budgetary and proprietary accounting that is presented in agency finl stmts). I am not sure at all how reconciliation of net operating cost to budget deficit reconciliation would be useful to readers of agency financial statements, and that may be significantly less useful than the current SOF. Perhaps a Cash Flow Stmt is more preferable to the current SOF, and could be explored further. I believe this is mentioned somewhere by FASAB.
Preparer of Financial Statements	Agree that this is a priority	I agree that this should be a priority, however my agreement is in the sense that the Statement of Financing should not be a financial reporting requirement as a statement or footnote. It's a reconciliation and is not representing financial activity nor a financial position. I do not believe this should be an AFR reporting requirement. The data presented is, at best, confusing to most readers. I believe the Statement of Financing is a good reconciliation tool, but should not be a required financial statement package disclosure.
Preparer of Financial Statements	Agree that this is a priority	Statements should be able to be understood by the public. Current reporting mixes accrual accounting with governmental (fund) accounting and is indeed difficult to follow. Need to simplify and revisit what message we are trying to convey with the statement

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		which may result in a totally different presentation.
Preparer of Financial Statements	Agree that this is a priority	While this topic does not seem to be an urgent financial topic, it is important to resolve long-standing concerns with the current requirements and identify elements that might be of use to readers for financial reports.
Preparer of Financial Statements	Agree that this is a priority	This project will need an implementation guide and USSGL crosswalks to assure its success.
Preparer of Financial Statements	Agree that this is a priority	Obviously, any reconciliation effort, including this particular project, will provide a better enhancement. I am unsure of what alternative presentation can be helpful here.
Preparer of Financial Statements	Agree that this is a priority	The FASAB needs to require the Statement of Cash Flows, under FASB95 as a primary financial statement.
Preparer of Financial Statements	Agree that this is a priority	The current Statement of Financing (actually a note to the financial statements) is not a useful reconciliation as it is difficult to understand. It is doubtful that anyone from the private sector, or the federal sector for that matter, finds the information useful.
Preparer of Financial Statements	Agree that this is a priority	I highly recommend moving back to a cash flow statement which is more user friendly to those who would bother to read the financial statement than the complicated government statement of financing.
Preparer of Financial Statements	Agree that this is a priority	SOF has been confusing for years and the proposed "solution" may make that easier. Also, other initiatives/statutes appear to be focusing on reporting on net outlays. This would help foster consistency in reporting across the board.
Preparer of Financial Statements	Agree that this is a priority	Citizens will not have faith in the federal government's management of their resources until the USA Annual Financial Report is auditable and can receive an unqualified opinion. This project should eliminate one of the three primary problems for the audit, which is to tie the budgetary accounts to the proprietary accounts and to tie the Departmental audited accounts to the Treasury's closing package.
Other	Agree that this is a priority	The current reporting of SOF needs to be overhauled in order to produce meaningful information.
Other	Agree that this is a priority	Existing reconciliation that this new reconciliation template is trying to replace is a very complicated and time-consuming reconciliation which does not provide much value to the user. Simplification of the reconciliation AND to provide long-awaited guidance and crosswalks for preparers will assist agencies significantly. It should be noted, however, that this is a reconciliation of financial statements that are already audited and reported..it should not take priority over easing the burden or clarification on issues directly related to preparation of major financial statements and reporting.
Other	Agree that this is a priority	A full understanding of the federal budget at a high level (both budget and actual amounts) is a worthy goal. Where else is this even attempted?
Academia	Disagree that this is a priority	But do it if you have time.
Independent Public	Disagree that this	Necessary, but not the highest priority given all the open issues

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Accounting Firm	is a priority	addressed previously.
Citizen	Disagree that this is a priority	This is important - but the approach should be as a result of the overall system design - not a design of a component prior to development of an overall system.
Citizen	Disagree that this is a priority	Complicated way of saying that the federal government runs on budgetary accounting, which is quite different from and therefore must be reconciled with accrual-based, private-sector-style 'financial accounting.' This is a "priority" only as long as the Board insists on continuing financial accounting as defined by the CFO Act of 1990.
Decision-maker within the Federal Government	Disagree that this is a priority	not needed for good government...no one will use it anyway because of the timing issues related to when statements are issued and when the budgets are prepared.
Preparer of Financial Statements	Disagree that this is a priority	Due to the complexity and the uselessness of most financial statement readers, this would not be cost-beneficial for preparers as well as readers to make useful decisions.
Preparer of Financial Statements	Disagree that this is a priority	Only important to select group. I'm for projects that help the average citizen understand government operations and position.
Preparer of Financial Statements	Disagree that this is a priority	Financial Statements are very complicated and not even accountants understand. Therefore financial statements are only compliance. Most Certified Public Accountants working in Government think financial statements are meaningless
Office of the Inspector General	Disagree that this is a priority	Rather than that, consider eliminating both the SBR and SF. Just report the Fed Gov more like a non-profit. It is easier to understand, easier to report, and more informative.
Other	Disagree that this is a priority	There is a lot of information available to Agencies for this topic. Agencies need to make sure their personnel know where to find guidance on these areas and ensure their employees refer to the guidance.
Other	Disagree that this is a priority	not sure statement of financing is that difficult to understand.

**q5c. Priority: Concepts- The Financial Report.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	78.7	100	21.3	27	127
<b>Capacity</b>					
<b>Academia</b>	80.0	4	20.0	1	5
<b>Independent Public Accounting Firm</b>	85.7	6	14.3	1	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	71.4	5	28.6	2	7

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	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Analyst</b>	45.5	5	54.5	6	11
<b>Decision-maker within the Federal Government</b>	89.5	17	10.5	2	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	80.0	48	20.0	12	60
<b>Office of the Inspector General</b>	85.7	6	14.3	1	7
<b>Other</b>	80.0	8	20.0	2	10

**q5c. Comment: Concepts- The Financial Report.**

Academia	Agree that this is a priority	A side benefit would be to explain to members of Congress how to use the information for future budgeting decisions.
Academia	Agree that this is a priority	Simplification of the financial statements is important if we expect the information to be used by those not familiar with accrual data.
Independent Public Accounting Firm	Agree that this is a priority	Absolutely, see my comments under reporting of operations. Much more detailed reporting is required for the financials to be of real use.
Independent Public Accounting Firm	Agree that this is a priority	I believe this will help with measuring the operating effectiveness of agencies and programs.
Independent Public Accounting Firm	Agree that this is a priority	However a mid-level priority given other current issues.
Citizen	Agree that this is a priority	Yes the Board needs to fundamentally re-examine whether it makes sense for the FASAB to even exist, since the FASAB is supposed to be the govt version of the FASB, but there is no sensible way to define "GAAP for government" because the government is not a "business" attempting to make profits, build equity, or accumulate assets.
Analyst	Agree that this is a priority	It is highly desirable to link decisions to historical activity.
Decision-maker within the Federal Government	Agree that this is a priority	This is a basic purpose of FASAB
Decision-maker within the Federal Government	Agree that this is a priority	Not as high a priority as others.
Preparer of Financial Statements	Agree that this is a priority	The primary intended audience of the government-wide financial statements is supposed to be the general public. I am very disappointed that key concepts, such as "cost of delay" in fiscal sustainability reporting, are currently narrated by economists to communicate effectively with other economists, but not the general

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		public. Esoteric concepts such as the cost of delay expressed as a percentage of GDP fail to convey vitally important information to the public. Per capita reporting should not be rejected out of hand; everyone knows that some individuals have more resources than others to repay the national debt. On the other hand, even well-known economists admit that the concept of "trillions" is difficult for the human mind to visualize or grasp in a meaningful way.
Preparer of Financial Statements	Agree that this is a priority	A timely and accurate Financial Report is critical for accountability and decision making.
Preparer of Financial Statements	Agree that this is a priority	The financial reports should be meaningful to management. I've been with the Federal government for 16 years working in the Financial Reporting arena and have never had management use any of the required reporting data for decision making.
Preparer of Financial Statements	Agree that this is a priority	What are the changes in how users expect information to be delivered? Are statements to look more like FASB-based statements? Is more performance information needed? What additional information may be requested that may already be available from other reports? Resolution to this would be beneficial to those preparing the financial statements.
Preparer of Financial Statements	Agree that this is a priority	A re-deliberation of the FASAB conceptual framework would be encouraged, since the world of the federal government has changed since the last conceptual framework deliberation.
Preparer of Financial Statements	Agree that this is a priority	Statement of Cash Flows under FASB 95 must be required.
Preparer of Financial Statements	Agree that this is a priority	The financial report should be used and useful to the common citizen and not just to financial professionals. The report should also be relevant and reflect the current programs of the federal government. The government's programs and objectives constantly evolve so the board should continuously evaluate the effectiveness of the reports. Against this is the need for stability and the ability to meet the reporting requirements. Change can be managed in such a way that entities are able to update and improve reports without having to remain stagnant and outdated.
Preparer of Financial Statements	Agree that this is a priority	However, I have concerns with the auditors who may or may not be objective or knowledgeable enough to be able to actually audit and opine on the information.
Preparer of Financial Statements	Agree that this is a priority	Should simplify the financial statements just like private sector.
Office of the Inspector General	Agree that this is a priority	XBRL
Office of the Inspector General	Agree that this is a priority	This should be a high priority. What do your stakeholders and report users want to see? For what do they use the financial statements?
Other	Agree that this is a priority	It's important to know why a policy has changed.
Other	Agree that this is a priority	Reporting agencies rely on guidance from FASAB and other regulating entities. Having a more thorough guidance is always

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		welcome and helpful.
Other	Agree that this is a priority	not clear that financial information is used for decision making
Academia	Disagree that this is a priority	This question does not seem to go away. Haven't we figured it out yet?
Citizen	Disagree that this is a priority	It would be nice if the agencies had a format for better meeting the frequently-stated cost, budget, and performance information desires, and able to do so, using electronic reporting. However, despite nine years of effort, the Board seems unable to come up with a useful, usable framework. Hence, it doesn't seem worthy of consuming additional resources.
Citizen	Disagree that this is a priority	We need much improvement in this area. Stewardship is another term for asset management. For stewardship/asset management, a common approach using ISO 55000 should be used to meet the overall objectives. The construct/framework/system needs to be developed, tested, implemented and enforced. Advanced computer models need to be developed to identify deficiencies and opportunities - think of computer assistance tools for situational awareness comparable to the F35.
Analyst	Disagree that this is a priority	each agency/subset needs different information you may not be able to mandate one method
Analyst	Disagree that this is a priority	Although determining what information is important is a great idea, I think importance of information is determined on context, not just plain information. Information defined as important is not always the information needed to make informed decisions and is often situational dependent.
Decision-maker within the Federal Government	Disagree that this is a priority	financial reports are issued too late to be of use in decision making.
Preparer of Financial Statements	Disagree that this is a priority	There are different objectives for the public, management, etc. It will be difficult (and may be impossible) to develop a financial report for all interested parties.
Preparer of Financial Statements	Disagree that this is a priority	This is a "nice to have" for the longer term. If it is a priority, the focus s/b on how to reduce/simplify reporting and/or redundancy.
Preparer of Financial Statements	Disagree that this is a priority	This should fall under OMB and Treasury. There was an effort to develop a Statement of Spending. I think that should be revisited/pursued by OMB and Treasury as way to meet this priority.
Other	Disagree that this is a priority	I do not believe that the objective is clear.
Other	Disagree that this is a priority	Over the years I've come to question the effectiveness of concepts statements. Either they are too general that they do not provide any constraints on standards setting or they are specific and Boards plan to make exceptions to them.

**q5d. Priority: DoD Implementation Guidance Request Project.**

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	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	74.8	92	25.2	31	123
<b>Capacity</b>					
<b>Academia</b>	80.0	4	20.0	1	5
<b>Independent Public Accounting Firm</b>	42.9	3	57.1	4	7
<b>Professional Organization</b>	0.0	0	100.0	1	1
<b>Citizen</b>	85.7	6	14.3	1	7
<b>Analyst</b>	81.8	9	18.2	2	11
<b>Decision-maker within the Federal Government</b>	70.6	12	29.4	5	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	77.6	45	22.4	13	58
<b>Office of the Inspector General</b>	85.7	6	14.3	1	7
<b>Other</b>	70.0	7	30.0	3	10

**q5d. Comment: DoD Implementation Guidance Request Project.**

Academia	Agree that this is a priority	TOP PRIORITY
Academia	Agree that this is a priority	Unless DoD gets its financial house in order, the actual financial position of the US will continue to be unknown.
Academia	Agree that this is a priority	Inclusion of properly prepared financial statements is crucial for overall assessment of government spending.
Independent Public Accounting Firm	Agree that this is a priority	DoD needs to get fixed.
Citizen	Agree that this is a priority	But only if there is demonstrable evidence that DOD is using the guidance to move toward auditable financial statements.
Citizen	Agree that this is a priority	Agree --DoD needs to get on the right track - particularly regarding misunderstanding or inconsistent understanding of basic issues and concepts of accounting, accountability and materiality among managers and internal and external auditors.
Analyst	Agree that this is a priority	This is not a priority for my agency, but as a citizen, it is a priority.
Analyst	Agree that this is a priority	The DoD desperately needs help in preparing auditable financial statements. We are still struggling to even set standards within the Agencies, nevermind at the DoD consolidation level. In my opinion,

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		we are still 3-5 years from this capability, regardless of what leadership states.
Decision-maker within the Federal Government	Agree that this is a priority	The size and complexity of DOD, and its impact on the Federal financial reporting, require it to become auditable as soon as possible.
Decision-maker within the Federal Government	Agree that this is a priority	Without a clean opinion at DoD the US Government consolidated financial statement will never get a clean opinion.
Decision-maker within the Federal Government	Agree that this is a priority	DoD needs to get their house in order...not an easy or small undertaking.
Preparer of Financial Statements	Agree that this is a priority	It would be a big accomplishment to clear up this long standing financial reporting issue with DOD which could eventually lead to a clean opinion.
Preparer of Financial Statements	Agree that this is a priority	I agree that this should be a priority for the Financial Reporting of the Federal Government, however this obviously does not impact most other agencies.
Preparer of Financial Statements	Agree that this is a priority	The condition of financial records and controls is one of the primary reasons an audit opinion cannot be given on the government-wide financial statements. Having long-standing financial reporting issues resolved would help reach the goal of a clean audit opinion. It would also assist other federal agencies in reconciling transactions to be sure their records were correct.
Preparer of Financial Statements	Agree that this is a priority	While it is important for the DoD's historical accounting issues to be addressed with guidance that will allow DoD to develop financial reports that can pass the test of audit, it could be concerning if resource commitments by the Board and FASAB staff to DoD issues then impedes timely completion of other tasks that have broad government-wide financial accounting impacts.
Preparer of Financial Statements	Agree that this is a priority	Citizens will not have faith in the federal government's management of their resources until the USA Annual Financial Report is auditable and can receive an unqualified opinion. DoD must be assisted in every way possible to meet the reporting requirements.
Preparer of Financial Statements	Agree that this is a priority	Standards should be revised/updated, or made obsolete as the future may predict with outdated policies.
Preparer of Financial Statements	Agree that this is a priority	Only because they are such a large part of government operations.
Preparer of Financial Statements	Agree that this is a priority	If it will help DOD in producing financial statement so that Federal Government can get clean opinion.
Preparer of Financial Statements	Agree that this is a priority	The DoD has significant issues it must address before it is auditable. Any assistance from FASAB would speed up the auditability efforts.
Preparer of Financial Statements	Agree that this is a priority	Will assist the government-wide accountability for finances. Help enforce discipline and structure at DoD, which is long overdue.

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Preparer of Financial Statements	Agree that this is a priority	I think this priority should include the entities that conduct business with DoD so that further differentiation of DoD processes do not impact the rest of the government.
Office of the Inspector General	Agree that this is a priority	We all know DoD spends more money than anyone on Earth. So yes, DoD should get some attention.
Other	Agree that this is a priority	Can the DoD provide supportable PPE records for all PPE acquired after FY17? If not, that should be a precursor to allowing a one time "Deemed" adjustment for PPE.
Other	Agree that this is a priority	Change management guidance should definitely be a priority. Longstanding reporting issues are not being resolved because there is no change management mechanism at most Federal agencies.
Other	Agree that this is a priority	DoD's financial information play a significant role and impact to the overall U.S. government's financial status and audit reviews. Guidance provided to DoD in support of DoD's efforts to standardize their processes and reporting would be positive for the gov't as a whole.
Other	Agree that this is a priority	getting DOD to produce useful financial statements has to be a priority
Other	Agree that this is a priority	It is important to get to a point where the federal government can get a clean opinion on the financial statements. If some agencies/departments are struggling to meet the requirements, continued cooperation and guidance is needed.
Academia	Disagree that this is a priority	I have no idea.
Independent Public Accounting Firm	Disagree that this is a priority	The DoD needs to accept the standards that they must comply with, that is FASAB, FASB, etc. My point here is not that there should be standards customized to the needs of the DoD, but if anything the FASAB standards need to be clearer and much more detailed. Many times I must go to GAAP to reach an ultimate conclusion on what the FASAB standards are trying to require.
Independent Public Accounting Firm	Disagree that this is a priority	DoD should spend all that money on figuring out GAAP for themselves they have been given FASAB 48 and 50 time to prove they are anything close to "premier" when it comes to financial management. Why should the small FASAB budget be sapped in any way when DoD has the backing of over half of the Federal budget. Time for DoD to put their big boy pants on, or at the very least reimburse FASAB for all the work it is taking to get FASAB to comply with a Public Law from 1990.
Professional Organization	Disagree that this is a priority	The standards for DoD should not be different than for any other agency.
Citizen	Disagree that this is a priority	Waste of time. See previous answers
Analyst	Disagree that this is a priority	DOD should be able to handle this themselves as FASAB is a federal government wide group
Decision-maker within the Federal Government	Disagree that this is a priority	Not associated with DoD so I'm not as concerned about their needs and that should be the only group to be considered. There are others like DoE.

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Preparer of Financial Statements	Disagree that this is a priority	Specific agency related
Preparer of Financial Statements	Disagree that this is a priority	I recommend any changes that are DOD related by publish in a different set or type of statement.
Other	Disagree that this is a priority	While I understand the DoD has had long-standing problems with their accounting that need to be addressed, their issues do not apply to the majority of agencies that FASAB serves.
Other	Disagree that this is a priority	This is an issue that DOD needs to be driving. Because of its size relative to the rest of government, DOD should present recommendations to FASAB addressing their unique circumstances and how this should be integrated with accounting for other agencies.

q5e. Priority: Leases.

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	84.8	106	15.2	19	125
<b>Capacity</b>					
<b>Academia</b>	100.0	4	0.0	0	4
<b>Independent Public Accounting Firm</b>	85.7	6	14.3	1	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	85.7	6	14.3	1	7
<b>Analyst</b>	90.9	10	9.1	1	11
<b>Decision-maker within the Federal Government</b>	84.2	16	15.8	3	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	81.4	48	18.6	11	59
<b>Office of the Inspector General</b>	85.7	6	14.3	1	7
<b>Other</b>	90.0	9	10.0	1	10

q5e. Comment: Leases.

Academia	0	Not sufficiently prepared to comment
Academia	Agree that this is a priority	Why are operating leases needed at all? Just make all leases capital leases and that should resolve any problems.

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Academia	Agree that this is a priority	To avoid confusion, it is necessary to keep FASAB standards in line with FASB standards.
Academia	Agree that this is a priority	Yes, please work on internal consistency.
Independent Public Accounting Firm	Agree that this is a priority	Clarity is needed in the standards in conjunction with A-11 budgetary requirements. I also believe the standards should be updated to closely resemble/mirror the FASB. Accounting for future obligations of an "operating lease" is just as important as accounting for liabilities without budgetary resources.
Independent Public Accounting Firm	Agree that this is a priority	See also my comments for 5d. above related to strengthening and clarifying the FASAB standards.
Independent Public Accounting Firm	Agree that this is a priority	Special attention needs to be given to leases or lease-like activities that do not resemble commercial. GSA leases and leases w/entities outside the Federal government are not the biggest problem once a Federal entity gets adequate lease oversight in place. The biggest problem is for lease-like activities, like MOU's/MOA's, ISSA's, MIPR's, and other agreements that grant access to usage, rights (air rights, water rights, etc.), and/or access only (e.g. easements). Imputed rent also comes up as an issue upon audit, and could be addressed via standards and placement of the Economy Act.
Professional Organization	Agree that this is a priority	The differences in standards between FASB and FASAB is becoming very significant, and will affect the comparability of agency reporting if agencies choose to adopt the FASB lease standards without a corresponding standard set by FASAB.
Citizen	Agree that this is a priority	Only to harmonize with the private and state and local government sectors.
Citizen	Agree that this is a priority	This is very important for recognition and transparency purposes. The current approach provides incentives to hide assets and liabilities as well as enter into poor long term investments.
Analyst	Agree that this is a priority	Generally agree, although it's not yet clear how this will help managers in the decision process.
Analyst	Agree that this is a priority	One of the most correctable problems in the govt.
Analyst	Agree that this is a priority	need one standard for all
Decision-maker within the Federal Government	Agree that this is a priority	It is critical that stakeholders clearly understand and grasp the obligations of the Federal government. Leases are obligations are significant and reporting consistency is needed. The proposed standard enhances the goal of consistent reporting.
Decision-maker within the Federal Government	Agree that this is a priority	need clear and comprehensive guidance to eliminate the current level of confusion. any answer must be included in OMB's A-11. Most of the confusion now is because of the conflicting language between SFFAS and A-11
Decision-maker within the Federal Government	Agree that this is a priority	These rules don't match FASB or OMB guidance so this should be reviewed and the comments provided under other requests should be addressed. This proposed guidance will only hurt agencies in yet another set of rules that don't relate to other guidance or requirements out there.

## Attachment 2

Preparer of Financial Statements	Agree that this is a priority	Lease accounting should be revamped, particularly since FASB has revamped Lease Accounting to stricken the notion of operational leases, except for particular circumstances.
Preparer of Financial Statements	Agree that this is a priority	Exposure draft already issued
Preparer of Financial Statements	Agree that this is a priority	Agency transactions are fairly complex these days and more clarification is needed to determine how to distinguish between the two types of leases to ensure accurate financial reporting. I believe this could also assist agency auditors.
Preparer of Financial Statements	Agree that this is a priority	I completely agree with the undertaking of this project, however I hope the Board understands the differences between governments use of leases and the private sector's use of leases and doesn't make the guidance too much like FASB. A lot of the FASB guidance surrounding leases were a direct result of companies manipulating leases for tax purposes. Since government entities do not pay taxes, some of the FASB logic is not applicable to government financial reporting. Requiring too much detail with regard to leases will place an undue burden on agencies for very little gain with respect to financial reporting.
Preparer of Financial Statements	Agree that this is a priority	Given the new FASB standard, FASAB should issue guidance to match timeline for implementation. This would help the public by having consistent accounting treatment related to what is a lease in the public and private domain.
Preparer of Financial Statements	Agree that this is a priority	New, comprehensive leasing standards is the most significant need of my agency.
Preparer of Financial Statements	Agree that this is a priority	While lease accounting needs to be updated, it should not mirror the standards for the private sector as the business models for the public and private sector are very different.
Preparer of Financial Statements	Agree that this is a priority	The Lease standards of FASAB should be consistent with the FASB standards.
Preparer of Financial Statements	Agree that this is a priority	Important to maintain a balance between recording leases as a liability, and the level of risk & administrative effort involved in tracking leases.
Preparer of Financial Statements	Agree that this is a priority	Revise and simplify meaningless/ineffective standards, otherwise, there should not be a standard.
Preparer of Financial Statements	Agree that this is a priority	Leases should be priority.
Preparer of Financial Statements	Agree that this is a priority	Overdue because FASAB has relied on other standard-setters, whose standards may not apply to the Federal government environment. Also, aligns with what other standard setters are doing (helps maintain consistency in the accounting standard-setting world).
Preparer of Financial	Agree that this is a priority	The Leases ED has good proposals that will improve reporting on leases.

Attachment 2

Statements		
Office of the Inspector General	Agree that this is a priority	Seems like this might be a quick fix
Other	Agree that this is a priority	This is a very difficult part of accounting and better guidance is needed for agencies to follow.
Other	Agree that this is a priority	need to conform with FASB or GASB.
Other	Agree that this is a priority	The current leasing guidance is outdated.
Other	Agree that this is a priority	Commonly in my job, question on leases appear usually on whether or not the lease should be capital or operating. Additionally, increasingly complicated leasing transaction occur with little information from the standards as to how to treat them. I have turned to FASB as a secondary measure, but sometimes this does not address directly since it's for businesses and not the government.
Other	Agree that this is a priority	FASAB standards should be modified to be consistent with FASB standards. There is no unique government aspect of the accounting for operating vs capital leases.
Citizen	Disagree that this is a priority	See previous answers. Waste of time.
Decision-maker within the Federal Government	Disagree that this is a priority	Not sure how material leasing is to the consolidated statements.
Preparer of Financial Statements	Disagree that this is a priority	The exposure draft leads one to believe that there are no operating leases, just capital leases. It is not a true representation of the facts. No changes need to be made to the current guidance for leases.
Office of the Inspector General	Disagree that this is a priority	Congress holds the purse-strings. I don't know the overall impact to the US financial statements but I don't think it is that big of an issue. Besides it should be a pretty easy fix.

**q5f. Priority: Public-Private-Partnerships- Recognition and Measurement Phase.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	54.1	66	45.9	56	122
<b>Capacity</b>					
<b>Academia</b>	50.0	2	50.0	2	4
<b>Independent Public Accounting Firm</b>	71.4	5	28.6	2	7
<b>Professional Organization</b>	0.0	0	100.0	1	1
<b>Citizen</b>	57.1	4	42.9	3	7

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	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Analyst</b>	63.6	7	36.4	4	11
<b>Decision-maker within the Federal Government</b>	50.0	9	50.0	9	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	52.6	30	47.4	27	57
<b>Office of the Inspector General</b>	42.9	3	57.1	4	7
<b>Other</b>	60.0	6	40.0	4	10

**q5f. Comment: Public-Private-Partnerships- Recognition and Measurement Phase.**

Academia	0	Not sufficiently prepared to comment
Academia	Agree that this is a priority	PPP is difficult to assess and it is necessary to have a standard that is consistently applied throughout government.
Independent Public Accounting Firm	Agree that this is a priority	However a mid-level priority given other current issues.
Citizen	Agree that this is a priority	Assuming there could be substantial expansion of these arrangements to meet the nation's infrastructure needs
Citizen	Agree that this is a priority	This should be harmonized with the lease accounting project. Essentially public-private partnerships can be leases under another name and hide assets and liabilities.
Analyst	Agree that this is a priority	This is a growing issue particularly with regard to the R&D agencies and federal labs who are looking for financial options to make capital improvements in lieu of appropriations (see the NSTC sub-committee on RDT&E Facilities and Infrastructure) this needs better clarification.
Analyst	Agree that this is a priority	Realizing the value of these relationships is critical to providing ROI of these investments and the gains that are provided.
Decision-maker within the Federal Government	Agree that this is a priority	With increasing reliance on private participation and budget restraints, the accounting and reporting needs to be addressed as soon as possible to prevent inconsistent applications across the Federal Government.
Preparer of Financial Statements	Agree that this is a priority	PPP Recognition and measurement, along with leases, will be an important facet of FASAB accounting in a way forward basis. With any type of infrastructure spending, PPP will be the driver for its implementation.
Preparer of Financial Statements	Agree that this is a priority	Clarity is useful.

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Preparer of Financial Statements	Agree that this is a priority	Auditors tend to go by the "book", and other arrangements may and should be considered where applicable and appropriate.
Preparer of Financial Statements	Agree that this is a priority	It will bring closer to private sector FS.
Preparer of Financial Statements	Agree that this is a priority	Overdue as this arrangements appear to be proliferating and will probably continue doing so given the current budget environment (dwindling resources/tax cuts).
Preparer of Financial Statements	Agree that this is a priority	P3s are the way of the future. They need to be accounted for in federal financial statements.
Office of the Inspector General	Agree that this is a priority	Yes, this is a priority because whoever the US Gov't is working with needs to know how to keep their books.
Other	Agree that this is a priority	This would provide a more transparent relationship and financial impacts of those relationships.
Other	Agree that this is a priority	Government transactions particularly with private firms should be documented appropriately particularly to show any negative outcomes from the transaction for the government.
Other	Agree that this is a priority	This project should be completed.
Academia	Disagree that this is a priority	I do not know the extent of public-private participation. If it is significant, then I would change my mind.
Independent Public Accounting Firm	Disagree that this is a priority	No information on which to comment.
Professional Organization	Disagree that this is a priority	Not sure of how widespread this matter is affecting Federal agency reporting.
Citizen	Disagree that this is a priority	See previous answers. Waste of time.
Decision-maker within the Federal Government	Disagree that this is a priority	Not a top area of concern with minimal impact.
Decision-maker within the Federal Government	Disagree that this is a priority	this standard takes a lot of resources and effort to comply.
Decision-maker within the Federal Government	Disagree that this is a priority	Not a current priority although it may become more important under this new administration. The new President seems to want to promote more partnership with the private sector.
Preparer of Financial Statements	Disagree that this is a priority	Very difficult to identify what should be included. Some risk that FASAB will require too much additional disclosure.
Preparer of Financial Statements	Disagree that this is a priority	Without more information, this may place a burden on certain agencies to obtain private sector information for their reporting.

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Preparer of Financial Statements	Disagree that this is a priority	The burden to review and report these agreements is tremendous. This is the business of government and would be better served by another form of disclosure outside of the financial statements
Preparer of Financial Statements	Disagree that this is a priority	While there are Public-Private-Partnerships, it may be misleading for the assets and/or liabilities and/or revenues and expenses to be reported by the federal government. It would depend on to whom the underlying financial interest is assigned and may be misleading to users of federal financial information.
Preparer of Financial Statements	Disagree that this is a priority	Not sure of the financial scope of these types of ventures.
Preparer of Financial Statements	Disagree that this is a priority	Specific agency related
Other	Disagree that this is a priority	These are not material to any agency
Other	Disagree that this is a priority	Not sure this is really needed.

**q5g. Priority: Risk Assumed.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	71.4	90	28.6	36	126
<b>Capacity</b>					
<b>Academia</b>	100.0	5	0.0	0	5
<b>Independent Public Accounting Firm</b>	57.1	4	42.9	3	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	100.0	7	0.0	0	7
<b>Analyst</b>	36.4	4	63.6	7	11
<b>Decision-maker within the Federal Government</b>	63.2	12	36.8	7	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	72.9	43	27.1	16	59
<b>Office of the Inspector General</b>	57.1	4	42.9	3	7
<b>Other</b>	100.0	10	0.0	0	10

**q5g. Comment: Risk Assumed.**

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Academia	Agree that this is a priority	Inclusion of risk (especially for commitments) is necessary for overall assessment of financial sustainability.
Independent Public Accounting Firm	Agree that this is a priority	Readers need to know what agencies' financial risks are.
Independent Public Accounting Firm	Agree that this is a priority	See my comment in 5d. regarding strengthening the FASAB standards.
Professional Organization	Agree that this is a priority	We should encourage the reporting of risks and liabilities that may be considered "off-book" right now.
Citizen	Agree that this is a priority	The public should be aware of the extent of the liabilities the government might eventually have to liquidate.
Citizen	Agree that this is a priority	But a lower priority.
Citizen	Agree that this is a priority	Joe Marren certainly thinks the FASAB needs to do a better job at defining liability "risks" arising from existing entitlement programs.
Analyst	Agree that this is a priority	Agree that risk assumed is important for decision makers.
Analyst	Agree that this is a priority	Assumptions defined are critical to understanding the information presented. If these assumptions are not relevant/accurate, then further definition and consideration should be undertaken.
Decision-maker within the Federal Government	Agree that this is a priority	This is a fundamental needs of stakeholders to understand the financial risks of the entity
Decision-maker within the Federal Government	Agree that this is a priority	Not as high as other areas, but still an important area.
Preparer of Financial Statements	Agree that this is a priority	Projects that lead to full disclosure is a good objective, therefore, I agree with this priority.
Preparer of Financial Statements	Agree that this is a priority	Expanding scope of reporting would more align with FASB accounting which has more disclosure requirements. Some agencies already follow FASB guidance and have more robust disclosure.
Preparer of Financial Statements	Agree that this is a priority	Risks should be known to the extent possible and reflected in the financial position.
Preparer of Financial Statements	Agree that this is a priority	Especially with foreign business risks.
Preparer of Financial Statements	Agree that this is a priority	Enterprise Risk Management is very important.
Preparer of Financial Statements	Agree that this is a priority	Would facilitate determining/identifying the complete universe of the risks the government has assumed and should better plan for, accordingly (i.e., help mitigate "surprise" expenditures).
Preparer of	Agree that this is a	This information should not raise to the level of the principal

## Attachment 2

Financial Statements	priority	statements. It should be disclosed, either in the MD&A or within the other sections of the RSI.
Preparer of Financial Statements	Agree that this is a priority	Government-acknowledged liabilities should be addressed more clearly as well.
Preparer of Financial Statements	Agree that this is a priority	Area needs to be clearly understood and adopted across the board by all applicable entities.
Office of the Inspector General	Agree that this is a priority	Yes, the US financial condition is pretty bad, too much debt. Fully knowing what is at risk is important.
Other	Agree that this is a priority	Definitely agree that there is a need for greater visibility on the implicit guarantee for SS, MCARE etc.
Other	Agree that this is a priority	The public has a right to know what the US government is on the hook for particularly in guaranteed agreements.
Other	Agree that this is a priority	This project should be completed.
Other	Agree that this is a priority	understanding risk is important
Other	Agree that this is a priority	I think this might be an area where previously unreported liabilities or contingencies may be found.
Independent Public Accounting Firm	Disagree that this is a priority	Necessary, but not the highest priority given all the open issues addressed previously.
Analyst	Disagree that this is a priority	use or change the other Risk guidances
Decision-maker within the Federal Government	Disagree that this is a priority	useful in a commercial but of little benefit in the government environment.
Decision-maker within the Federal Government	Disagree that this is a priority	FASAB is correct to be concerned about the current financial reporting model leaving off risks that do not meet the standard accounting definition for reporting. This should not be just a FASAB study. Since no one reads the RSI, adding additional projections in that section is unlikely to be effective. FASAB should coordinate with GAO, CBO, and academia to as part of a joint effort to assess the best way of measuring and reporting long-term risks to the Federal government.
Decision-maker within the Federal Government	Disagree that this is a priority	Agree that these are risks, but don't think that this should be a priority of the Board.
Preparer of Financial Statements	Disagree that this is a priority	Not sure that this information is needed. Could require too much new disclosure.
Preparer of Financial Statements	Disagree that this is a priority	Without more information, I'm not sure the benefits of this reporting will outweigh the potential costs to agencies.

**q5h. Priority: Tax Expenditures.**

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	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	53.7	66	46.3	57	123
<b>Capacity</b>					
<b>Academia</b>	60.0	3	40.0	2	5
<b>Independent Public Accounting Firm</b>	14.3	1	85.7	6	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	57.1	4	42.9	3	7
<b>Analyst</b>	9.1	1	90.9	10	11
<b>Decision-maker within the Federal Government</b>	55.6	10	44.4	8	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	67.2	39	32.8	19	58
<b>Office of the Inspector General</b>	14.3	1	85.7	6	7
<b>Other</b>	66.7	6	33.3	3	9

q5h. Comment: Tax Expenditures.

Other	0	I think users would like to know more about tax expenditures.
Academia	Agree that this is a priority	It is beneficial to have info on tax expenditures to be able to assess the accountability of decision makers.
Academia	Agree that this is a priority	This is extremely important to public policy.
Professional Organization	Agree that this is a priority	This would be very helpful in informing the users of those expenditures not reported in our current model.
Citizen	Agree that this is a priority	The public knows little about how over one trillion dollars of revenues are foregone to meet the same objectives for which funds are expended. This is a way to expand the understanding.
Citizen	Agree that this is a priority	But a lower priority.
Decision-maker within the Federal Government	Agree that this is a priority	This subject is not well understood by most stakeholders but the impact is huge. This is a critical topic for stakeholders to grasp and consider when making decisions and/or evaluating the performance of the tax expenditure and/or its impact.
Decision-maker within the Federal	Agree that this is a priority	This information is important for taxpayers.

## Attachment 2

Government		
Preparer of Financial Statements	Agree that this is a priority	It will be good.
Preparer of Financial Statements	Agree that this is a priority	Boon for tax payers in understanding what may be perceived as a public policy benefit, actually costs us all in the long run.
Preparer of Financial Statements	Agree that this is a priority	The public is not aware of things such as tax breaks have on running the country. This information needs to be presented to the public.
Preparer of Financial Statements	Agree that this is a priority	This would appear to be something that most citizens could relate to and perhaps understand, since most everyone pays taxes.
Other	Agree that this is a priority	This sounds like good information and it should not require a huge investment of resources to deliver.
Other	Agree that this is a priority	need to have better understanding of these expenditures and what they accomplish
Academia	Disagree that this is a priority	First, come up with a new term. To me, tax expenditures means you are spending tax dollars. Why does it matter how much is lost through tax breaks? Will Congress act to make changes? Probably not.
Independent Public Accounting Firm	Disagree that this is a priority	No context for this effort, but to the degree it relates to my comments regarding the financial reporting of operations, then from my perspective this is important.
Independent Public Accounting Firm	Disagree that this is a priority	Necessary, but not the highest priority given all the open issues addressed previously.
Citizen	Disagree that this is a priority	" Tax expenditure" is a curious term in that presumes the government can spend and thus already owns (via its ability to tax) all private income.
Analyst	Disagree that this is a priority	Does not affect my agency.
Analyst	Disagree that this is a priority	Valuable in a macro-sense but I wouldn't place this above other needs that still need to be addressed above.
Analyst	Disagree that this is a priority	not a project for this entity
Decision-maker within the Federal Government	Disagree that this is a priority	Too specific in coverage.
Decision-maker within the Federal Government	Disagree that this is a priority	overkill and not needed
Decision-maker within the Federal Government	Disagree that this is a priority	Consider this in the context of a joint FASAB-GAO-CBO broader-scope study of measuring and reporting on the long-term financial risks for the Federal Government.

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Preparer of Financial Statements	Disagree that this is a priority	While this may be useful information, I am not sure that tax policy analysis should be under the focus of FASAB, and it seems to be a rather broad effort of FASAB if it was to prescribe reporting requirements for this area.
Preparer of Financial Statements	Disagree that this is a priority	It may be more effort than it is worth to distinguish expenditures from taxes versus other sources, as well as difficult to trace the source of taxes to specific expenditures.
Preparer of Financial Statements	Disagree that this is a priority	Not sure if this would be beneficial as a "one-to-one" relationship between tax expenditures and the context in the financial statements.
Preparer of Financial Statements	Disagree that this is a priority	Specific agency related
Office of the Inspector General	Disagree that this is a priority	Any money the government makes is pretty much a tax. Call it a user fee if you want, but if you pay the government it is a tax.
Other	Disagree that this is a priority	Is this not already addressed by current standards?

**q6. The Board also is researching performance reporting.**

	Agree that this is a priority		Disagree that this is a priority		All
	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	69.0	87	31.0	39	126
<b>Capacity</b>					
<b>Academia</b>	60.0	3	40.0	2	5
<b>Independent Public Accounting Firm</b>	57.1	4	42.9	3	7
<b>Professional Organization</b>	100.0	1	0.0	0	1
<b>Citizen</b>	85.7	6	14.3	1	7
<b>Analyst</b>	72.7	8	27.3	3	11
<b>Decision-maker within the Federal Government</b>	72.2	13	27.8	5	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0
<b>Preparer of Financial Statements</b>	70.0	42	30.0	18	60
<b>Office of the Inspector General</b>	71.4	5	28.6	2	7
<b>Other</b>	50.0	5	50.0	5	10

**6a. Please provide any comments or suggestions related to this project.**

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## Attachment 2

Academia	Spreading yourself too thin to try to cut through this Gordian Knot
Academia	Inclusion of performance information (i.e. GDP/debt, % surplus/deficit to revenues, etc.) would be beneficial to assessing the performance over time.
Academia	""Performance" reporting" is a total mess. Keep performance reporting in public accounts / financial reports simple. Performance is not "observable" or measurable for many government activities and programs. Evaluating performance usually requires complex econometric and cost-benefit analyses, when outcomes can actually be measured. Focus on answering: did we achieve what we said we would achieve at the cost we said it would cost, recognizing that what we said it would cost is probably not a reliable efficiency benchmark.
Academia	It seems to me the current level of performance reporting is sufficient.
Independent Public Accounting Firm	In my view, effective performance reporting starts with the establishment of goals that can be measured, what specific systems (manual or automated) are needed to accumulate results to include the use of financial systems to compliment the measurement process for reporting on the outcomes.
Independent Public Accounting Firm	May be to subjective to codify.
Independent Public Accounting Firm	However a mid-level priority given other current issues.
Citizen	Performance reporting will become increasingly necessary as taxpayers and other citizens want to know what they are getting for their taxes
Citizen	This should be part of the stewardship/asset management project.
Citizen	Defining the parameters of performance reporting is not what the FASAB was created to do.
Analyst	This will be an extremely complicated project. Linking performance to expenditures calls into question alternative approaches, as well as the true benefits of a given program. This will be difficult to manage.
Analyst	Many organizations struggle with meaningful metric generation. Having a set of performance reports, something similar to the FEVS, that help to assess all organizations on a level playing field can allow leadership insight onto where to smartly invest limited resources. It also will provide feedback to organizations on where they should be investing more time to improve core areas that are lagging.
Analyst	I would be concerned about how this intersects with the work of the Congressional Commission on Evidence-based Policymaking ( <a href="https://www.cep.gov/">https://www.cep.gov/</a> ).
Analyst	The question the public must answer is can it afford the expenditure(s) even it is efficient and a good proposition. By concentrating on individual parts, the public loses focus on the larger problem.
Decision-maker within the Federal Government	Agree this important as long as all the key financial reporting projects are completed or in process.
Decision-maker within the Federal Government	Performance reporting is covered by OMB in OMB Circulars A-11 and A-136.
Decision-maker within the Federal	Reporting outcomes is very important. It's important that taxpayers not only know where the dollars went, but also the result of spending dollars in that manner. It's

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Government	important to report on the efficiency and effectiveness of a program.
Decision-maker within the Federal Government	no value in a government environment
Decision-maker within the Federal Government	Measuring the costs and financial performance of Federal programs is an important aspect of assessing their performance. FASAB is correct to be concerned that the current federal reporting model (focusing on the entity) is not useful for this purpose. The effort that is supposed to address this, however, is the DATA act. This should be part of a larger study on how real-time financial reporting as required by the DATA act can reduce or eliminate the current level of effort involved in preparing and auditing the financial statements. A major impediment to reporting on the financial performance of federal program is the lack of a common definition for a federal "program." In theory, these may cross federal agencies (e.g., home weatherization programs by DOE and HUD). Federal performance management requirements recognize this by allowing for cross-agency priority goals. The new statute (passed in December 2016 and driven by GAO recommendations) requiring OMB to establish program management requirements for agencies may provide an opportunity to more consistently define the concept of program that could be used for the entire lifecycle of federal programs, from budgeting to performance management and financial reporting. A larger impediment
Preparer of Financial Statements	The results of this research could lead to future improvements in performance reporting. Research allows you to learn more about what works and what doesn't or at a minimum what works best given the applicable factors relative to the entity.
Preparer of Financial Statements	No current report structure exist in my organization to support reliable reports.
Preparer of Financial Statements	This area has been lacking in my opinion...the results of performance should allow the appropriate changes.
Preparer of Financial Statements	Agencies are already reporting detailed performance information under the Government Performance and Reporting Act and also submitting sustainability reports to the Office of Management and Budget. It may be that some high level performance reporting be contained in the financial report but this could be covered under SFFAC 3-Management's Discussion and Analysis. Additionally, reference may be made to agencies' GPRA and sustainability reports in an agency's financial statements giving links for interested individuals to follow.
Preparer of Financial Statements	No comments.
Preparer of Financial Statements	Performance should be at the forefront of reporting in Government. Budget and Program professional does not comprehend it.
Preparer of Financial Statements	Believe this would provide more value than reporting model. It would assist with determining measures, outcomes, success/failures, etc. In turn, should help devote tax dollars to optimal use.
Preparer of Financial Statements	I don't believe that performance reporting is the best use of the Board's resources. The Board's focus should be effective reporting of financial information by establishing generally accepted accounting principles and developing innovative reporting models to convey financial information relative to the government operations that is simply not relevant in the private sector.
Preparer of Financial Statements	Performance information is important, but it needs to be part of Budget Justification rather than the financial statements.
Preparer of Financial Statements	The Federal Government must adopt the Statement of Cash Flows as a primary financial statement in accordance with FASB 95, emphasizing the use of the direct

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	method of computation. So much emphasis is placed on the SF224 and outlay section of the SBR, it seems down right negligent to not require this financial statement.
Preparer of Financial Statements	Although I disagree that this should a standard setting exercise the objective is worthy given all of the performance legislation in the last decade. I just don't think it is within the scope of what FASAB should be working on.
Preparer of Financial Statements	While this may be useful information, I am not sure that performance reporting should be a significant focus of FASAB.
Preparer of Financial Statements	Performance reporting is useful and should be managed with OMB. Rather than incorporating performance measurements within FASAB standards, the Board could work with others to determine if there could be additional standardized financial data that could be used to develop performance metrics to be reported outside of the financial report.
Preparer of Financial Statements	Difficulties in auditing and opining on performance information. The auditor would have to be very knowledgeable with the business entity and forecasting.
Preparer of Financial Statements	Good project, but in my opinion we need to clarify guidance for capitalizing software in development costs under agile development methodology.
Preparer of Financial Statements	As stated above, PPP and lease accounting, and re-deliberation of FASAB conceptual framework is enough projects, given your staffing and resources.
Office of the Inspector General	This doesn't really sound like FASAB accounting. Performance reporting is more in line with strategic planning goals, objectives, performance measures. Doesn't OMB release those standards?
Other	Performance information is very valuable, and it would be more valuable if there were more consistency around it.
Other	Let's get our accounting house in order first. Then, when our are numbers are reliable and timely, we can focus on performance reporting.
Other	By definition this is not a priority. It sounds like a worthwhile endeavor, however A-136 addresses it.
Other	not clear a standard is needed in this area.
Other	Based on the previous questions within this survey, it could be that the Board may be able to piggyback on some of the improvements and guidelines to further the Board's effort with this research project.
Other	Each agency needs to customize their own. I'm not sure FASAB could write standards that would be broad enough to cover everyone and still be relevant.

**q7a. Additional Guidance: Asset retirement obligations**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	16.3	20	38.2	47	37.4	46	8.1	10	123
<b>Capacity</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Academia</b>	0.0	0	80.0	4	20.0	1	0.0	0	5
<b>Independent Public Accounting Firm</b>	33.3	2	0.0	0	50.0	3	16.7	1	6
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	42.9	3	28.6	2	0.0	0	7
<b>Analyst</b>	0.0	0	54.5	6	18.2	2	27.3	3	11
<b>Decision-maker within the Federal Government</b>	16.7	3	27.8	5	50.0	9	5.6	1	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	17.2	10	37.9	22	36.2	21	8.6	5	58
<b>Office of the Inspector General</b>	14.3	1	28.6	2	57.1	4	0.0	0	7
<b>Other</b>	10.0	1	50.0	5	40.0	4	0.0	0	10

**q7a. Comment: Asset retirement obligations**

Academia	Some need for additional guidance	Asset retirements can involve future costs ...
Other	Some need for additional guidance	Is this pervasive? If so, it should be addressed.
Independent Public Accounting Firm	Neutral	Long-term environmental liabilities (EL) are more of a general counsel issue at this time, but as DoD gets better (and since they have tremendous overseas EL), it will become more of an issue.
Decision-maker within the Federal Government	Neutral	The description of the potential project is obscure.
Other	Neutral	No experience to comment.
Preparer of Financial Statements	Additional guidance not needed	I do not see the need to revise the current way of reporting this information.

**q7b. Additional Guidance: Cleanup costs**

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	20.7	25	33.1	40	37.2	45	9.1	11	121
<b>Capacity</b>									
<b>Academia</b>	20.0	1	20.0	1	60.0	3	0.0	0	5
<b>Independent Public Accounting Firm</b>	0.0	0	33.3	2	50.0	3	16.7	1	6
<b>Professional Organization</b>	0.0	0	0.0	0	100.0	1	0.0	0	1
<b>Citizen</b>	14.3	1	57.1	4	28.6	2	0.0	0	7
<b>Analyst</b>	9.1	1	36.4	4	36.4	4	18.2	2	11
<b>Decision-maker within the Federal Government</b>	23.5	4	41.2	7	29.4	5	5.9	1	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	26.3	15	22.8	13	38.6	22	12.3	7	57
<b>Office of the Inspector General</b>	0.0	0	57.1	4	42.9	3	0.0	0	7
<b>Other</b>	30.0	3	50.0	5	20.0	2	0.0	0	10

**q7b. Comment: Cleanup costs**

Preparer of Financial Statements	Strongly need additional guidance	Most of the issues seem to be related to understating costs. Does not recognize full extent of clean up.
Preparer of Financial Statements	Strongly need additional guidance	environmental concerns very important right now
Decision-maker within the Federal Government	Some need for additional guidance	Still a large area of concern due to the complexity of this activity and the estimation of clean up efforts.
Preparer of Financial Statements	Some need for additional guidance	Especially in environmental. Current guidance used by the auditors have been extrapolated beyond reasonableness.
Other	Some need for additional	Should this be linked with asset retirement obligations?

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	guidance	
Academia	Neutral	If current guidance has been deemed inadequate.
Independent Public Accounting Firm	Neutral	Long-term environmental liabilities (EL) are more of a general counsel issue at this time, but as DoD gets better (and since they have tremendous overseas EL), it will become more of an issue.
Decision-maker within the Federal Government	Neutral	This sounds like a great idea if the idea is to get rid of the current process for calculating and recording "liabilities" of highly uncertain future costs and replace them with separate reporting (not in RSI since no one reads that) on anticipated cleanup costs that acknowledges the uncertainty of the estimates and provides a range estimate instead of a single number.
Preparer of Financial Statements	Neutral	The current guidelines for environmental liabilities lead to some liabilities not being reported. If there are other costs, then they need to be disclosed, but it would be more prudent to revisit environmental liabilities.
Other	Neutral	No experience to comment

**q7c. Additional Guidance: Conceptual framework**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	16.9	20	30.5	36	40.7	48	11.9	14	118
<b>Capacity</b>									
<b>Academia</b>	20.0	1	40.0	2	40.0	2	0.0	0	5
<b>Independent Public Accounting Firm</b>	0.0	0	33.3	2	50.0	3	16.7	1	6
<b>Professional Organization</b>	0.0	0	0.0	0	100.0	1	0.0	0	1
<b>Citizen</b>	66.7	4	0.0	0	16.7	1	16.7	1	6
<b>Analyst</b>	0.0	0	54.5	6	27.3	3	18.2	2	11
<b>Decision-maker within the Federal Government</b>	12.5	2	31.3	5	43.8	7	12.5	2	16
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	17.9	10	30.4	17	41.1	23	10.7	6	56
<b>Office of the</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Inspector General</b>	42.9	3	28.6	2	28.6	2	0.0	0	7
<b>Other</b>	0.0	0	20.0	2	60.0	6	20.0	2	10

**q7c. Comment: Conceptual framework**

Citizen	Strongly need additional guidance	need to distinguish between budgetary acctg vs financial acctg
Decision-maker within the Federal Government	Strongly need additional guidance	As noted in previous comments, this would be part of a broader effort to look at supplanting traditional financial reporting with more real-time reporting under the DATA Act umbrella.
Academia	Some need for additional guidance	The reporting model project involves the conceptual framework. Otherwise the framework seems sound.
Preparer of Financial Statements	Some need for additional guidance	The conceptual framework for business entities should be updated to reflect obligations.
Preparer of Financial Statements	Neutral	Would be good to review changes previously made but this is not as high a priority as other accounting issues.
Other	Neutral	Not clear what this means.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.

**q7d. Additional Guidance: Cost of capital**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	17.1	21	26.8	33	43.9	54	12.2	15	123
<b>Capacity</b>									
<b>Academia</b>	20.0	1	40.0	2	20.0	1	20.0	1	5
<b>Independent Public Accounting Firm</b>	28.6	2	28.6	2	28.6	2	14.3	1	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	14.3	1	28.6	2	42.9	3	14.3	1	7

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Analyst</b>	18.2	2	9.1	1	63.6	7	9.1	1	11
<b>Decision-maker within the Federal Government</b>	27.8	5	27.8	5	27.8	5	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	14.0	8	22.8	13	50.9	29	12.3	7	57
<b>Office of the Inspector General</b>	0.0	0	57.1	4	42.9	3	0.0	0	7
<b>Other</b>	20.0	2	30.0	3	40.0	4	10.0	1	10

q7d. Comment: Cost of capital

Decision-maker within the Federal Government	Strongly need additional guidance	The Government badly needs more visibility on potential projects/efforts that have a positive ROI but are not funded due to budgetary constraints. This is part of a larger need for a greater focus on what would be considered "finance" in the corporate world, as opposed to the current focus on accounting. This project would be a curious fit for FASAB, however, given its traditional role in promulgating accounting standards.
Other	Some need for additional guidance	Is this evaluating what discount rates are appropriate in various circumstances? If so, this would be a very challenging project. Some thing other standards setters should this about too.
Preparer of Financial Statements	Neutral	This would be a significant expansion of Federal financial reporting, and I am not sure how useful this information would be to readers of U.S. agency financial statements. I think it goes beyond what is expected to be reported in U.S. agency financial statements, although other governments may be reporting thistypically reported
Other	Neutral	Not clear what this means.
Academia	Additional guidance not needed	Too arcane to be useful for decision-makers.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Preparer of Financial Statements	Additional guidance not needed	I do not believe disclosures as to the cost of capital would be of interest to the public, nor do I believe it needs to be disclosed.

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q7e. Additional Guidance: Derivatives

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	10.7	13	9.8	12	60.7	74	18.9	23	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	20.0	1	80.0	4	0.0	0	5
<b>Independent Public Accounting Firm</b>	33.3	2	0.0	0	50.0	3	16.7	1	6
<b>Professional Organization</b>	0.0	0	0.0	0	100.0	1	0.0	0	1
<b>Citizen</b>	16.7	1	16.7	1	66.7	4	0.0	0	6
<b>Analyst</b>	0.0	0	9.1	1	72.7	8	18.2	2	11
<b>Decision-maker within the Federal Government</b>	11.1	2	16.7	3	55.6	10	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	10.3	6	8.6	5	58.6	34	22.4	13	58
<b>Office of the Inspector General</b>	0.0	0	14.3	1	57.1	4	28.6	2	7
<b>Other</b>	20.0	2	0.0	0	60.0	6	20.0	2	10

q7e. Comment: Derivatives

Preparer of Financial Statements	Strongly need additional guidance	It is a mistake for the government to deal in derivatives. Federal operations and accounting must be simple
Preparer of Financial Statements	Strongly need additional guidance	Several agencies use derivatives and should have guidance on consistency of reporting.
Decision-maker within the Federal Government	Neutral	Due to the fact that FASAB has not received any inquiries from federal agencies or private accounting firms regarding the use of derivatives, I believe this project should be assessed as "low priority".
Preparer of Financial Statements	Neutral	Are agencies entering this sort of hedging transactions? I'm not aware of them at my work, but it is possible that they are there, but not talked about openly with many finance types...

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Other	Neutral	No experience to comment.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Preparer of Financial Statements	Additional guidance not needed	don't think amount is material enough
Preparer of Financial Statements	Additional guidance not needed	Either adopt FASB standards or leave as is.
Preparer of Financial Statements	Additional guidance not needed	This subject needs exposure in the private sector, but I do not see a need to do so in the public sector.
Other	Additional guidance not needed	Is this pervasive in the federal environment?

**q7f. Additional Guidance: Electromagnetic spectrum**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	9.7	12	13.7	17	63.7	79	12.9	16	124
<b>Capacity</b>									
<b>Academia</b>	20.0	1	0.0	0	80.0	4	0.0	0	5
<b>Independent Public Accounting Firm</b>	0.0	0	28.6	2	57.1	4	14.3	1	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	0.0	0	42.9	3	57.1	4	0.0	0	7
<b>Analyst</b>	0.0	0	9.1	1	81.8	9	9.1	1	11
<b>Decision-maker within the Federal Government</b>	11.1	2	11.1	2	61.1	11	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	11.9	7	10.2	6	64.4	38	13.6	8	59
<b>Office of the</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Inspector General</b>	0.0	0	16.7	1	66.7	4	16.7	1	6
<b>Other</b>	20.0	2	10.0	1	50.0	5	20.0	2	10

**q7f. Comment: Electromagnetic spectrum**

Preparer of Financial Statements	Strongly need additional guidance	Given there is no current guidance and that some of the transactions may fall under lease accounting, priority should be given to this project.
Preparer of Financial Statements	Strongly need additional guidance	This program was scheduled to end in FY 2015 but has been extended. Clear guidance is needed as this fund balance is slightly above \$10 billion.
Independent Public Accounting Firm	Some need for additional guidance	Would be good to have a discussion on access to outputs of asset (e.g. water rights, air rights, electromagnetic spectrum, and mineral rights).
Academia	Neutral	No idea.
Academia	Neutral	What is it?
Analyst	Neutral	not an overall federal project
Preparer of Financial Statements	Neutral	I don't know enough about this topic to intelligently respond.
Other	Neutral	No experience to comment.
Other	Neutral	?? Not sure what this is
Other	Neutral	not sure of issues
Other	Additional guidance not needed	Why would you need to account for this?

**q7g. Additional Guidance: Electronic reporting**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	18.9	23	34.4	42	33.6	41	13.1	16	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	40.0	2	40.0	2	20.0	1	5

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
Independent Public Accounting Firm	0.0	0	0.0	0	50.0	3	50.0	3	6
Professional Organization	100.0	1	0.0	0	0.0	0	0.0	0	1
Citizen	71.4	5	14.3	1	14.3	1	0.0	0	7
Analyst	20.0	2	20.0	2	50.0	5	10.0	1	10
Decision-maker within the Federal Government	16.7	3	27.8	5	44.4	8	11.1	2	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	16.9	10	44.1	26	30.5	18	8.5	5	59
Office of the Inspector General	16.7	1	50.0	3	16.7	1	16.7	1	6
Other	10.0	1	30.0	3	30.0	3	30.0	3	10

q7g. Comment: Electronic reporting

Professional Organization	Strongly need additional guidance	This should be an urgent area for the Board.
Citizen	Strongly need additional guidance	It's happening. Will FASAB establish some rules for how it can and should be used for general purpose financial reporting, or just sit back and issue rules for what is already happening?
Decision-maker within the Federal Government	Strongly need additional guidance	As noted in previous comments, this would be part of a broader effort to look at supplanting traditional financial reporting with more real-time reporting under the DATA Act umbrella.
Preparer of Financial Statements	Strongly need additional guidance	I agree that the current reporting methods are outdated and need to be brought into the electronic age.
Preparer of Financial Statements	Some need for additional guidance	Depending on what information is being requested, some, such as performance reporting, may already be available. Guidance on how to access would be beneficial.
Preparer of Financial Statements	Some need for additional guidance	Treasury should clarify their needs. The closing package seems to in need of improvement.
Preparer of	Neutral	need additional details on what this is about.

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Financial Statements		
Academia	Additional guidance not needed	FASAB would develop standards for this?
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Other	Additional guidance not needed	This does not seem to me to be a FASAB type project.
Other	Additional guidance not needed	I struggle to see where standards setters fit in here. I see standards setters as establishing what information should be reported, not how.

## q7h. Additional Guidance: Evaluating existing standards

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	27.9	34	39.3	48	25.4	31	7.4	9	122
<b>Capacity</b>									
Academia	20.0	1	40.0	2	20.0	1	20.0	1	5
Independent Public Accounting Firm	14.3	1	42.9	3	14.3	1	28.6	2	7
Professional Organization	0.0	0	0.0	0	100.0	1	0.0	0	1
Citizen	42.9	3	14.3	1	28.6	2	14.3	1	7
Analyst	27.3	3	45.5	5	27.3	3	0.0	0	11
Decision-maker within the Federal Government	22.2	4	33.3	6	33.3	6	11.1	2	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	30.4	17	44.6	25	23.2	13	1.8	1	56
Office of the Inspector General	28.6	2	57.1	4	14.3	1	0.0	0	7
Other	30.0	3	20.0	2	30.0	3	20.0	2	10

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**q7h. Comment: Evaluating existing standards**

Academia	Strongly need additional guidance	Guidance is needed to evaluate degree of compliance with international standards (i.e. IPSAS).
Analyst	Strongly need additional guidance	Things change
Decision-maker within the Federal Government	Strongly need additional guidance	Standards that impose compliance costs without identifiable benefits need to be eliminated. For example, the overall value of recording PP&E for the Federal government is questionable. Recording the book value of inherently-governmental assets does not serve any management purpose but does create significant costs for reporting and auditing. Frankly, the effort spent auditing PP&E also diverts audit attention away from aspects of reporting that have a greater significance for management decision-making.
Other	Strongly need additional guidance	Continuous review of existing standards will keep them relevant.
Analyst	Some need for additional guidance	Some re-evaluation of the Stewardship investments may be in order. Agencies don't take these seriously enough as is it, but the information under these are still important.
Preparer of Financial Statements	Some need for additional guidance	Each standard needs to be revisited periodically, for example, on a 10 year cycle.
Preparer of Financial Statements	Some need for additional guidance	The reporting burden has increased both inside and outside the federal government. There is current an effort underway by the SEC and FASB to revisit disclosure requirements to relieve some of the burden.
Preparer of Financial Statements	Some need for additional guidance	Areas as addressed in previous survey questions.
Other	Some need for additional guidance	It's always good to go back and review and keep updating standards.
Analyst	Neutral	I am not sure how to answer this. I do not believe that FASAB needs to issue additional guidance on evaluating existing standards, but I would like FASAB to identify standards that could be modified to reduce the reporting burden on agencies.
Decision-maker within the Federal Government	Neutral	This project can be worked in conjunction with other projects listed here in the survey.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.

**q7i. Additional Guidance: Financial/economic condition reporting**

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	30.6	38	25.8	32	33.9	42	9.7	12	124
<b>Capacity</b>									
<b>Academia</b>	60.0	3	20.0	1	0.0	0	20.0	1	5
<b>Independent Public Accounting Firm</b>	14.3	1	28.6	2	42.9	3	14.3	1	7
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	57.1	4	14.3	1	14.3	1	14.3	1	7
<b>Analyst</b>	27.3	3	18.2	2	45.5	5	9.1	1	11
<b>Decision-maker within the Federal Government</b>	23.5	4	35.3	6	23.5	4	17.6	3	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	28.8	17	23.7	14	40.7	24	6.8	4	59
<b>Office of the Inspector General</b>	42.9	3	57.1	4	0.0	0	0.0	0	7
<b>Other</b>	20.0	2	20.0	2	50.0	5	10.0	1	10

**q7i. Comment: Financial/economic condition reporting**

Academia	Strongly need additional guidance	Guidance is needed for those users that are not familiar with accrual info.
Preparer of Financial Statements	Some need for additional guidance	Not new just clarification and correction
Independent Public Accounting Firm	Neutral	Not a pressing need at this time.
Analyst	Neutral	we have other guidances
Decision-maker within the Federal Government	Neutral	Not sure what this is proposing.
Other	Neutral	This probably should be limited to Treasury.

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Preparer of Financial Statements	Additional guidance not needed	Should be covered in Management's Discussion and Analysis section of financial reports.
Other	Additional guidance not needed	Not sure this is needed at this time considering that sustainability information is being reported.

**q7j. Additional Guidance: Financial performance reporting**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	33.9	41	28.1	34	28.1	34	9.9	12	121
<b>Capacity</b>									
Academia	60.0	3	0.0	0	40.0	2	0.0	0	5
Independent Public Accounting Firm	14.3	1	14.3	1	57.1	4	14.3	1	7
Professional Organization	0	0	0	0	0	0	0	0	0
Citizen	66.7	4	16.7	1	0.0	0	16.7	1	6
Analyst	27.3	3	27.3	3	27.3	3	18.2	2	11
Decision-maker within the Federal Government	33.3	6	27.8	5	22.2	4	16.7	3	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	33.3	19	29.8	17	29.8	17	7.0	4	57
Office of the Inspector General	28.6	2	57.1	4	14.3	1	0.0	0	7
Other	30.0	3	30.0	3	30.0	3	10.0	1	10

**q7j. Comment: Financial performance reporting**

Academia	Strongly need additional guidance	Continued emphasis on this area would be beneficial to all users.
Academia	Strongly need additional guidance	One area among the many for improvement here is regarding acquisitions and development projects where the initial cost and units, the additions through the years, and the final costs and units could be tracked and displayed vividly in tables.

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Citizen	Strongly need additional guidance	Please explain how and why "financial performance" is relevant to government??
Decision-maker within the Federal Government	Strongly need additional guidance	I think other options should be in place to help informed readers of financials to gain an understanding of the financial performance, and that financial performance should reflect the focus of governmental operations.
Preparer of Financial Statements	Strongly need additional guidance	or at least revisiting.
Analyst	Some need for additional guidance	to be sure everyone does it the same way so it is comparable
Preparer of Financial Statements	Some need for additional guidance	See comments in previous section.
Independent Public Accounting Firm	Neutral	Good idea, but other more pressing issues are needed for 2017.
Decision-maker within the Federal Government	Neutral	See previous comments.
Preparer of Financial Statements	Neutral	May need some guidance reiterating that agencies should report on performance per SFFAC 3.
Other	Neutral	Not sure this is needed at this time considering that sustainability information is being reported.
Citizen	Additional guidance not needed	OMB already has this covered
Preparer of Financial Statements	Additional guidance not needed	Not FASAB Scope
Other	Additional guidance not needed	I believe that is currently well covered by Treasury A-136.

**q7k. Additional Guidance: Hierarchy of generally accepted accounting principles**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	17.2	21	36.1	44	28.7	35	18.0	22	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	40.0	2	20.0	1	40.0	2	5

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
Independent Public Accounting Firm	14.3	1	14.3	1	42.9	3	28.6	2	7
Professional Organization	0.0	0	0.0	0	100.0	1	0.0	0	1
Citizen	28.6	2	28.6	2	42.9	3	0.0	0	7
Analyst	10.0	1	50.0	5	10.0	1	30.0	3	10
Decision-maker within the Federal Government	23.5	4	35.3	6	29.4	5	11.8	2	17
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	22.4	13	36.2	21	25.9	15	15.5	9	58
Office of the Inspector General	0.0	0	57.1	4	28.6	2	14.3	1	7
Other	0.0	0	30.0	3	40.0	4	30.0	3	10

**q7k. Comment: Hierarchy of generally accepted accounting principles**

Decision-maker within the Federal Government	Strongly need additional guidance	Guidance is growing with different guidelines so some clarification is necessary for a clear understanding of what should be followed.
Decision-maker within the Federal Government	Strongly need additional guidance	Essential and easily addressed
Preparer of Financial Statements	Strongly need additional guidance	Legislative requirements verse accounting standards.
Independent Public Accounting Firm	Some need for additional guidance	Some agencies defer to Treasury reporting requirements in the TFM as the accounting standard even when there are differences. se comments to question 7v for a specific example.
Analyst	Some need for additional guidance	The effects of scale on hierarchy should also be considered.
Decision-maker within the Federal Government	Some need for additional guidance	With an increasing number of additional sets of standards, orders, ruling, etc. being proposed, this project should be considered sooner than later. It will help users clearly "decipher" which set of guidance take precedence over others.

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Decision-maker within the Federal Government	Some need for additional guidance	It may be useful when there are situations that not addressed by FASAB standards.
Preparer of Financial Statements	Some need for additional guidance	Needs revisiting
Preparer of Financial Statements	Some need for additional guidance	As stated in 7h, each standard needs to be revisited periodically.
Preparer of Financial Statements	Some need for additional guidance	How does a FASAB reporting entity consolidate accounts of a subordinate entity that keeps accounts in accordance with FASB? Accounts kept in accordance with FASB are not required to be converted to FASAB. How does the FASB entity get consolidated when the FASB entity is not required to report budgetary accounts and is not required to convert?
Citizen	Neutral	The current hierarchy seems to be working without problems
Other	Neutral	Are there issues with this?
Academia	Additional guidance not needed	Doesn't FASAB already have one?
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Other	Additional guidance not needed	I believe that hierarchy is currently very clear.

**q7I. Additional Guidance: Intangibles**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	11.4	14	31.7	39	40.7	50	16.3	20	123
<b>Capacity</b>									
<b>Academia</b>	0.0	0	20.0	1	40.0	2	40.0	2	5
<b>Independent Public Accounting Firm</b>	14.3	1	42.9	3	42.9	3	0.0	0	7
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	28.6	2	42.9	3	0.0	0	7
<b>Analyst</b>	0.0	0	36.4	4	45.5	5	18.2	2	11

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Decision-maker within the Federal Government</b>	5.6	1	50.0	9	22.2	4	22.2	4	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	14.0	8	28.1	16	38.6	22	19.3	11	57
<b>Office of the Inspector General</b>	0.0	0	28.6	2	71.4	5	0.0	0	7
<b>Other</b>	10.0	1	20.0	2	60.0	6	10.0	1	10

**q7l. Comment: Intangibles**

Citizen	Strongly need additional guidance	Should be included with the adoption of an ISO 55000 adoption. Some high valuable or potential intangibles need to be managed as assets for accounting purposes others for asset management purposes (off book).
Independent Public Accounting Firm	Some need for additional guidance	Good idea, but other more pressing issues are needed for 2017.
Decision-maker within the Federal Government	Some need for additional guidance	Not important in the day to day financial operations, but guidance should reflect the relatively unimportance of this area on the normal operations of entities.
Decision-maker within the Federal Government	Some need for additional guidance	With the implementation of the new lease standards in FY 2019, there are a lot of outstanding questions here at my agency on how to record intangibles that are associated with capitalized assets, rights of use (in conjunction with inventions), etc.
Other	Neutral	No experience to comment.
Academia	Additional guidance not needed	Too intangible!
Decision-maker within the Federal Government	Additional guidance not needed	This sounds like an exercise that would create additional reporting requirements.

**q7m. Additional Guidance: Interim financial reporting**

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	19.0	23	22.3	27	42.1	51	16.5	20	121
<b>Capacity</b>									
<b>Academia</b>	20.0	1	20.0	1	40.0	2	20.0	1	5
<b>Independent Public Accounting Firm</b>	14.3	1	0.0	0	71.4	5	14.3	1	7
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	14.3	1	42.9	3	14.3	1	7
<b>Analyst</b>	10.0	1	20.0	2	50.0	5	20.0	2	10
<b>Decision-maker within the Federal Government</b>	16.7	3	16.7	3	44.4	8	22.2	4	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	19.6	11	28.6	16	33.9	19	17.9	10	56
<b>Office of the Inspector General</b>	14.3	1	28.6	2	57.1	4	0.0	0	7
<b>Other</b>	20.0	2	20.0	2	50.0	5	10.0	1	10

**q7m. Comment: Interim financial reporting**

Academia	Strongly need additional guidance	Quarterly, real-time, enhanced reporting on the web could be important.
Preparer of Financial Statements	Strongly need additional guidance	Much more robust Interim Reporting is possible with GTAS
Preparer of Financial Statements	Strongly need additional guidance	Auditors tend to do substantive testwork without performing interim testwork putting a great strain and burden on reporting entities. Interim reporting would ensure auditors perform due diligence in beginning an audit from the beginning of the fiscal year instead of all at the end of the fiscal year.
Preparer of Financial Statements	Strongly need additional guidance	The purpose of interim reporting should be reviewed as well as users of the information. This may be one area of reporting relief for agencies with budget constraints.
Decision-maker	Some need for	As noted in previous comments, this would be part of a broader

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within the Federal Government	additional guidance	effort to look at supplanting traditional financial reporting with more real-time reporting under the DATA Act umbrella.
Independent Public Accounting Firm	Neutral	Not a pressing need at this time.
Decision-maker within the Federal Government	Neutral	Most agencies know to report financial data for 3rd and 4th quarters per Bureau of Fiscal Service directives. I believe this project can be deferred.
Decision-maker within the Federal Government	Neutral	Good to have but not always worth the cost
Citizen	Additional guidance not needed	This is an operational matter
Preparer of Financial Statements	Additional guidance not needed	With the implementation of GTAS, why would it be necessary for federal entities to produce quarterly statements. This information should be taken directly from GTAS. There is no need to further burden federal workers in duplicating efforts.
Other	Additional guidance not needed	This is currently covered in A-136. Additional FASAB guidance is not required.

**q7n. Additional Guidance: Long-term construction/development/procurement contracts**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	22.8	28	34.1	42	34.1	42	8.9	11	123
<b>Capacity</b>									
<b>Academia</b>	20.0	1	60.0	3	20.0	1	0.0	0	5
<b>Independent Public Accounting Firm</b>	42.9	3	14.3	1	28.6	2	14.3	1	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	42.9	3	28.6	2	28.6	2	0.0	0	7
<b>Analyst</b>	9.1	1	36.4	4	36.4	4	18.2	2	11
<b>Decision-maker within the Federal Government</b>	23.5	4	35.3	6	35.3	6	5.9	1	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Preparer of Financial Statements</b>	20.7	12	36.2	21	32.8	19	10.3	6	58
<b>Office of the Inspector General</b>	28.6	2	14.3	1	57.1	4	0.0	0	7
<b>Other</b>	20.0	2	30.0	3	40.0	4	10.0	1	10

**q7n. Comment: Long-term construction/development/procurement contracts**

Academia	Strongly need additional guidance	Again, tracking long-term acquisitions from initial proposal to final cost and units is very useful, especially for those trying to follow DoD.
Decision-maker within the Federal Government	Strongly need additional guidance	DATA Act
Preparer of Financial Statements	Strongly need additional guidance	Since this is always in the news, this topic needs to be worked.
Decision-maker within the Federal Government	Neutral	The focus of this project needs some clarification, as it may bring up some national security concerns.
Other	Neutral	No experience to comment
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.

**q7o. Additional Guidance: Managerial cost accounting**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	27.0	34	31.7	40	31.7	40	9.5	12	126
<b>Capacity</b>									
<b>Academia</b>	20.0	1	20.0	1	20.0	1	40.0	2	5
<b>Independent Public Accounting Firm</b>	0.0	0	14.3	1	71.4	5	14.3	1	7
<b>Professional</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	57.1	4	42.9	3	0.0	0	0.0	0	7
<b>Analyst</b>	9.1	1	36.4	4	45.5	5	9.1	1	11
<b>Decision-maker within the Federal Government</b>	42.1	8	21.1	4	36.8	7	0.0	0	19
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	23.7	14	35.6	21	30.5	18	10.2	6	59
<b>Office of the Inspector General</b>	57.1	4	14.3	1	28.6	2	0.0	0	7
<b>Other</b>	10.0	1	50.0	5	20.0	2	20.0	2	10

**q7o. Comment: Managerial cost accounting**

Professional Organization	Strongly need additional guidance	This should be an urgent area for the Board.
Citizen	Strongly need additional guidance	doesnt exist in DOD see pg 54 at: <a href="http://www.omagdigital.com/publication/?i=118979&amp;page=1">www.omagdigital.com/publication/?i=118979&amp;page=1</a>
Decision-maker within the Federal Government	Strongly need additional guidance	be careful not to let the scope grow beyond what is actually needed for management.
Decision-maker within the Federal Government	Strongly need additional guidance	Clear guidance will help improve internal accounting practices currently used. CAS seems to rule operations, while managerial accounting takes a back seat. Current focus is backwards in most operations.
Preparer of Financial Statements	Strongly need additional guidance	Desperately needed in light of my agencies cut in IT resources.
Preparer of Financial Statements	Strongly need additional guidance	Based on the work done within my office, additional guidance is definitely needed.
Preparer of Financial Statements	Strongly need additional guidance	Huge need but government is incapable due to system configurations and budget allocation

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Office of the Inspector General	Strongly need additional guidance	The SNC is worthless. Everyone allocates administrative overhead as a program cost. The taxpayer wants to see, Congress, OMB and the President should want to see how much money is spent on programs vs administrative costs.
Citizen	Some need for additional guidance	This is hard, and should be subsumed in the reporting model concepts
Decision-maker within the Federal Government	Some need for additional guidance	It might be useful to explore convergence between FASAB managerial cost accounting guidance and A-25 guidance on cost recovery for reimbursable work. Agency-specific statutes also affect calculation of cost as used for cost-recovery purposes. Examples of issues to explore could be when it is permissible to establish standard product or service costs instead of calculating cost on an ad hoc basis.
Independent Public Accounting Firm	Neutral	Not a pressing need at this time.
Preparer of Financial Statements	Neutral	Having worked outside the federal government, it is widely recognized that each manager has his own requirement on how information is presented. How one person views a report/data is not the same as another. It has also been noted that where format has been prescribed, additional, alternative reports have been prepared--doubling the reporting effort.
Academia	Additional guidance not needed	SFFAS 4 is adequate.
Other	Additional guidance not needed	This does not seem to be a FASAB project.

**q7p. Additional Guidance: Natural resources**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	12.1	15	16.1	20	58.9	73	12.9	16	124
<b>Capacity</b>									
<b>Academia</b>	40.0	2	0.0	0	40.0	2	20.0	1	5
<b>Independent Public Accounting Firm</b>	14.3	1	14.3	1	71.4	5	0.0	0	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	28.6	2	42.9	3	0.0	0	7
<b>Analyst</b>	9.1	1	0.0	0	63.6	7	27.3	3	11
<b>Decision-maker</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>within the Federal Government</b>	16.7	3	11.1	2	55.6	10	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	8.5	5	13.6	8	64.4	38	13.6	8	59
<b>Office of the Inspector General</b>	0.0	0	16.7	1	83.3	5	0.0	0	6
<b>Other</b>	10.0	1	50.0	5	30.0	3	10.0	1	10

**q7p. Comment: Natural resources**

Independent Public Accounting Firm	Some need for additional guidance	Would be good to have a discussion on access to outputs of asset (e.g. water rights, air rights, electromagnetic spectrum, and mineral rights).
Preparer of Financial Statements	Some need for additional guidance	May need to address materiality for reporting
Other	Neutral	No experience to comment
Academia	Additional guidance not needed	Current standards are adequate.
Decision-maker within the Federal Government	Additional guidance not needed	In my opinion, there are other more pressing topics the board should consider before this one. This project should continue to be deferred unless the user community has an immediate need for detailed guidance on this matter.

**q7q. Additional Guidance: Nonmonetary transactions**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	13.1	16	27.0	33	47.5	58	12.3	15	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	0.0	0	33.3	1	66.7	2	3

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
Independent Public Accounting Firm	28.6	2	0.0	0	71.4	5	0.0	0	7
Professional Organization	0.0	0	100.0	1	0.0	0	0.0	0	1
Citizen	14.3	1	42.9	3	42.9	3	0.0	0	7
Analyst	18.2	2	27.3	3	36.4	4	18.2	2	11
Decision-maker within the Federal Government	5.6	1	33.3	6	50.0	9	11.1	2	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	13.8	8	27.6	16	43.1	25	15.5	9	58
Office of the Inspector General	14.3	1	14.3	1	71.4	5	0.0	0	7
Other	10.0	1	30.0	3	60.0	6	0.0	0	10

q7q. Comment: Nonmonetary transactions

Academia	0	insufficiently informed
Independent Public Accounting Firm	Strongly need additional guidance	Would be good to have a discussion on access to outputs of asset (e.g. water rights, air rights, electromagnetic spectrum, and mineral rights).
Other	Neutral	No experience to comment
Preparer of Financial Statements	Additional guidance not needed	Isn't the disclosure currently reported as Cash and Other Monetary Assets sufficient?

q7r. Additional Guidance: Note disclosures

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	12.3	15	40.2	49	36.1	44	11.5	14	122

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Capacity</b>									
<b>Academia</b>	0.0	0	20.0	1	40.0	2	40.0	2	5
<b>Independent Public Accounting Firm</b>	14.3	1	42.9	3	42.9	3	0.0	0	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	14.3	1	57.1	4	14.3	1	14.3	1	7
<b>Analyst</b>	0.0	0	20.0	2	60.0	6	20.0	2	10
<b>Decision-maker within the Federal Government</b>	5.6	1	50.0	9	33.3	6	11.1	2	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	19.3	11	38.6	22	31.6	18	10.5	6	57
<b>Office of the Inspector General</b>	0.0	0	42.9	3	57.1	4	0.0	0	7
<b>Other</b>	10.0	1	40.0	4	40.0	4	10.0	1	10

q7r. Comment: Note disclosures

Decision-maker within the Federal Government	Strongly need additional guidance	reduce reporting burden with limited resouces
Preparer of Financial Statements	Strongly need additional guidance	This area needs to be streamlined considerably. Note disclosures can go on forever.
Preparer of Financial Statements	Strongly need additional guidance	need more consistently across entities
Preparer of Financial Statements	Strongly need additional guidance	Would be beneficial to determine whether information is being used and if some disclosure burden could be alleviated.
Preparer of Financial Statements	Strongly need additional guidance	The note disclosures need to be streamlined. There is a lot of repetitive information.

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Independent Public Accounting Firm	Some need for additional guidance	Good idea, but other more pressing issues are needed for 2017.
Preparer of Financial Statements	Some need for additional guidance	It is my experience that folks, including auditors, don't understand what should be in footnotes
Other	Neutral	A-136 requires certain disclosures. FASAB requirements for disclosure should be integrated within the standards.
Decision-maker within the Federal Government	Additional guidance not needed	This is covered in OMB circular A-136.

**q7s. Additional Guidance: Property with a reversionary interest**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	8.2	10	15.6	19	62.3	76	13.9	17	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	0.0	0	75.0	3	25.0	1	4
<b>Independent Public Accounting Firm</b>	0.0	0	14.3	1	71.4	5	14.3	1	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	0.0	0	28.6	2	57.1	4	14.3	1	7
<b>Analyst</b>	18.2	2	9.1	1	45.5	5	27.3	3	11
<b>Decision-maker within the Federal Government</b>	0.0	0	22.2	4	61.1	11	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	7.0	4	15.8	9	63.2	36	14.0	8	57
<b>Office of the Inspector General</b>	28.6	2	0.0	0	71.4	5	0.0	0	7
<b>Other</b>	20.0	2	10.0	1	70.0	7	0.0	0	10

**q7s. Comment: Property with a reversionary interest**

Academia	0	insufficiently informed
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## Attachment 2

Analyst	Strongly need additional guidance	With increasing use of third party financing, particularly for physical plant and equipment upgrades additional guidance is strongly needed. Guidance often times seems conflicted between needs and OMB requirements to avoid use of creative financing for property improvements that are becoming more creative that may conflict with other regulations or appropriations laws and special acts.
Preparer of Financial Statements	Some need for additional guidance	The need to account for assets as a result of a grant needs to be investigated.
Independent Public Accounting Firm	Neutral	Should be addressed w/leases and lease-like activities.
Other	Neutral	No experience to comment.

**q7t. Additional Guidance: Public sector specific financial instruments such as special drawing rights**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	5.7	7	15.4	19	63.4	78	15.4	19	123
<b>Capacity</b>									
<b>Academia</b>	0.0	0	25.0	1	50.0	2	25.0	1	4
<b>Independent Public Accounting Firm</b>	0.0	0	0.0	0	57.1	4	42.9	3	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	14.3	1	28.6	2	57.1	4	0.0	0	7
<b>Analyst</b>	0.0	0	27.3	3	54.5	6	18.2	2	11
<b>Decision-maker within the Federal Government</b>	0.0	0	35.3	6	52.9	9	11.8	2	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	6.8	4	6.8	4	69.5	41	16.9	10	59
<b>Office of the Inspector General</b>	0.0	0	14.3	1	71.4	5	14.3	1	7
<b>Other</b>	20.0	2	10.0	1	70.0	7	0.0	0	10

**q7t. Comment: Public sector specific financial instruments such as special drawing rights**

## Attachment 2

Preparer of Financial Statements	Strongly need additional guidance	The Federal Government should stay away from complicated financial instruments.
Independent Public Accounting Firm	Neutral	Not a pressing need at this time.
Other	Neutral	No experience to comment.
Academia	Additional guidance not needed	Treasury already explains these for those few who are interested.
Preparer of Financial Statements	Additional guidance not needed	Once again, I believe this can be reported in the current Cash and Other Monetary Assets note.

## q7u. Additional Guidance: Research and development

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	13.6	17	31.2	39	40.0	50	15.2	19	125
<b>Capacity</b>									
<b>Academia</b>	20.0	1	20.0	1	60.0	3	0.0	0	5
<b>Independent Public Accounting Firm</b>	0.0	0	28.6	2	28.6	2	42.9	3	7
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	14.3	1	57.1	4	28.6	2	0.0	0	7
<b>Analyst</b>	18.2	2	36.4	4	27.3	3	18.2	2	11
<b>Decision-maker within the Federal Government</b>	16.7	3	33.3	6	33.3	6	16.7	3	18
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	8.5	5	27.1	16	45.8	27	18.6	11	59
<b>Office of the Inspector General</b>	28.6	2	42.9	3	28.6	2	0.0	0	7
<b>Other</b>	20.0	2	30.0	3	50.0	5	0.0	0	10

## q7u. Comment: Research and development

Attachment 2

Analyst	Strongly need additional guidance	The definitions of R&D have changed slightly since SFFAS 8, chapter 7 was written 20+ years ago. The OECD recently revised the Frascati Manual to add 5 core components to help define R&D. In addition, both the National Center for Science and Engineering Statistics (NCSES) and OMB have revised their definitions of R&D (see OMB Circular A-11 for 2016) but these are not out of synchronization with SFFAS 8 and circular A-136. To make matters more complex R&D outlays reported to OMB and NCSES by federal agencies are inconsistent despite both units using the same definitions. That means agencies cannot properly identify, classify, and report projects consistently as R&D. There was an NSTC Fast-Track Action Committee on R&D Reporting Standards that tried to address this but additional standards are necessary. Talk to John Jankowski at NCSES and Celinda Marsh at OMB for additional perspective on this problem. Someone over there wrote a white paper on the problems of federal agency inconsistencies in reporting R&D. FASAB can help clean up this mess.
Academia	Some need for additional guidance	Perhaps a summary of what the program agencies are reporting outside their accrual-basis financial reports.
Independent Public Accounting Firm	Some need for additional guidance	A Technical Release that diagrams the transition between R&D and Procurement/Acquisition would be hugely beneficial. There are many diagrams of the process, but one eight step model is 1.) Basic research, 2.) Exploratory research, 3.) Engineering development, 4.) Advanced Development, 5.) Prototype system design,6.) Working Lab Design, 7.) Production Engineering, and 8.) Full Production and Marketing
Citizen	Some need for additional guidance	Should be part of an ISO 55000 implementation.
Citizen	Some need for additional guidance	Reporting it as RSSI is meaningless.
Other	Neutral	No experience to comment.
Preparer of Financial Statements	Additional guidance not needed	I believe the current requirements are sufficient.

**q7v. Additional Guidance: Reporting cash flows**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	19.5	24	30.9	38	35.0	43	14.6	18	123
<b>Capacity</b>									
<b>Academia</b>	25.0	1	50.0	2	0.0	0	25.0	1	4

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
Independent Public Accounting Firm	14.3	1	28.6	2	28.6	2	28.6	2	7
Professional Organization	0.0	0	100.0	1	0.0	0	0.0	0	1
Citizen	28.6	2	28.6	2	28.6	2	14.3	1	7
Analyst	9.1	1	9.1	1	54.5	6	27.3	3	11
Decision-maker within the Federal Government	16.7	3	27.8	5	44.4	8	11.1	2	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	25.9	15	27.6	16	32.8	19	13.8	8	58
Office of the Inspector General	0.0	0	71.4	5	28.6	2	0.0	0	7
Other	10.0	1	40.0	4	40.0	4	10.0	1	10

q7v. Comment: Reporting cash flows

Academia	Strongly need additional guidance	Only at the government-wide level, unless it is for publicly supported enterprise funds.
Preparer of Financial Statements	Strongly need additional guidance	Adopt FASB95 Direct Method immediately and I know a way to do so using the budgetary set of general ledger accounts
Independent Public Accounting Firm	Some need for additional guidance	This is conjunction with response to 7K above. Some agencies receive appropriations to operate with until they can bill and collect fees (offsetting collections) to recover costs. The offsetting collections are returned to the Treasury General Fund as a repayment of the appropriation. Some agencies treat that repayment of the appropriation as a reduction of the appropriation used earlier in the year because that is what Treasury's TFM states. This essentially zeros out the appropriation used amount and the reader will never know that the agency used an appropriation to operate with during the year. However SFFAS 7 requires that "appropriations used" be reported as such in the SCNP.
Preparer of Financial Statements	Some need for additional guidance	Reporting model may need to be closer to FASB guidance rather than Statement of Budgetary Resources which may be harder for a private citizen to understand.

Attachment 2

Other	Neutral	Net Cost to Outlays Project addresses this area.
Academia	Additional guidance not needed	Treasury already reports cash flows.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Preparer of Financial Statements	Additional guidance not needed	If the new Budget and Accrual Reconciliation is required, than a Statement of Cash Flows would not be necessary.

**q7w. Additional Guidance: Revenue**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	
<b>Total</b>	15.4	19	32.5	40	37.4	46	14.6	18	123
<b>Capacity</b>									
<b>Academia</b>	0.0	0	20.0	1	60.0	3	20.0	1	5
<b>Independent Public Accounting Firm</b>	14.3	1	14.3	1	42.9	3	28.6	2	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	28.6	2	42.9	3	0.0	0	7
<b>Analyst</b>	9.1	1	27.3	3	45.5	5	18.2	2	11
<b>Decision-maker within the Federal Government</b>	11.8	2	29.4	5	35.3	6	23.5	4	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	20.7	12	32.8	19	32.8	19	13.8	8	58
<b>Office of the Inspector General</b>	14.3	1	42.9	3	42.9	3	0.0	0	7
<b>Other</b>	0.0	0	50.0	5	40.0	4	10.0	1	10

**q7w. Comment: Revenue**

Preparer of	Strongly need	Need specific guidance on revenue that is historically exchange
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Financial Statements	additional guidance	revenue by nature but contains elements of custodial activity. This would be exchange revenue reported as custodial activity i.e. immigration fees.
Other	Some need for additional guidance	We had a problem accounting for "free" rent given to a client agency for a set period of time because they had given us money for the acquisition of a building. While this admittedly is a rare occurrence, we cobbled together current guidance to account for the situation. It would be helpful to have additional guidance from FASAB on how it should have been reported.
Other	Neutral	Not aware of a deficiency.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.
Preparer of Financial Statements	Additional guidance not needed	Isn't this area already discussed within the notes to the Statement of Changes in Net Position.

**q7x. Additional Guidance: Stewardship investments**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	10.7	13	30.3	37	45.9	56	13.1	16	122
<b>Capacity</b>									
<b>Academia</b>	0.0	0	40.0	2	60.0	3	0.0	0	5
<b>Independent Public Accounting Firm</b>	0.0	0	28.6	2	42.9	3	28.6	2	7
<b>Professional Organization</b>	0.0	0	100.0	1	0.0	0	0.0	0	1
<b>Citizen</b>	28.6	2	28.6	2	42.9	3	0.0	0	7
<b>Analyst</b>	18.2	2	18.2	2	45.5	5	18.2	2	11
<b>Decision-maker within the Federal Government</b>	17.6	3	29.4	5	29.4	5	23.5	4	17
<b>Elected Official or Other Charged with Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	10.5	6	26.3	15	52.6	30	10.5	6	57
<b>Office of the Inspector General</b>	0.0	0	57.1	4	28.6	2	14.3	1	7

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Other</b>	0.0	0	40.0	4	50.0	5	10.0	1	10

**q7x. Comment: Stewardship investments**

Citizen	Strongly need additional guidance	The variation in items included is as wide as the number of agencies. Considering it as RSSI means the auditor coverage is non-existent.
Analyst	Strongly need additional guidance	Federal agency R&D reporting covered under the stewardship investments is a mess and needs additional guidance and clarification.
Preparer of Financial Statements	Neutral	The government does not invest and should not invest, especially on the stewardship side of things
Other	Neutral	Not an issue for my agency.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.

**q7y. Additional Guidance: Summary or popular reporting**

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	15.2	19	28.0	35	44.0	55	12.8	16	125
<b>Capacity</b>									
<b>Academia</b>	40.0	2	20.0	1	20.0	1	20.0	1	5
<b>Independent Public Accounting Firm</b>	0.0	0	14.3	1	57.1	4	28.6	2	7
<b>Professional Organization</b>	100.0	1	0.0	0	0.0	0	0.0	0	1
<b>Citizen</b>	42.9	3	42.9	3	14.3	1	0.0	0	7
<b>Analyst</b>	0.0	0	36.4	4	45.5	5	18.2	2	11
<b>Decision-maker within the Federal Government</b>	11.1	2	27.8	5	38.9	7	22.2	4	18
<b>Elected Official or Other Charged with</b>									

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	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Governance</b>	0	0	0	0	0	0	0	0	0
<b>Preparer of Financial Statements</b>	16.9	10	23.7	14	49.2	29	10.2	6	59
<b>Office of the Inspector General</b>	0.0	0	28.6	2	71.4	5	0.0	0	7
<b>Other</b>	10.0	1	50.0	5	30.0	3	10.0	1	10

**q7y. Comment: Summary or popular reporting**

Academia	Strongly need additional guidance	The more understandable by all users, the more useful the financials will become.
Academia	Some need for additional guidance	This would be good for the public.
Other	Some need for additional guidance	I am not certain that this should be a FASAB project. Probably A-136. Determining useful information for the public is always a challenge.
Independent Public Accounting Firm	Neutral	What in the world is that?
Preparer of Financial Statements	Neutral	This may need to be reviewed in conjunction with the interim financial data/reporting to see what information the public is wanting or using and for what purpose. Again, there are many reports required by various government agencies such as Office of Management and Budget that may already provide the requested information.
Independent Public Accounting Firm	Additional guidance not needed	Not a pressing need at this time.

**Q8. Please use this space to suggest other topics you believe should be considered and why.**

Academia	Cost of debt burden per capita metric
Academia	I believe more emphasis should be placed on degree of implementation of the international standards (i.e. IPSAS) by the federal government. GASB has done a fairly good job of doing this but I think FASAB could do better. I have worked in 30 countries over the last 20 years to help them implement IPSAS but have seen little progress in this area by FASAB. The UK, Canada, Australia, and New Zealand have been leaders in this area and I would like to see the USA join this group of forward thinking countries.
Academia	I have felt that there is insufficient guidance for NASA's space projects. Should costs from the time the rocket is launched until the payload reaches its intended use really be construction in process?

## Attachment 2

Academia	I've already suggested a couple.
Independent Public Accounting Firm	My biggest concern is covered in the comments on reporting of operations and the need to strengthen and clarify the FASAB standards.
Independent Public Accounting Firm	This is an excellent list, and the three-tiered criteria are excellent selection guidance. However, year-over-year priorities would be good almost like a theme for the year.
Citizen	None I can think of
Citizen	Should consider adoption of some consensus standards - ASTM and ISO. Convergence or taking control of the Cost Accounting Standards Board. This board initially served its purpose - now it does not and needs to be under the control of the FASAB. Major issues are not being addressed. The Cost Principles should also be under the FASAB. Some of the Cost Principles also need to be greatly revised - leases, cost of money/interest cost. Requirements and incentives need to be aligned to spend prudently.
Citizen	For background and further info explaining motivation for my comments, see: <a href="http://www.dau.mil/pubcats/pubscats/arj51/hanks.pdf">www.dau.mil/pubcats/pubscats/arj51/hanks.pdf</a> and "Should the Federal Government Continue Its Pursuit of Proprietary Financial Statements?" lead article, Journal of Govt Financial Mgmt, Spring 2014, Vol 63, No. 1
Analyst	I think the work being done to try and legitimize and improve financial accounting in the federal government has been monumental in the last two years (since I began reviewing documents and being involved in the changes). I recognize more work needs to be done, but I am appreciative of the efforts to bring Federal Government out of the Dark Ages and into the 21st century (as we expect from private corporations). Although it is difficult for some to learn new ways or the "right" way to do accounting, codifying standards helps inform training and can serve as an asset for any organization trying to bring the "books" up to snuff.
Analyst	As noted above, it would be helpful if FASAB could work to reduce the reporting burden on agencies. It would also be helpful if FASAB could identify which statements and notes are used and which are not used, by whom are the statements and notes used, and how are the statements and notes used.
Analyst	Emphasis on the national debt and annual deficit would be my priority.
Decision-maker within the Federal Government	Conflicting guidance within the USSGL for offsetting collections against appropriation for full cost recovery Agency.
Decision-maker within the Federal Government	None
Decision-maker within the Federal Government	Use of Financial Dashboards
Decision-maker within the Federal Government	See previous notes. The big challenge for FASAB is that it writes standards for reports that few people use, read, or understand. The big development that FASAB needs to consider is the DATA act implementation.
Decision-maker within the Federal Government	None.
Decision-maker within the Federal Government	don't let the academic world get in the way of common sense and practical. keep in mind that budgets are limited and many changes proposed could require significant costs to implement.

Attachment 2

Preparer of Financial Statements	Simplify Government Financial Reporting.
Preparer of Financial Statements	The overall production of the financial statement should be revisited. As there is a need for additional information there should be an assessment of what is already being provided and if it is necessary for the annual report
Preparer of Financial Statements	Statement of Budgetary Resources (SRB) vs. Schedule of Spending. SBR is too complex for the ordinary citizen to understand. The information is already available to government employees on the SF-133.
Preparer of Financial Statements	I firmly believe that the Statement of Cash Flows under FASB 95 should be adopted in totality. Think about the emphasis the govt. puts on the SF224, outlays, cash flows for credit financing accounts, and the outlays section of the Statement of Budgetary Resources. The budgetary set of books used by a federal entity can be used to prepare a direct method cash flow statement. I have been doing this for certain credit financing accounts for 15+ years for the accounts I reconcile.
Preparer of Financial Statements	Capitalization of software in development under Agile methodology, where the "development" phase is continuous.
Preparer of Financial Statements	Initiate feedback from Departments as early and as often as possible. This is not a complaint or a statement that this is not currently happening, but is rather a comment that the Board should not shy away from Department's expertise.
Preparer of Financial Statements	Accounting for custodial activity in a GTAS environment.
Preparer of Financial Statements	None
Preparer of Financial Statements	Preparing and reporting estimates, i.e., reasonableness, timing, appropriate and known documentation, especially with new, huge programs, passed by legislation and timeliness of information received before the end of the reporting period.
Preparer of Financial Statements	Presentation of DATA Act elements and Schedule of Spending. These topics are relevant to the information that will be published and allow the agencies to present their story
Preparer of Financial Statements	No additional topics to suggest.
Office of the Inspector General	Fix the SNC. It is currently not useful because overhead administrative costs are fully allocated to program costs which is malarkey. There is no way the bathroom cleaning costs of USDA FNS budget office should be allocated to the SNAP program. That is as administrative as it gets.
Other	Change Management in the Department of Defense is highly underrepresented. People are aware change is needed, but no one knows how to make it happen? It is far easier to keep doing business the same old way.
Other	Specifically nuances in and classification of leasing is usually on top of GSA's priority list. Many times we have fallen back on FASB because FASAB doesn't address it, but even FASB, as it was written for private industry, does not have an exact rule for a situation.

**Q9. Please use this space to offer any other suggestions you have that may improve the outcome of the Board's efforts.**

Academia	Additional resources for research
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## Attachment 2

Academia	I would be glad to be included on a task force to assess the degree of implementation of IPSAS by FASAB. Early on, I was on a task force to implement fixed assets in federal financial statements and would be happy to be included in a task force for assessing degree of compliance with IPSAS.
Independent Public Accounting Firm	Thank you for the opportunity to share my thoughts and I hope these are of some help. A CPA auditing Federal agencies.
Independent Public Accounting Firm	It seems like at times there is an over-emphasis on adopting commercial practices in the FASAB world. Please don't get me wrong, we should not re-invent the wheel that would be silly, but we should focus our time and intellectual efforts on where Federal GAAP is different, not on issues that are the outputs of big departments being unwilling participants in required financial statement audits. There is a true and independent need for Federal GAAP that is different from commercial GAAP. The Economy Act's impact on leases and lease-like agreements is one as is Stewardship Land with the Department of the Interior. If FASAB can focus the majority of its efforts on where Federal GAAP is and should be different instead of addressing the loudest and most reluctant voices (e.g. DoD's inability to get to audit readiness despite 26 years of expenses and little to no management oversight and buy-in), Federal GAAP could be much further along in addressing the unanswered questions of the community.
Citizen	More productivity.
Citizen	Think macro - to developed an overall accounting system - continue to drive effectiveness and efficiency in operations.
Citizen	I was a defense analyst 13 years at LMI, 13 years at RAND, 2 years at IDA before retiring in 2009. The three papers cited in my responses were published in 2009, 2012, and 2014 all in refereed journals.
Analyst	I would like FASAB to make streamlining both agency and the government-wide financial reports a high priority.
Analyst	Over emphasis on individual units obscures the focus on cumulative results. If the nation can't afford the units output, not matter how productive and efficient they may be, it may still be a poor decision to fund the enterprise.
Decision-maker within the Federal Government	Strengthen and expand coordination and cooperation with other standard setting bodies to build upon those efforts and apply to the FASAB standards as appropriate.
Decision-maker within the Federal Government	None
Decision-maker within the Federal Government	As mentioned in previous comments, many of the big issues that FASAB is considering need to be assessed in coordination with other entities.
Decision-maker within the Federal Government	None.
Decision-maker within the Federal Government	Don't let the academic world get in the way of common sense and practical application. Keep in mind that budget are limited and many times proposed changes requires significant expenditures to implement.
Preparer of Financial Statements	Give guidance to provide additional benefits to qualified professionals in government. Current GS grade system does not reward qualified professionals. Only longevity is rewarded.

## Attachment 2

Preparer of Financial Statements	More surveys and availability of meetings/working sessions/focus groups on topics
Preparer of Financial Statements	The Board needs to talk to operating accountants with 15+ years of experience and not just SES folks. There are a lot of bright operating accountants that purposely don't want to become SES members and a lot of the SES members may not be that strong technically. The Board may want to establish a group of experienced operating accountants to meet and advise the Board on certain issues.
Preparer of Financial Statements	Consider borrowing subject matter experts from Federal program agencies to sit on the board to discuss and brainstorm on topics to be included in FASAB guidance.
Preparer of Financial Statements	Board's outcomes appear to have recently improved as standard-setting appears to be moving at a much faster clip now (smile).
Preparer of Financial Statements	I applaud the Board and its efforts in pursuing accounting policies and guidance and working with other authoritative bodies such as the FASB and GASB. I also am encouraged by the attention to the burdens being placed on agencies with budget constraints and hope efforts to relieve the burdens continue just as they are in the public sector.
Preparer of Financial Statements	None
Preparer of Financial Statements	Went to December's FASAB meeting, and I could not find or was provided the presentation slides. I would like to suggest that FASAB Board provide these resources whether before and after the meetings or just even after please. Thank you.
Preparer of Financial Statements	No other suggestions
Preparer of Financial Statements	There are two major areas that are woefully in need of clear concise and specific guidance, to include implementation guides and (possibly) Treasury scenarios. These are Lease Accounting and Environmental Cleanup Costs.
Preparer of Financial Statements	simplify and reduce disclosure requirements and provide a substantial number of sample disclosures. Consider that more and more FASAB standards and more complex disclosures in an environment with major budget decreases and declining staff is just not tenable.
Office of the Inspector General	Focus on who uses these financial statements and what they use them for.
Other	Please provide detailed examples of how to apply SFFAS 50.
Other	Limit the scope and number of projects. Align FASAB requirements with FASB where possible. Address issues with the broadest government-wide implications as your top priorities. Issues with single agency application such as Treasury or DOD specific concerns should be agency driven solutions with limited allocation of FASAB resources.

**Attachment 3: Additional Response**

FASAB Annual Planning Survey		
Q #	Description	
1	Response as indiv or org - Individual	Organization
2	Please select from the following which best describes the capacity in which you are responding to this questionnaire	Preparer of Financial Statements
3 a	Do you agree the Operating Performance obj should be a near-term focus of the Board?	Probably yes
3 b	Why or why not?	It gives the citizens a better perspective of how federal dollars are spent.
4 a	Do you agree the stewardship objective should be a near-term focus for the Board?	Definitely yes
4 b	Why or why not?	Currently it is not clear to the user of government financial statements why and how stewardship assets are reported.
5	Are the following current projects a priority?	
5 a	Accounting and Reporting of Government Land Project	Disagree
5 b	Budget and Accrual Reconciliation	Agree
5 c	Concepts - The Financial Report	Agree
5 d	DoD Implementation Guidance Request Project	Agree
5 e	Leases	Agree
5f	Public-Private-Partnerships	Disagree
5 g	Risk Assumed	Agree
5 h	Tax Expenditures	Disagree

FASAB Reporting Model and Performance Reporting Survey		
Q #	Description	
1	Response as indiv or org - Individual	Organization
2	Please select from the following which best describes the capacity in which you are responding to this questionnaire	Preparer of Financial Statements
3	How do you define the term "program"?	Set of activities with a quantifiable goal
4	Is program the appropriate level at which to assess efforts, costs, and accomplishments?	Probably yes
7	Any comments	
8	The following questions pertain to the <b>federal governments as a whole</b> . Should federal financial reports of the federal government help report users evaluate the service <b>accomplishments</b> of:	
8a	Reporting entity such as a department	Definitely yes
8b	Responsibility segments such as divisions or bureaus	Probably yes
8c	Specific programs	Probably yes
8d	Program activities	Definitely no
8e	Strategic goals	Probably yes
8f	Geographical regions	Definitely no
8g	Other level	Definitely no
9	Evaluating <b>governmentwide costs</b> . Should financial report so the federal government help report users evaluate the <b>service costs</b> of:	
9a	Reporting entity such as a department	Definitely yes
9b	Responsibility segments such as divisions or bureaus	Probably yes
9c	Specific programs	Probably yes
9d	Program activities	Definitely no
9e	Strategic goals	Probably yes
9f	Geographical regions	Definitely no
9g	Other level	Definitely no
10	The following questions pertain to <b>departments and agencies</b> . Should federal financial reports of departments and agencies help report users evaluate the <b>service accomplishments</b> of:	
10 a	The reporting entity (a department or agency)	Definitely yes
10 b	Responsibility segments such as divisions or bureaus	Definitely yes
10 c	Specific programs	Definitely yes
10	Program activities	Definitely no

d		
10 e	Strategic goals	Probably yes
10 f	Geographical regions	Definitely no
10 g	Other level	Definitely no
11	Should federal financial reports of <b>departments and agencies</b> help report users evaluate the <b>service costs</b> of:	
11 a	The reporting entity (a department or agency)	Definitely yes
11 b	Responsibility segments such as divisions or bureaus	Definitely yes
11 c	Specific programs	Definitely yes
11 d	Program activities	Definitely no
<b>FASAB Reporting Model and Performance Reporting Survey</b>		
Q #	<i>Description</i>	
11 e	Strategic goals	Probably yes
11 f	Geographical regions	Definitely no
11 g	Other level	Definitely no
12	Should federal financial reports of <b>departments and agencies</b> help report users evaluate the <b>budgetary resources</b> of:	
12 a	The reporting entity (a department or agency)	Definitely yes
12 b	Responsibility segments such as divisions or bureaus	Definitely yes
12 c	Specific programs	Definitely yes
12 d	Program activities	Definitely yes
12 e	Strategic goals	Probably yes
12 f	Geographical regions	Definitely no
12 g	Other level	Definitely no

IIB

115TH CONGRESS  
1ST SESSION

# H. R. 71

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IN THE SENATE OF THE UNITED STATES

JANUARY 5, 2017

Received; read twice and referred to the Committee on Homeland Security and  
Governmental Affairs

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## AN ACT

To provide taxpayers with an annual report disclosing the cost and performance of Government programs and areas of duplication among them, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Taxpayers Right-To-  
3 Know Act”.

4 **SEC. 2. INVENTORY OF GOVERNMENT PROGRAMS.**

5 (a) IN GENERAL.—Section 1122(a) of title 31,  
6 United States Code, is amended—

7 (1) by redesignating paragraphs (1) and (2) as  
8 paragraphs (2) and (3), respectively;

9 (2) by inserting before paragraph (2), as so re-  
10 designated, the following:

11 “(1) DEFINITION OF PROGRAM.—For purposes  
12 of this subsection, the term ‘program’ means an or-  
13 ganized set of activities by one or more agencies di-  
14 rected toward a common purpose or goal.”;

15 (3) in paragraph (2), as so redesignated—

16 (A) by striking “IN GENERAL.—Not later  
17 than October 1, 2012, the Office of Manage-  
18 ment and Budget shall” and inserting  
19 “WEBSITE AND PROGRAM INVENTORY.—The  
20 Director of the Office of Management and  
21 Budget shall”;

22 (B) by striking subparagraph (C) and in-  
23 serting the following:

24 “(C) include on the website—

25 “(i) a program inventory that shall  
26 identify each program of the Federal Gov-

1 ernment for which there is more than  
2 \$1,000,000 in annual budget authority,  
3 which shall include—

4 “(I) any activity that is com-  
5 monly referred to as a program by a  
6 Federal agency in communications  
7 with Congress, including any activity  
8 identified as a program in a budget  
9 request;

10 “(II) any activity that is com-  
11 monly referred to as a program by a  
12 Federal agency in communications  
13 with the public, including each pro-  
14 gram for which financial awards are  
15 made on a competitive basis; and

16 “(III) any activity referenced in  
17 law as a program after June 30,  
18 2019; and

19 “(ii) for each program identified in  
20 the program inventory, the information re-  
21 quired under paragraph (3) or paragraph  
22 (4), as applicable.”;

23 (4) in paragraph (3), as so redesignated—

24 (A) in the matter preceding subparagraph  
25 (A), by striking “INFORMATION.—Information

1 for each program described under paragraph  
2 (1)” and inserting “INFORMATION FOR LARGER  
3 PROGRAMS.—Information for each program  
4 identified in the program inventory required  
5 under paragraph (2) for which there is more  
6 than \$10,000,000 in annual budget authority”;

7 (B) by striking subparagraph (C);

8 (C) by redesignating subparagraph (B) as  
9 subparagraph (D);

10 (D) by striking subparagraph (A) and in-  
11 sserting the following:

12 “(A) an identification of the program ac-  
13 tivities that are aggregated, disaggregated, or  
14 consolidated as part of identifying programs;

15 “(B) for each program activity described in  
16 subparagraph (A), the amount of funding for  
17 the current fiscal year and previous 2 fiscal  
18 years;

19 “(C) an estimate of the amount of funding  
20 for the program;”;

21 (E) in subparagraph (D), as so redesign-  
22 ated, by striking “and” at the end; and

23 (F) by adding at the end the following:

1           “(E) an identification of the statutes that  
2 authorize the program and any major regula-  
3 tions specific to the program;

4           “(F) for any program that provides grants  
5 or other financial assistance to individuals or  
6 entities, for the most recent fiscal year—

7           “(i) a description of the individuals  
8 served by the program and beneficiaries  
9 who received financial assistance under the  
10 program, including an estimate of the  
11 number of individuals and beneficiaries, to  
12 the extent practicable;

13           “(ii) for each program for which the  
14 head of an agency determines it is not  
15 practicable to provide an estimate of the  
16 number of individuals and beneficiaries  
17 served by the program—

18           “(I) an explanation of why data  
19 regarding the number of such individ-  
20 uals and beneficiaries cannot be pro-  
21 vided; and

22           “(II) a discussion of the meas-  
23 ures that could be taken to gather the  
24 data required to provide such an esti-  
25 mate; and

1 “(iii) a description of—

2 “(I) the Federal employees who  
3 administer the program, including the  
4 number of full-time equivalents with a  
5 pro rata estimate for full-time equiva-  
6 lents associated with multiple pro-  
7 grams; and

8 “(II) other individuals whose sal-  
9 ary is paid in part or full by the Fed-  
10 eral Government through a grant,  
11 contract, cooperative agreement, or  
12 another form of financial award or as-  
13 sistance who administer or assist in  
14 any way in administering the pro-  
15 gram, including the number of full-  
16 time equivalents, to the extent prac-  
17 ticable;

18 “(G) links to any evaluation, assessment,  
19 or program performance reviews by the agency,  
20 an Inspector General, or the Government Ac-  
21 countability Office (including program perform-  
22 ance reports required under section 1116) re-  
23 leased during the preceding 5 years; and

24 “(H) to the extent practicable, financial  
25 and other information for each program activity

1 required to be reported under the Federal  
2 Funding Accountability and Transparency Act  
3 of 2006 (31 U.S.C. 6101 note).”; and

4 (5) by adding at the end the following:

5 “(4) INFORMATION FOR SMALLER PROGRAMS.—  
6 Information for each program identified in the pro-  
7 gram inventory required under paragraph (2) for  
8 which there is more than \$1,000,000 and not more  
9 than \$10,000,000 in annual budget authority shall,  
10 at a minimum, include—

11 “(A) an identification of the program ac-  
12 tivities that are aggregated, disaggregated, or  
13 consolidated as part of identifying programs;

14 “(B) for each program activity described in  
15 subparagraph (A), the amount of funding for  
16 the current fiscal year and previous 2 fiscal  
17 years;

18 “(C) an identification of the statutes that  
19 authorize the program and any major regula-  
20 tions specific to the program;

21 “(D) for any program that provides grants  
22 or other financial assistance to individuals or  
23 entities, a description of the individuals served  
24 by the program and beneficiaries who received

1 financial assistance under the program for the  
2 most recent fiscal year; and

3 “(E) links to any evaluation, assessment,  
4 or program performance reviews by the agency,  
5 an Inspector General, or the Government Ac-  
6 countability Office (including program perform-  
7 ance reports required under section 1116) re-  
8 leased during the preceding 5 years.

9 “(5) ARCHIVING.—After the end of each fiscal  
10 year, the Director of the Office of Management and  
11 Budget shall archive and preserve the information  
12 included in the program inventory required under  
13 paragraph (2) relating to that fiscal year.”.

14 (b) EXPIRED GRANT FUNDING.—Not later than Feb-  
15 ruary 1 of each fiscal year, the Director of the Office of  
16 Management and Budget shall publish on a public website  
17 the total amount of undisbursed grant funding remaining  
18 in grant accounts for which the period of availability to  
19 the grantee has expired.

20 **SEC. 3. GUIDANCE AND IMPLEMENTATION.**

21 (a) GUIDANCE.—Not later than June 30, 2018, the  
22 Director of the Office of Management and Budget—

23 (1) shall prescribe guidance to implement this  
24 Act, and the amendments made by this Act;

1           (2) shall issue guidance to agencies to identify  
2           how the program activities used for reporting under  
3           the Federal Funding Accountability and Trans-  
4           parency Act of 2006 (31 U.S.C. 6101 note) are as-  
5           sociated with programs identified in the program in-  
6           ventory required under section 1122(a)(2)(C)(i) of  
7           title 31, United States Code, as amended by sub-  
8           section (a);

9           (3) may issue guidance to agencies to ensure  
10          that the programs identified in the program inven-  
11          tory required under section 1122(a)(2)(C)(i) of title  
12          31, United States Code, as amended by subsection  
13          (a), are presented at a similar level of detail across  
14          agencies and are not duplicative or overlapping; and

15          (4) may, based on an analysis of the costs of  
16          implementation, and after submitting to Congress a  
17          notification of the action by the Director—

18                (A) exempt from the requirements under  
19                section 1122(a) of title 31, United States Code,  
20                an agency that—

21                   (i) is not listed in section 901(b) of  
22                   title 31, United States Code; and

23                   (ii) for the fiscal year during which  
24                   the exemption is made, has budget author-  
25                   ity (as defined in section 3 of the Congres-

1                   sional Budget Act of 1974 (2 U.S.C. 622))  
2                   of not more than \$10,000,000; and

3                   (B) extend the implementation deadline  
4                   under subsection (b) by not more than 1 year.

5           (b) IMPLEMENTATION.—This Act, and the amend-  
6 ments made by this Act, shall be implemented not later  
7 than June 30, 2019.

8 **SEC. 4. NO ADDITIONAL FUNDS AUTHORIZED.**

9           No additional funds are authorized to carry out the  
10 requirements of this Act and the amendments made by  
11 this Act. Such requirements shall be carried out using  
12 amounts otherwise authorized.

          Passed the House of Representatives January 4,  
2017.

Attest:

KAREN L. HAAS,  
*Clerk.*



**February 10, 2017**

Memorandum

To: Members of the Board

*Ross Simms*

From: Ross Simms, Assistant Director

*Wendy M. Payne*

Through: Wendy M. Payne, Executive Director

Subj: Summary of Reporting Model and  
Performance Reporting Survey –**TAB E-2**<sup>1</sup>

MEMBER ACTIONS REQUESTED:

- Prepare to answer the questions on page 10 regarding the next steps for the reporting model and performance reporting projects.

## MEETING OBJECTIVES

To review the results of an online survey regarding the input regarding the next steps in its reporting model and performance reporting projects (Reporting Survey).

## BRIEFING MATERIAL

This memo summarizes the results of the Board's Reporting Survey and the following attachments provide detailed responses:

- Attachment 1: Reporting Survey Results provides the detailed responses to survey questions submitted using the online system.
- Attachment 2: Additional Response provides a response received after the survey period and online system closed.

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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.

## **BACKGROUND**

On November 15, 2016, Chairman Showalter released our *FY2016 Annual Report and Three-Year Plan for FY2017-2019* and subsequently, on November 28, 2016, the Board initiated two online surveys, the Planning Survey and the Reporting Survey. The objective of the Planning Survey was to help the Board assess project priorities for the next three years and the objective of Reporting Survey was to help the Board determine the next steps in its reporting model and performance reporting projects. The surveys closed on January 30, 2017.

This memo discusses the Reporting Survey results and a separate memo, TAB E-1 discusses the Planning Survey results. The Reporting Survey included questions regarding the Board's research project on performance reporting. Both the Planning and Reporting Surveys were publicized to our Listserv and press contacts and, to encourage responses, the Board issued reminder notices on December 8, 2016 and January 24, 2017 to its Listserv.

The Board received 20 comments prior to the end of the survey period and received an additional set of responses after the online survey closed. However, some respondents did not address all the survey questions.

## **MEMBER FEEDBACK**

Please contact me as soon as possible to convey your questions or suggestions. Communication before the meeting will help make the meeting more productive. You can contact me by telephone at 202-512-2512 or by e-mail at [simmsr@fasab.gov](mailto:simmsr@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov)

## REPORTING SURVEY RESULTS

### Summary

Respondents appeared to envision financial reports enabling users to review multiple units of analysis. While respondents agreed information on federal programs is important, the definition of a program may depend on the focus of the users' analysis. In addition, with respect to reviewing performance results information, respondents seemed to indicate financial reports should help users evaluate the service accomplishments and cost of departments and agencies (component reporting entities), responsibility segments, specific programs, and strategic goals. Prior Board research on performance reporting also indicated users' expectation for multiple units of analysis due to the diversity of issues users may seek to evaluate.

Respondents also provided feedback on the types of financial information important for component reporting entities. They indicated budgetary information regarding resources available during a period, resources used during a period, and resources available to be used in the future are very important types of information. In addition, respondents considered costs incurred during a period, trends in cost over time, and cost that can be compared to similar activities very important. The respondents' perspectives were consistent with previous Board research indicating users' need for budget and cost information.

In addition, respondents agreed with existing concepts discussing qualitative characteristics of performance information and suggested a range of financial measures that could be presented with nonfinancial performance information. Respondents appeared to believe budget, cost, and performance information could be presented in an integrated presentation while also providing users with access to details of each topic separately. Thus, respondents appeared to confirm previous Board research and concepts.

## Programs as a Unit of Analysis

Although respondents indicated a program may be the appropriate level for assessing performance results and reporting the information to the public, there was not a consensus definition of a program. Respondents appeared to agree users need program level information as discussed in Statement of Federal Financial Accounting Concepts (SFFAC) 1. SFFAC 1 states

Federal financial reporting should provide information that helps the reader to determine

- the costs of providing specific programs and activities and the composition of, and changes in, these costs; and
- the efforts and accomplishments associated with federal programs and the changes over time and in relation to costs.<sup>2</sup>

However, respondents noted a single definition of program would not be feasible for all the reporting entities and, although some respondents offered a definition of a program, the definitions differed. Examples of respondent comments included the following:

*I would define each government spending program as a stakeholder with an economic claim on the budgetary cash flow in the context of the federal government reporting as a going concern subject to a fiscal terminal event, i.e. gone concern defined as an economic event that would constitute the fiscal terminal event.*

*Set of activities directed to a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities.*

*A set of activities, conducted primarily within a single appropriation account that is under unified management to achieve a defined set of goals.*

*Program should be defined based on the mission or the objective for an activity within an agency so that performance could be measured and linked to the program spending and outcomes.*

In addition, respondents believed it is important to present programs across the federal government and a program inventory should facilitate comparison of programs serving similar purposes.

Attachments 1 and 2 provide complete survey responses.

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<sup>2</sup> SFFAC 1, pars. 126 and 128.

## Reporting of Performance Results Information at the Government-wide and Component Reporting Entity Levels

Respondents appeared to agree both the government-wide and component reporting entities should help users evaluate service accomplishments and costs by different units of analysis. The respondents noted financial reports of the government-wide reporting entity should help users evaluate service accomplishments and cost of component reporting entities, responsibility segments, specific programs, and strategic goals. In addition, while respondents believed accomplishments should be reported by geographical regions, they did not indicate this view for cost information.

With respect to component reporting entities respondents also appeared to indicate the need for helping users evaluate accomplishments, cost, and budgetary resources by different units of analysis. Respondents noted financial reports of component reporting should help users evaluate service accomplishments, cost, and budgetary resources of the component reporting entity, responsibility segments, specific programs, and strategic goals. In addition, while respondents believed accomplishments should be reported by geographical regions, they did not indicate this view for cost and budgetary resources information.

### Importance of Information for Component Reporting Entities

When rating the importance of information with respect to component reporting entities, respondents appeared to indicate the following items were very important:

- budgetary resources available during a period of time,
- budgetary resources used (obligated) during a period of time,
- cost incurred during a period of time (inclusive of costs not covered by budgetary resources of the period such as employee postemployment benefits),
- trends in cost over time,
- budgetary resources available to be used in the future,
- cost that can be compared to similar activities, and
- use of plain language for reporting on budgetary resources.

Respondents also appeared to believe the following items were either moderate to very important or moderately important:

- an explanation of why cost incurred differs from budgetary resources used during a period of time,
- expected cost in the future,
- the amount of assets and liabilities associated with the activity, and
- trends in the assets and liabilities associated with the activity over time.

## Qualitative Characteristics of Performance information

Respondents agreed existing concepts regarding the qualitative characteristics of performance information remain important. The Board intended to identify characteristics and elements of effective performance information as part of its performance reporting research project and SFFAC 2, *Entity and Display*, discusses characteristics of performance information. Respondents indicated all the following characteristics discussed in SFFAC 2 are very important

- Understandability–The measures should communicate the performance of the entity in a readily understandable manner to any reasonably informed and interested party.
- Reliability–The information should be derived from systems that produce controlled and verifiable data, although at times it may be necessary to rely on secondary sources of data.
- Timeliness–The measures should be available to users of the financial statements before they lose their capacity to be of value in assessing accountability and making decisions. The value of timeliness should not preclude the use of important measures for which results are not immediately available.
- Consistency–The measures should be reported consistently from period to period to allow users to have a basis for comparison and to gain an understanding of the measures being used and their meaning (recognizing that the measures should be reviewed regularly and modifications made to reflect changing circumstances).
- Comparability–The measures should provide a frame of reference for assessing, and comparing, if appropriate, the performance of the entity and entities with similar programs for both the immediate period and over time.
- Completeness–The measures, in the aggregate, should cover all aspects of the reporting entity’s mission.
- Legitimacy– The measures should be accepted as relevant both inside the reporting entity and by the external stakeholders and others, e.g., the central management agencies, Congress, interest groups, the public.
- Ability to relate to cost–The measures should be such that a cost can be defined for each unit of output, outcome, input, etc.

Regarding elements, respondents indicated multiple periods of information is definitely an important element of performance information.

## Presentation of Cost, Budget, and Performance Information

Although the Board's research indicated that users seek integrated cost, budget, and performance information, the respondents supported integrated reporting and reporting on the distinct topics. In general, respondents appeared to support presentation of cost, budget, and performance information in either an integrated, single presentation or as distinct topics. When asked their expectations for the presentation of cost, budget, and performance information in federal financial reports (that is, reports containing financial statements prepared in conformity with generally accepted accounting principles) respondents also appeared to support either an integrated, single presentation or distinct topics. Perhaps respondents considered users starting with an integrated report and drilling down or using references to review distinct topics.

## Financial Measures

When asked what types of financial measures should be presented with nonfinancial performance information, respondents provided a range of responses they believe are not reported currently. The following are the responses provided.

- *Cost per program*
- *Only key summary measures that are understandable and reliable should be presented.*
- *SFFAC3--Management's Discussion and Analysis gives guidance on what should be included in financial reports. It also recognizes that each agency has its own performance metrics. This concept statement is more principle-based rather than prescriptive as is guidance provided by the Securities and Exchange Commission for public companies.*
- *Units.*
- *Beginning and Ending Balance and how funds were used to accomplish the strategic goal or mission of the agency.*
- *Obligations incurred under current policy*
- *Probable economic costs of uncertainties in assumptions of economic policymaking is a significant nonfinancial item which is currently not accrued and reported.*
- *Fiscal solvency is another item not reported.*
- *Economic claims of stakeholders competing for budgetary cash flow and the political representations behind the competing economic claims are not reported. For example, competitions among voters, creditors, pensioners, state governments, spending programs, healthcare, education, etc. and etc. and how political representations can influence the eventual allocations of budgetary cash flow.*
- *Budgeted resources expended.*
- *Projected expenditures of budgeted resources.*
- *Statistics demonstrating the success of the program including trends*

- *Financial measures should be linked to no financial data like performance information.*
- *The following items*
  - *Prompt Payment*
  - *A/R - for fee entities*
  - *Cost per output*

### Additional Comments

Respondents offered a range of comments for improving performance reporting and the financial reporting models. Examples of the responses are as follows.

- *Before adding new performance information to the very comprehensive consolidated financial report, I would suggest that FASAB first identify information that can be eliminated and/or ways that the consolidated report can be streamlined.*
- *The purpose of the report of the federal government is to present taxpayers with information related to use of tax revenues by the federal government. In some respects, the taxpayer may be compared to a shareholder in a company--only he has "invested" his funds in the federal government. Information needs by the taxpayer are not basically different than those of shareholders. The Securities and Exchange Commission has issued reporting guidance for public companies to follow to meet the needs of shareholders including principle-based disclosures about the company which are included in the Management's Discussion and Analysis section of reports. The FASAB has already recognized the importance of this type of information in issuing SFFAC 3. By closer adherence to requirements of SFFAC 3 in the Management's Discussion and Analysis, evaluation of most of the information in this survey could be reported without additional requirements.*
- *More integration across programs, e.g working at the strategic goal level, is necessary to provide more perspective on the government's progress, assuming that financial information can also be similarly integrated in terms that are more directly comparable with the government's budget. This assumes that performance information is employed in a representative manner rather than trying to include all of the agencies' individual components in an accounting style exercise. Judgement, adequately supported could be more useful than a copious list of details, if we want performance and funding information to be used and not just reported.*

Attachments 1 and 2 provide the complete responses to the survey.

## **STAFF RECOMMENDATION**

As part of the reporting model project, staff suggests the Board consider developing illustrations of cost and budget information for financial statements and required supplementary information. Respondents appeared to confirm the Board's research and concepts. The research and concepts could be used to guide development of the illustrations and ultimately financial reporting standards. In addition, the illustrations could contribute to advancing performance reporting.

## **QUESTION FOR THE BOARD**

1. What do members believe should be next steps for the reporting model and performance reporting projects?

## Attachment 1

# Reporting Model and Performance Reporting Survey

## Federal Accounting Standards Advisory Board

### Summary Statistics

Using raw data set.

Including cases where data.q\_uname NOT LIKE 'test%'

Total cases: 1561

Job run at: 2017-02-06 07:18:33

**Q1** 1. Are you responding as an individual or organization?

n=1561 N=1561

Count	Percent	Value	Label
1541	98.72	0	Not checked
19	1.22	1	Individual
1	0.06	2	Organization

**Q2** 2. Please select from the following which best describes the capacity in which you are responding to this questionnaire.

n=1561 N=1561

Count	Percent	Value	Label
1541	98.72	0	Not checked
4	0.26	1	Academia
1	0.06	2	Independent Public Accounting Firm
1	0.06	4	Citizen
6	0.38	6	Performance/Policy Analyst
1	0.06	7	Decision-maker within the Federal Government
6	0.38	9	Preparer of Financial Statements
1	0.06	12	Other

**Q2A** 2a. If other, please describe.

Independent economist

**Q3** 3. How do you define the term "program"?

a project to create a product or service

A program is a set of activities directed toward a goal or goals.

Set of activities directed to a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities.

Organized activities to produce a specific result.

A program is an ongoing function or operation toward an agency's mission.

Examples would be Single Family Housing in FHA/HUD, Drug Grants at DOJ or HHS.

Each federal agency would define program differently. For the DoD, it is difficult to define program. The DoD is too large and has hundreds of "programs." Therefore, many of these programs need to be combined into groups. This could be by

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appropriation, by major reporting entities, or by strategic goals. For the DoD, it would probably be by Major Force Programs, such as Strategic Forces, General Purpose Forces, Intelligence and Communications, etc. However, this would not align with other federal agencies programs. The DoD programs would be much larger and more consolidated than other federal agencies.

A single policy tool, e.g. grant, direct loan, activity with a defined goal or objective. in a variety of ways depending on the specific case... can include performance indicators, strategic objectives, office structures, tax expenditures, budget lines, beneficiaries, activities, and so on...

A set of activities, conducted primarily within a single appropriation account, that is under unified management to achieve a defined set of goals.

I would define each government spending program as a stakeholder with an economic claim on the budgetary cash flow in the context of the federal government reporting as a going concern subject to a fiscal terminal event, i.e. gone concern defined as an economic event that would constitute the fiscal terminal event.

A program is an activity, or group of activities, i.e. projects, that is conducted to contribute toward the achievement of an overarching goal; where the goal's achievement may require the contributions of more than one program.

A project or activity undertaken to provide specific services or meet a specific need.

Program should be defined based on the mission or the objective for an activity within an agency so that performance could be measured and linked to the program spending and outcomes.

The entity working on the activities and producing outputs.

There is no single, appropriate definition that works across all agencies. The term needs to be defined in the context of the intended user(s) of the information to be generated.

**Q4** 4. Is program the appropriate level at which to assess efforts, costs, and accomplishments?

**n=1561 N=1561**

Count	Percent	Value	Label
1545	98.98	0	Not checked
7	0.45	1	Definitely yes
3	0.19	2	Probably yes
1	0.06	3	Uncertain
4	0.26	4	Probably no
1	0.06	5	Definitely no

**Q5** 5. If you agree that the program is the appropriate level, should program level information be available in reports to the public?

**n=1561 N=1561**

Count	Percent	Value	Label
1551	99.36	0	Not checked
9	0.58	1	Definitely yes
1	0.06	4	Probably no

**Q6** 6. If not, at what level would you publically report on efforts, costs, and accomplishments?

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For the DoD, it would be much easier to report programs by appropriations, or by major reporting entities.

program does not have a meaningful government-wide definition.

At the overarching goal level.

In response to how the program fares in meeting the targets established for their respective output / outcome measures.

Reporting should be organized around intended results (either intermediate or final). The current use of "strategic objectives" would be a more appropriate unit of analysis. Agency executives may find the need to draw on multiple programs (even across agencies) to achieve a common objective. There are probably some programs (e.g., social security benefits) where the program is large enough to warrant an assessment, but most programs in most agencies are not.

**Q7** 7. Any comments?

The stated purpose of The Financial Report of the United States Government is to provide the President, Congress, and the American people a comprehensive view of how the Government is managing taxpayer dollars. It is important for the public to see what programs they are financing and the effectiveness/success of the programs.

Programs only should be assessed to determine the cost and benefit. However, I do not include normal operations such as accounting, procurement and budget when considering the costs/benefit of a program.

Always a risk of public misunderstanding, but a price to be paid with democracy.

One set of activities that typically lies under the radar involve the support functions that, under FASAB standard 4, should have costs allocated to Federal programs with direct benefits to citizens.

The current governmental financial reporting is essentially a cash flow statement with no information conveyed on fiscal solvency. This deficiency has severely skewed the economic calculus of economic policymaking toward deficit spending and debt-funded economic growth, and worst of all, lack of political accountability and electoral pandering by kicking the fiscal can down the road indefinitely, which implies perpetual going concern.

In other words, flawed accounting has corrupted the economic calculus of our economic policymaking and democratic politics.

Programs may only provide an individual output contribution, or a component, needed to achieve a goal (an outcome). So a single program's efforts may not be adequate to achieve a goal by itself, while it provides an individual contribution to achieving the goal.

Agencies define "programs" around budget structure, organizational structure, program recipients, services provided, and/or outcomes. Imposing a single definition implies knowing who the end user of the information will be. My preference is to focus on the value to mission-delivery leaders, which can add value to their efforts to deliver results. If the focus is to use the data for greater accountability to CFOs, Congress, and IGs, then the end result might be to increase stovepipes between programs rather than incentivize collaboration between programs to achieve common results.

**U7** Should federal financial reports help report users evaluate the service efforts and accomplishments: Reporting entity such as a department **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
10	0.64	1	Definitely yes
1	0.06	2	Probably yes

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2	0.13	4	Probably no
2	0.13	5	Definitely no

**U8** Comment: Reporting entity such as a department  
 This information should be provided at a very high, summary level.  
 As times and conditions change, it is important to evaluate the effectiveness of organizations just as public companies reorganize when business conditions change. Having this information on departments will help the President in his governing of the country.  
 Yes for the 24 executive agencies and a consolidation of the smaller agencies.  
 Reporting should be program specific.  
 While financial reports help determine financial integrity, this is done in accounting terms which are not readily compatible with programmatic performance.  
 Department leaders need more current data than is typically available via annual financial reports.

**U9** Should federal financial reports help report users evaluate the service accomplishments of: Responsibility segments such as divisions or bureaus n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
4	0.26	4	Probably no
1	0.06	5	Definitely no

**U10** Comment: Responsibility segments such as divisions or bureaus  
 Accomplishments of large divisions or bureaus should probably be in the financial reports, but only at a summary level.  
 Continual evaluation of effectiveness and mission should be reviewed for optimal success and cost/benefit to the public.  
 This would be too small for the DoD. There are many responsibility segments.  
 See comment above where the responsibility segment is an internal service program, vice a program with direct benefits to citizens. Such internal functions need more attention.  
 See comment above.  
 While financial reports help determine financial integrity, this is done in accounting terms which are not readily compatible with programmatic performance.  
 same.

**U11** Should federal financial reports help report users evaluate the service accomplishments of: Specific programs n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
9	0.58	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain

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1	0.06	4	Probably no
2	0.13	5	Definitely no

**U12** Comment: Specific programs

My answer depends on how program is defined and how large the program is; if it is defined broadly and the program is large, then yes, the financial reports should reflect program accomplishments.

Because of the numerous programs, it may be beneficial to provide a materiality threshold for reporting on specific programs.

There are too many programs within the DoD.

Decision makers (OMB, Congress, and agencies) base program decisions on forward projected budgets which are not defined in the same terms as past financial accounting.

Same.

**U13** Should federal financial reports help report users evaluate the service accomplishments of: Program activities **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
3	0.19	1	Definitely yes
4	0.26	2	Probably yes
4	0.26	3	Uncertain
1	0.06	4	Probably no
3	0.19	5	Definitely no

**U14** Comment: Program activities

My answer would depend on how program is defined; if program is broadly defined and if the program is large, then yes, the financial reports should provide information on program activities.

Reporting on specific activities seems more of a management assessment. Individual activities may need to work in conjunction with other activities for optimal success. May be too detailed for the public who may not have a macro view of the program.

There would be too many activities.

Financial information is not informative as programs funding is typically related to budgets, which are more readily projected forward than past financial accounting.

not sure how this compares to program

Same.

**U15** Should federal financial reports help report users evaluate the service accomplishments of: Strategic goals **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
9	0.58	1	Definitely yes
2	0.13	2	Probably yes
3	0.19	3	Uncertain
1	0.06	5	Definitely no

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**U16** Comment: Strategic goals

This is appropriate in a performance report, but in a financial report, it would seem most important to link accomplishments to costs incurred (somewhat regardless of strategic goals). A short reference to an accomplishment supporting a particular goal would be fine, but nothing more is needed.

It is important for the public to know on what the government is focusing and what is needed to be considered a "successful" initiative.

How do you "evaluate the accomplishments of" strategic goals?

As decision makers consider funding government activities in terms of budgets, financial accounting data is expressed in different terms not readily comparable with budgets.

Trend financial data can help planners see a broader picture.

**U17** Should federal financial reports help report users evaluate the service accomplishments of: Geographical regions

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
3	0.19	1	Definitely yes
6	0.38	2	Probably yes
3	0.19	3	Uncertain
1	0.06	4	Probably no
2	0.13	5	Definitely no

**U18** Comment: Geographical regions

This seems too detailed for a financial report.

Reporting on geographic regions could bring forth information revealing common or isolated issues and help in decisions for funding future projects.

Evaluate the accomplishments of regions?

Other than comparing how much funding has been invested in an area, it is unclear what added information more detailed financial information would provide on a region's accomplishments.

Helpful to decision-makers, and members of Congress.

**U19** Accomplishments: Other level

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Definitely yes
1	0.06	2	Probably yes
9	0.58	3	Uncertain
1	0.06	5	Definitely no

**U20** Comment: Other level

Several agencies may have common missions which could be benchmarked.

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Appropriation, Reporting Entity, or Major Force Programs.  
 Each major program should be reported on a going concern basis with a defined economic terminal event.  
 Outcome measures which define the strategic goals.

**U21** b. Should financial reports of the federal government help report users evaluate the service Costs of: Reporting entities such as departments **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
11	0.70	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain
1	0.06	5	Definitely no

**U22** Comment: Reporting entities such as departments  
 See responses to question 8.  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across departments, depending upon the differing missions of the departments.  
 could allow comparisons of service costs in common functions across agencies, if available at a useful level of disaggregation.

**U23** Should financial reports of the federal government help report users evaluate the service Costs of Responsibility segments such as divisions or bureaus **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes
5	0.32	2	Probably yes
1	0.06	4	Probably no
1	0.06	5	Definitely no

**U24** Comment: Responsibility segments such as divisions or bureaus  
 Cost information for large divisions or bureaus would be appropriate.  
 See responses to question 8.  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across divisions, depending upon the differing missions of the divisions.  
 same.

**U25** Should financial reports of the federal government help report users evaluate the service Costs of Specific programs **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
7	0.45	1	Definitely yes

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4	0.26	2	Probably yes
1	0.06	4	Probably no
3	0.19	5	Definitely no

**U26** Comment: Specific programs  
 Cost information for large programs would be appropriate.  
 See responses to question 8.  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across programs, depending upon the differing missions of the programs.  
 same.

**U27** Should financial reports of the federal government help report users evaluate the service Costs of Program activities **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
5	0.32	1	Definitely yes
2	0.13	2	Probably yes
4	0.26	3	Uncertain
1	0.06	4	Probably no
3	0.19	5	Definitely no

**U28** Comment: Program activities  
 Cost information for activities of large programs would be appropriate.  
 See responses to question 8.  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across program activities, depending upon the differing missions of the programs.  
 same.

**U29** Should financial reports of the federal government help report users evaluate the service Costs of Strategic goals **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
9	0.58	1	Definitely yes
2	0.13	2	Probably yes
2	0.13	3	Uncertain
1	0.06	4	Probably no
1	0.06	5	Definitely no

**U30** Comment: Strategic goals  
 It is important to know on what the government is focusing, how well it performed and the cost-benefit of the initiative.  
 Evaluate the service costs of goals?

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Service costs would only provide a component of the total costs needed to achieve a goal; and could be complicated by trying to distinguish direct vs indirect costs.  
 Could be helpful in setting priorities.

**U31** Should financial reports of the federal government help report users evaluate the service Costs of Geographical regions **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	3	Uncertain
3	0.19	4	Probably no
2	0.13	5	Definitely no

**U32** Comment: Geographical regions  
 Evaluate the service costs of regions?  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across regions.

**U33** b. Should financial reports of the federal government help report users evaluate the service Costs of Other level **n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
2	0.13	1	Definitely yes
1	0.06	2	Probably yes
10	0.64	3	Uncertain
1	0.06	5	Definitely no

**U34** Comment: Other level  
 You would need to ensure the same content, quantity, and complexity of service costs across organizations for the information to be useful.  
 how it compares to programs with similar missions and serve the same population

**U35** Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: **n=1561 N=1561**  
 The reporting entity (a department or agency)

Count	Percent	Value	Label
1546	99.04	0	Not checked
12	0.77	1	Definitely yes
1	0.06	2	Probably yes
1	0.06	4	Probably no
1	0.06	5	Definitely no

**U36** Comment: The reporting entity (a department or agency)

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This information should be provided at a very summary level.

Not exactly sure about this question. If "service accomplishments" refers to only successful initiatives during the year, the reporting may not be balanced as to what was planned and not accomplished.

This would be duplicative of the GPRA Modernization Act requirements, especially while outcomes are more readily comparable to budgets.

Currently, financial reports typically do not link to performance information. Where they do, then it might be helpful in evaluating accomplishments. Need to have ABC-based accounting in place for this to be useful.

**U37** Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of:  
Responsibility segments such as divisions or bureaus **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
7	0.45	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	4	Probably no
2	0.13	5	Definitely no

**U38** Comment: Responsibility segments such as divisions or bureaus

Key accomplishments of large divisions or bureaus should be provided at a summary level.

See 10a

This would be duplicative of the GPRA Modernization Act requirements, especially while outcomes are more readily comparable to budgets.

same.

**U39** a. Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: Specific programs **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain
2	0.13	4	Probably no
2	0.13	5	Definitely no

**U40** Comment: Specific programs

Key accomplishments of large programs should be provided at a summary level.

See 10a

As mentioned earlier, programs only provide a contribution to the achievement of a goal. Reporting at such a low level of detail would be burdensome and narrowly focused.

same.

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**U41** a. Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: Program activities

n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
4	0.26	1	Definitely yes
2	0.13	2	Probably yes
3	0.19	3	Uncertain
3	0.19	4	Probably no
2	0.13	5	Definitely no

**U42** Comment: Program activities

Key accomplishments associated with activities of large programs could be provided at a summary level.

May be too granular for reporting overall results.

As mentioned earlier, programs only provide a contribution to the achievement of a goal. Reporting at such a low level of detail would be burdensome and narrowly focused.

Same.

**U43** a. Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: Strategic goals

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	3	Uncertain
1	0.06	5	Definitely no

**U44** Comment: Strategic goals

I am not certain this is central to financial reporting.

See 10a

How do you "evaluate the service accomplishments" of goals?

As decision makers consider funding government activities in terms of budgets, financial accounting data is expressed in different terms not readily comparable with budgets.

Providing trend data can be helpful to planners.

**U45** a. Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: Geographical regions

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	3	Uncertain

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3	0.19	4	Probably no
2	0.13	5	Definitely no

**U46** Comment: Geographical regions  
 ... of "regions"?  
 Other than comparing how much funding has been invested in an area, it is unclear what added  
 Probably of interest to external stakeholders, more than internal users.

**U47** a. Should federal financial reports of departments and agencies help report users evaluate the service accomplishments of: Other level n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
3	0.19	1	Definitely yes
1	0.06	2	Probably yes
7	0.45	3	Uncertain
1	0.06	4	Probably no
2	0.13	5	Definitely no

**U48** Comment: Other level  
 [none]

**U49** b. Should financial reports of departments and agencies help report users evaluate the service costs of: The reporting entity (a department or agency) n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
12	0.77	1	Definitely yes
1	0.06	3	Uncertain
1	0.06	4	Probably no

**U50** Comment: The reporting entity (a department or agency)  
 It is always important to look at service costs just as is done by normal businesses. Helps evaluate whether there are more cost effective ways of doing things if costs are outside benchmark data for similar activities. Also may be a way of evaluating the effectiveness of the process it is supporting.  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across departments, depending upon the differing missions of the departments.  
 Not as currently configured; if there was some form of ABC accounting in place, then "yes."

**U51** b. Should financial reports of departments and agencies help report users evaluate the service costs of: Responsibility segments such as divisions or bureaus n=1561 N=1561

Count	Percent	Value	Label
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1547	99.10	0	Not checked
7	0.45	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	4	Probably no
1	0.06	5	Definitely no

**U52** Comment: Responsibility segments such as divisions or bureaus  
 Service costs of large divisions and bureaus should be provided at a summary level.  
 See 11a  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across divisions, depending upon the differing missions of the divisions.

**U53** b. Should financial reports of departments and agencies help report users evaluate the service costs of:  
 Specific programs n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
2	0.13	4	Probably no
2	0.13	5	Definitely no

**U54** Comment: Specific programs  
 Service costs of specific programs could be provided at a summary level.  
 See 11a  
 Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across programs, depending upon the differing missions of the programs.

**U55** b. Should financial reports of departments and agencies help report users evaluate the service costs of:  
 Program activities n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
4	0.26	1	Definitely yes
2	0.13	2	Probably yes
4	0.26	3	Uncertain
1	0.06	4	Probably no
3	0.19	5	Definitely no

**U56** Comment: Program activities  
 Service costs of activities of very large programs could be provided at a summary level.  
 See 11a

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Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across program activities, depending upon the differing missions of the programs.

**U57** b. Should financial reports of departments and agencies help report users evaluate the service costs of:  
Strategic goals n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
8	0.51	1	Definitely yes
1	0.06	2	Probably yes
4	0.26	3	Uncertain
1	0.06	5	Definitely no

**U58** Comment: Strategic goals  
See 11a  
Evaluate the service costs of goals?  
I simply don't see a major downside.  
Service costs would only provide a component of the total costs needed to achieve a goal; and could be complicated by trying to distinguish direct vs indirect costs.

**U59** b. Should financial reports of departments and agencies help report users evaluate the service costs of:  
Geographical regions n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
5	0.32	1	Definitely yes
1	0.06	2	Probably yes
2	0.13	3	Uncertain
4	0.26	4	Probably no
2	0.13	5	Definitely no

**U60** Comment: Geographical regions  
See 11a  
Evaluate the service costs of regions?  
Service costs would be highly dependent upon the amount and complexity of the need, which would not be the same across regions.

**U61** b. Should financial reports of departments and agencies help report users evaluate the service costs of:  
Other level n=1561 N=1561

Count	Percent	Value	Label
1548	99.17	0	Not checked
3	0.19	1	Definitely yes
2	0.13	2	Probably yes
5	0.32	3	Uncertain
1	0.06	4	Probably no

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2	0.13	5	Definitely no
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**U62** Comment: Other level  
See 11a  
You would need to ensure the same content, quantity, and complexity of service costs across organizations for the information to be useful.

**U63** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of: The reporting entity (a department or agency) n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
10	0.64	1	Definitely yes
3	0.19	2	Probably yes
1	0.06	3	Uncertain
1	0.06	5	Definitely no

**U64** Comment: The reporting entity (a department or agency)  
Because the Federal budget provides comprehensive budget information, the financial reports need not duplicate that information. They need only provide a summary level of information or reference to where information is consistent with or different from the budget.  
It should be of importance for the users of financial statements to know available resources for organizations so that missions may be accomplished. It may be that a program may need to be discontinued for lack of funding which would be a potential waste of taxpayer money by leaving a program unfinished or unsustainable. It should be noted that some agencies set their own budgets which do not include funds provided by taxpayers nor are these agencies managed as those receiving taxpayer funding.  
It would not help the public to just provide budgetary resources by the DoD. It needs to be broken down to a lower level, such as the major reporting entities within the DoD.  
This would effectively duplicate Congressional budget justifications and would unlikely be used by decision makers.  
Don't understand the question.

**U65** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of: Responsibility segments such as divisions or bureaus n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain
2	0.13	4	Probably no
2	0.13	5	Definitely no

**U66** Comment: Responsibility segments such as divisions or bureaus

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Budget information at this level of detail should be obtained from the Federal budget.  
 See 12a  
 This would effectively duplicate Congressional budget justifications and would unlikely be used by decision makers.

**U67** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of:  
 Specific programs **n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
8	0.51	1	Definitely yes
3	0.19	2	Probably yes
1	0.06	3	Uncertain
2	0.13	5	Definitely no

**U68** Comment: Specific programs  
 Budget information at this level of detail should be obtained from the Federal budget.  
 See 12  
 This would effectively duplicate Congressional budget justifications and would unlikely be used by decision makers.

**U69** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of:  
 Program activities **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Definitely yes
2	0.13	2	Probably yes
4	0.26	3	Uncertain
2	0.13	4	Probably no
3	0.19	5	Definitely no

**U70** Comment: Program activities  
 Budget information at this level of detail should be obtained from the Federal budget.  
 See 12a  
 This would effectively duplicate Congressional budget justifications and would unlikely be used by decision makers.

**U71** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of:  
 Strategic goals **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
8	0.51	1	Definitely yes

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3	0.19	3	Uncertain
1	0.06	4	Probably no
3	0.19	5	Definitely no

**U72** Comment: Strategic goals  
 See 12a  
 This question doesn't make sense. Evaluate the budgetary resources of goals?  
 Most OMB and Congressional decision makers prefer to review the budgets of individual programs rather than at the goal level.

**U73** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of: Geographical regions n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	3	Uncertain
1	0.06	4	Probably no
4	0.26	5	Definitely no

**U74** Comment: Geographical regions  
 See 12a  
 Okay, maybe one could "evaluate the budgetary resources" of regions.  
 Budgets are typically justified on the basis of achieving a goal or objective, or on accomplishing a goal, and not on a regional basis.

**U75** c. Should financial reports of departments and agencies help report users evaluate the budgetary resources of: Other level n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
3	0.19	1	Definitely yes
2	0.13	2	Probably yes
5	0.32	3	Uncertain
4	0.26	5	Definitely no

**U76** Comment: Other level  
 See 12a

**U77** Importance: Budgetary resources available during a period of time n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
13	0.83	1	Very important

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1	0.06	2	Moderately important
1	0.06	3	Not important

**U78** Comment: Budgetary resources available during a period of time

This is important information, but if it is in the Federal budget, the financial report can simply cite to the budget rather than duplicating the information.

For agencies funded through taxpayer revenue, it is important to know what funds are available and the timing of the receipt of funds. This is important in managing the activities of the organization, accountability and keys to success. Most companies have budgets and forecasts to help management in making strategic decisions to the benefit of the company. The government should be no different.

For each significant cash flow, principle stakeholders should be defined as well as contingent stakeholders, which could suddenly emerged with a significant economic claim on the cash flow.

**U79** Importance: Budgetary resources used (obligated) during a period of time

**n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
12	0.77	1	Very important
2	0.13	2	Moderately important
1	0.06	3	Not important

**U80** Comment: Budgetary resources used (obligated) during a period of time

This is important information, but does not need to be included in financial reports; the reports should cite to the budget.

See 13a

**U81** Importance: Budgetary resources available to be used in the future

**n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
7	0.45	1	Very important
7	0.45	2	Moderately important
1	0.06	3	Not important

**U82** Comment: Budgetary resources available to be used in the future

Because budgetary resources are legal authority to incur obligations not necessarily backed by cash, the availability of future budgetary resources would not seem to be that critical for financial reports.

See 13a. In addition, available resources can be an indicator of a "going concern" issue as to whether a program has funding to sustain itself.

The allocations of future cash flow among competing stakeholders should be a crucial part of the budgeting process.

**U83** Importance: Cost +incurred+ during a period of time (inclusive of costs not covered)

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**n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
10	0.64	1	Very important
4	0.26	2	Moderately important
1	0.06	3	Not important

**U84** Comment: Cost +incurred+ during a period of time (inclusive of costs not covered  
 Because of uncertainties surrounding accrual estimates, costs that include such estimates are not necessarily superior to the cash costs shown in the budget.  
 It is very important to recognize cost incurred. First, there are accounting standards which require accrual accounting which would recognize such a cost. Secondly, it is important to have a plan to fund such costs in the future.  
 Incurred cost based reporting is fundamentally flawed for economic entities with significant exposures to uncertainties in cash flow assumptions, such as 1% actual tax revenue growth rate instead of 3% assumed growth rate.  
 There is already an astronomical accounting demon lurking in the economy because of decades of accounting ignorance for probable economic costs of assumption uncertainties in economic policymaking. The accounting demon will come to haunt us all because economic reality will assert itself sooner or later.  
 Once you include non-budgetary resources that are not under the control of the agency/manager nor are a determining factor in direct funding of the program, they are no longer of interest to the congressional representative, the agency, or the manager.

**U85** Importance: An explanation of why cost +incurred+ differs from budgetary

**n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
6	0.38	1	Very important
7	0.45	2	Moderately important
2	0.13	3	Not important

**U86** Comment: An explanation of why cost +incurred+ differs from budgetary  
 This variance analysis is a primary tool for most business to determine the appropriate use of resources for the good of the company/agency.  
 Incurred costs are important, but not as nearly as probable economic costs of assumption uncertainties in economic policymaking. Unfortunately, the 550-year ancient double-entry cannot accrue probable economic costs of assumption uncertainties.

**U87** Importance: Trends in cost over time

**n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
9	0.58	1	Very important
5	0.32	2	Moderately important

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1	0.06	3	Not important
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**U88** Comment: Trends in cost over time

This is important, but it's not clear that a detailed analysis of trends needs to be in financial reports.

Information on trends is an indicator of performance. In public companies, the Security Exchange Commission requires such reporting to give investors information on which to make financial decisions and evaluate the financial health of a company.

Historical trend and correlations are not important in the presence of probable economic costs of assumption uncertainties in economic policymaking because they could be suddenly unlocked by unfavorable economic circumstances to subvert all historical patterns and trends and correlations.

This is only important to managers and decision makers if you are considering expenditures of budgeted resources.

**U89** Importance: Expected cost in the future **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
7	0.45	1	Very important
8	0.51	2	Moderately important

**U90** Comment: Expected cost in the future

This is important, but it's not clear how much this needs to be addressed in financial reports.

See 13f. In addition, evaluation of future costs is very important to have appropriate funding available to meet needs.

This is crucial given the probable economic costs of assumption uncertainties in economic policymaking.

This is only important to managers and decision makers if you are considering projected expenditures of budgeted resources.

**U91** Importance: The amount of assets and liabilities associated with the activity **n=1561 N=1561**

Count	Percent	Value	Label
1546	99.04	0	Not checked
6	0.38	1	Very important
8	0.51	2	Moderately important
1	0.06	3	Not important

**U92** Comment: The amount of assets and liabilities associated with the activity

To the extent the assets can be sold to cover the liabilities and to the extent the liabilities are legal liabilities, then this information is important.

Important from the fact on cost benefit of investment in capital assets. Again, this is a tool used by businesses.

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**U93** Importance: Trends in the assets and liabilities associated with the activity over time

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
4	0.26	1	Very important
9	0.58	2	Moderately important
2	0.13	3	Not important

**U94** Comment: Trends in the assets and liabilities associated with the activity over time

Information on trends is an indicator of performance. How well an agency utilizes its assets is a common financial ratio.

Contractual obligations could implode when probable economic costs of assumption uncertainties were unlocked under unfavorable economic circumstances to render liquidity crunch in the forms of sudden shortfall in budgetary cash flow or a competing contingent stakeholder suddenly emerged with a significant economic claim on the budgetary cash flow.

**U95** Importance: Cost that can be compared to similar activities

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
10	0.64	1	Very important
4	0.26	2	Moderately important
1	0.06	3	Not important

**U96** Comment: Cost that can be compared to similar activities

This is important if the costs are truly comparable, but it is not clear that this information should be in financial reports.

It is important to benchmark so that efficiencies may be gained by following actions taken by others.

Truly "similar" activities are often difficult to find across differing programmatic activities.

**U97** Importance: Use of plain language for reporting on budgetary resources

n=1561 N=1561

Count	Percent	Value	Label
1546	99.04	0	Not checked
12	0.77	1	Very important
2	0.13	2	Moderately important
1	0.06	3	Not important

**U98** Comment: Use of plain language for reporting on budgetary resources

The purpose of financial statements are for readers to "understand" the documents. The Securities and Exchange Commission has a document on using plain English for preparation of annual and quarterly reports of public companies.

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Use going concern ratings to convey economic performance and fiscal solvency would be a very cost effective, easy to understand reporting tool.

**U99** Importance: Other (please describe) **n=1561 N=1561**

Count	Percent	Value	Label
1552	99.42	0	Not checked
3	0.19	1	Very important
2	0.13	2	Moderately important
4	0.26	3	Not important

**U100** Comment: Other (please describe)

Acquisition cost and unit tracking.

multi-faceted and comprehensive information \*in addition to\* simplified reporting language

Develop a solvency-profitability-valuation reporting model is crucial as the current solvency-profitability reporting model has bankrupted already.

Discussing the status of budgeted resources, past and future, can be useful if directly comparable to the funding defined in Congressional budget justifications.

**U101** Importance: ~Understandability~ The measures should communicate **n=1561 N=1561**

Count	Percent	Value	Label
1548	99.17	0	Not checked
13	0.83	1	Very important

**U102** Comment: ~Understandability~ The measures should communicate

SEC requires investor-owned companies to prepare financial reports that are written in "plain English."

**U103** Importance: ~Reliability~ The information should be derived from systems that **n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
12	0.77	1	Very important
2	0.13	2	Moderately important

**U104** Comment: ~Reliability~ The information should be derived from systems that

Financial information must be reliable in order to make decisions. Must have effective internal controls to ensure the completeness and integrity of data underlying the financial results.

Reporting reliability cannot be possibly achieved with the current double-entry accounting construct because it cannot accrue probable economic costs of assumption uncertainties in economic policymaking.

The reporting relevancy of fair value accounting has been subverted by the lack of

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reliability of historical cost accounting - this is fatal flaw in the design of fair value accounting which is due to the non-accrual of probable economic costs of assumption uncertainties.

The scope and nature of many government programs make it challenging, if not impossible, to quantify results in the controlled, verifiable manner described here (e.g. are State Department efforts "successful" in helping the US). Sometimes supported/explaining judgement is the best you can get... and is still useful for decision making.

**U105** Importance: ~Timeliness~ The measures should be available to users  
**n=1561 N=1561**

Count	Percent	Value	Label
1548	99.17	0	Not checked
11	0.70	1	Very important
1	0.06	2	Moderately important
1	0.06	3	Not important

**U106** Comment: ~Timeliness~ The measures should be available to users

Timeliness is important to be able to adjust business plans to meet potential or emerging changes in the operating environment.

Timeliness, or relevancy, is important but not as nearly as reliability. See comment above.

Often the measures are still valuable even if not reported in time to match the release of financial statements, especially where results are dependent upon several years of efforts.

**U107** Importance: ~Consistency~ The measures should be reported consistently  
**n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
11	0.70	1	Very important
3	0.19	2	Moderately important

**U108** Comment: ~Consistency~ The measures should be reported consistently

Consistency is needed to help with analytics to evaluate results given the same set of circumstances/measures. This is a primary accounting principle.

Consistency is crucial. But in the presence of non-accruals of probable economic costs of assumption uncertainties, consistency cannot be possibly achieved.

**U109** Importance: ~Comparability~ The measures should provide a frame of reference for  
**n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
10	0.64	1	Very important
4	0.26	2	Moderately important

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**U110** Comment: ~Comparability~ The measures should provide a frame of reference for Standards and policies should be applied consistently to facilitate meaningful analysis.

Comparability is important but cannot be achieved on the incurred cost basis. See comment above regarding probable economic costs.

Often programmatic content, scope, complexity and timeframes are too different for comparisons across programs.

**U111** Importance: ~Completeness~ The measures, in the aggregate, should cover all aspects of the

n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
9	0.58	1	Very important
3	0.19	2	Moderately important
2	0.13	3	Not important

**U112** Comment: ~Completeness~ The measures, in the aggregate, should cover all aspects of the

Completeness cannot be possibly achieved given the non-accrual of probable economic costs of assumption uncertainties.

Attempting to cover all aspects of the mission has proven to be one of the main factors that impede the use of performance information especially at the bureau, agency, and government levels (i.e. PART). The more strategic Agency Priority Goal approach has proven to be more useful.

**U113** Importance: ~Legitimacy~ The measures should be accepted as relevant both

n=1561 N=1561

Count	Percent	Value	Label
1548	99.17	0	Not checked
11	0.70	1	Very important
2	0.13	2	Moderately important

**U114** Comment: ~Legitimacy~ The measures should be accepted as relevant both

This is the crust of my argument, the flawed accounting caused by the non-accrual of probable economic costs of assumption uncertainties in economic policymaking has corrupted the economic calculus of political representation and electoral politics. There is no accountability as fiscal solvency is not measured and reported. How should legitimacy be defined? The accounting ignorance has engendered the systemic impairment of national fiscal solvency and nobody has been held accountable, how is that legitimate?

**U115** Importance: ~Ability to relate to cost~ The measures should be

n=1561 N=1561

Count	Percent	Value	Label
1547	99.10	0	Not checked
10	0.64	1	Very important

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3	0.19	2	Moderately important
1	0.06	3	Not important

**U116** Comment: ~Ability to relate to cost~ The measures should be  
 The ability to relate cost is important so management may be able to identify costs and its components to be more effective in evaluating a program/project.  
 Assumptions have probable economic costs but they are not accrued and reported.  
 The scope and nature of many government programs make it challenging, if not impossible, to quantify results in the controlled, verifiable manner described here (e.g. are State Department efforts "successful" in helping the US). Sometimes supported/explaining judgement is the best you can get... and is still useful for decision making.

**U117** Importance: Other (please describe) **n=1561 N=1561**

Count	Percent	Value	Label
1555	99.62	0	Not checked
1	0.06	1	Very important
1	0.06	2	Moderately important
4	0.26	3	Not important

**U118** Comment: Other (please describe)  
 Utility...one of the main determining factors of a useful measure should be the extent to which it is actually reviewed, discussed, and employed in decision making.

**Q15A** 15a. Integrated into a single presentation? **n=1561 N=1561**

Count	Percent	Value	Label
1547	99.10	0	Not checked
8	0.51	1	Definitely yes
3	0.19	2	Probably yes
3	0.19	4	Probably no

**Q15B** 15b. Distinct topics? **n=1561 N=1561**

Count	Percent	Value	Label
1549	99.23	0	Not checked
7	0.45	1	Definitely yes
1	0.06	2	Probably yes
1	0.06	3	Uncertain
3	0.19	4	Probably no

**Q15C** 15c. Other? **n=1561 N=1561**

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Count	Percent	Value	Label
1553	99.49	0	Not checked
2	0.13	1	Definitely yes
1	0.06	2	Probably yes
5	0.32	3	Uncertain

**Q16** 16. If other, please describe.

It may be that the information be included in a single presentation at a high level in the Management's Discussion and Analysis section of the report on a principle-based disclosure. Reference to additional sources of more detailed information should be given such as Government Performance and Reporting Act reports and Sustainability Reports already required by the Office of Management and Budget.

I would not expect presentations of non-financial information to be opined upon by external auditors.

Trends.

Going concern rating would immediately correct the current accounting ignorance for probable economic costs of assumption uncertainties in policymaking with triple-entry accounting, valuation solvency and inter-stakeholder allocations of budgetary cash flow rated toward a defined fiscal terminal event.

I would be happy to further discuss my new economic theory called going concern economics. My phone number is 908-723-6823 and email [simonhu66@aol.com](mailto:simonhu66@aol.com) or [simon.hu@goingconcernrating.com](mailto:simon.hu@goingconcernrating.com)

Until "cost" data can be directly comparable to budget information, bringing all three together will not happen. And that still assumes the appropriate level of review is employed, i.e. more at the strategic objective or goal level rather than at the program level. The pursuit of more and more levels of detail has proven to be ineffective, if not impede, the opportunity of assisting decision making. Budget and performance can be brought together, as some agencies and states have, as long as it is applied in a representative rather than accounting-based manner.

**Financial Measures****Q17** 17. What types of financial measures should be presented with nonfinancial performance information?

cost per program

Only key summary measures that are understandable and reliable should be presented.

SFFAC3--Management's Discussion and Analysis gives guidance on what should be included in financial reports. It also recognizes that each agency has its own performance metrics. This concept statement is more principle-based rather than prescriptive as is guidance provided by the Securities and Exchange Commission for public companies.

Units.

Beginning and Ending Balance and how funds were used to accomplish the strategic goal or mission of the agency.

Obligations incurred under current policy

Probable economic costs of uncertainties in assumptions of economic policymaking is a significant nonfinancial item which is currently not accrued and reported.

Fiscal solvency is another item not reported.

Economic claims of stakeholders competing for budgetary cash flow and the

Attachment 1

political representations behind the competing economic claims are not reported. For example, competitions among voters, creditors, pensioners, state governments, spending programs, healthcare, education, etc. and etc. and how political representations can influence the eventual allocations of budgetary cash flow.

Budgeted resources expended.  
Projected expenditures of budgeted resources.

Statistics demonstrating the success of the program including trends  
financial measures should be linked to non financial data like performance information.

1. Prompt Payment
2. A/R - for fee entities
3. Cost per output

**Q18** 18. Are those measures being presently currently? **n=1561 N=1561**

Count	Percent	Value	Label
1552	99.42	0	Not checked
2	0.13	1	Yes
7	0.45	2	No

**Q19** 19. Are multiple periods of information an important element of performance information? **n=1561 N=1561**

Count	Percent	Value	Label
1550	99.30	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain

**Q20** 20. Is it important to present "programs" across the federal government? **n=1561 N=1561**

Count	Percent	Value	Label
1549	99.23	0	Not checked
7	0.45	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	3	Uncertain
1	0.06	4	Probably no
1	0.06	5	Definitely no

**Q21** 21. If so, should the resulting program inventory facilitate comparison among programs serving similar purposes? **n=1561 N=1561**

Count	Percent	Value	Label
1552	99.42	0	Not checked
9	0.58	1	Yes

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**Q22A** 22a. Integrated into a single presentation?

n=1561 N=1561

Count	Percent	Value	Label
1549	99.23	0	Not checked
8	0.51	1	Definitely yes
2	0.13	2	Probably yes
1	0.06	4	Probably no
1	0.06	5	Definitely no

**Q22B** 22b. Distinct topics?

n=1561 N=1561

Count	Percent	Value	Label
1550	99.30	0	Not checked
7	0.45	1	Definitely yes
1	0.06	2	Probably yes
1	0.06	3	Uncertain
2	0.13	4	Probably no

**Q22C** 22c. Other?

n=1561 N=1561

Count	Percent	Value	Label
1554	99.55	0	Not checked
1	0.06	1	Definitely yes
1	0.06	2	Probably yes
4	0.26	3	Uncertain
1	0.06	5	Definitely no

**Q23** 23. If other, please describe.

In addition to information required by SFFAC 3 for financial reporting, it may be that the more detailed sustainability and performance information required to be submitted to the Office of Management and Budget by the Government Performance and Reporting Act may somehow be electronically linked to the annual financial statements. This would reduce redundancy and focus on the highlights of an agency since the report is already in the public domain.

trends

Fiscal solvency in the context of going concern and accruals of probable economic costs of assumption uncertainties in policymaking should be the top priority.

**Other Comments**

**Q24** 24. Please use this space to offer any comments or suggestions for improving performance reporting and the financial reporting models for the federal government as a whole. Your comments are most helpful if they provide the reasoning for your views.

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Before adding new performance information to the very comprehensive consolidated financial report, I would suggest that FASAB first identify information that can be eliminated and/or ways that the consolidated report can be streamlined.

The purpose of the report of the federal government is to present taxpayers with information related to use of tax revenues by the federal government. In some respects, the taxpayer may be compared to a shareholder in a company--only he has "invested" his funds in the federal government. Information needs by the taxpayer are not basically different than those of shareholders. The Securities and Exchange Commission has issued reporting guidance for public companies to follow to meet the needs of shareholders including principle-based disclosures about the company which are included in the Management's Discussion and Analysis section of reports. The FASAB has already recognized the importance of this type of information in issuing SFFAC 3. By closer adherence to requirements of SFFAC 3 in the Management's Discussion and Analysis, evaluation of most of the information in this survey could be reported without additional requirements.

Additionally, cross-referencing reports already required and submitted to the government would be a resource to the public to gain more detailed information. References to such documents could be made in the annual financial report.

As I've noted before, tracking major acquisitions over time, in addition to programs over time vs. results achieved, would be very useful to understand how acquisitions evolve and ultimately cost very much more than initial estimates.

We need a solution to the issue of shared agency identifier codes in order to improve the reliability of existing financial reporting. At present, several entities share an agency identifier code, which hampers the ability to accurately report all financial data to Treasury. As Treasury has improved their reporting capabilities, it has further hindered agencies from reporting as no one agency will take responsibility for the accounts in their entirety, and the end result is only one agency reporting the most material amount. Treasury and OMB should convene a working session with these agencies to identify a workable solution, ideally, assigning each agency a separate agency identifier code. The result would be all accounts being reported and improving the ability for intragovernmental elimination which will resolve the GAO audit finding.

I would like to see rigorous estimates of the effects of policies.

Dear Mr. Ross Simms,

I am actually connected with you in LinkedIn. I have just sent you an invitation to join the Going Concern Rating group, which elucidates a revolutionary financial reporting tool based:

1. Triple-entry, the third entry called probit for accruing probable economic costs of assumption uncertainties in policymaking.
2. National going concern valuation: insolvency-risk-discounted budgetary cash flow. This is called national solvency test.
3. Going concern rating: if the national solvency test suggests that the federal government is at risk becoming insolvent, say 80% probability for losing 70% national going concern valuation and lose the global leadership, national policymaking would have to change within a new solvency framework.

I would be happy to further discuss my research in person.

Best regards,

Simon Hu  
(M) 908-723-6823

More integration across programs, e.g. working at the strategic goal level, is necessary to provide more perspective on the government's progress, assuming that financial information can also be similarly integrated in terms that are more directly comparable with the government's budget. This assumes that performance

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information in employed in a representative manner rather than trying to include all of the agencies' individual components in an accounting style exercise. Judgement, adequately supported could be more useful than a copious list of details, if we want performance and funding information to be used and not just reported.

**Q25** 25. Please use this space to offer any comments or suggestions for improving performance reporting and the financial reporting models for departments and agencies. Your comments are most helpful if they provide the reasoning for your views.

Before adding new performance information to agency financial reports, I would suggest that FASAB first do a comprehensive review of each CFO Act agency report and identify information that could be streamlined or eliminated.

Disclosures should be flexible and based on meaningful and information to allow a reader to form an opinion on the effectiveness of an agency. Management knows best how to present information which is informative, relevant and significant. It may be that materiality thresholds are needed but also allow for qualitative as well as quantitative considerations.

Additionally, it should be recognized that there are some agencies which do not receive funding and whose business model differs from agencies receiving funds. These agencies follow Financial Accounting Standard Board guidance for reporting. For these agencies, presentations may need to differ to give readers a better report from which to discern the actual results and effectiveness of such agencies.

Again, tracking acquisitions over time in terms of initial and ultimate costs and units.

The Statement of Spending project should be revisited. We submitted a simple, plain language statement which connected/reconciled the budgetary resources to the actual spending. The statement was easy to read and understand. This type of statement would be of benefit to those who want to know how are my tax dollars being spent.

In the context of going concern economics, each government entity should sustain as a going concern. Fiscally unsustainable entities should be restructured or consolidated to make them fiscally sustainable.

Fiscally unsustainable but strategically crucial entities should have their strategic importance monetized and have their sustainability redefined on the new basis.

Similarly, integration of performance at the strategic objective level (across program contributions) is more meaningful and useful at the government and public level. This assumes that performance information in employed in a representative manner rather than trying to include all of the agencies' individual components in an accounting style exercise. Judgement, adequately supported could be more useful than a copious list of details, if we want performance and funding information to be used and not just reported.

**FINISH** 26. Have you finished this questionnaire? n=1561 N=1561

Count	Percent	Value	Label
13	0.83	1	Yes
1548	99.17	2	No

Close window

Print responses

Attachment 2: Additional Reporting Model and Performance Reporting Response

FASAB Reporting Model and Performance Reporting Survey		
Q #	Description	
1	Response as indiv or org - Individual	Organization
2	Please select from the following which best describes the capacity in which you are responding to this questionnaire	Preparer of Financial Statements
3	How do you define the term "program"?	Set of activities with a quantifiable goal
4	Is program the appropriate level at which to assess efforts, costs, and accomplishments?	Probably yes
7	Any comments	
8	The following questions pertain to the <b>federal governments as a whole</b> . Should federal financial reports of the federal government help report users evaluate the service <b>accomplishments</b> of:	
8a	Reporting entity such as a department	Definitely yes
8b	Responsibility segments such as divisions or bureaus	Probably yes
8c	Specific programs	Probably yes
8d	Program activities	Definitely no
8e	Strategic goals	Probably yes
8f	Geographical regions	Definitely no
8g	Other level	Definitely no
9	Evaluating <b>governmentwide costs</b> . Should financial report so the federal government help report users evaluate the <b>service costs</b> of:	
9a	Reporting entity such as a department	Definitely yes

9b	Responsibility segments such as divisions or bureaus	Probably yes
9c	Specific programs	Probably yes
9d	Program activities	Definitely no
9e	Strategic goals	Probably yes
9f	Geographical regions	Definitely no
9g	Other level	Definitely no
10	The following questions pertain to <b>departments and agencies</b> . Should federal financial reports of departments and agencies help report users evaluate the <b>service accomplishments</b> of:	
10 a	The reporting entity (a department or agency)	Definitely yes
10 b	Responsibility segments such as divisions or bureaus	Definitely yes
10 c	Specific programs	Definitely yes
10 d	Program activities	Definitely no
10 e	Strategic goals	Probably yes
10 f	Geographical regions	Definitely no
10 g	Other level	Definitely no
11	Should federal financial reports of <b>departments and agencies</b> help report users evaluate the <b>service costs</b> of:	
11 a	The reporting entity (a department or agency)	Definitely yes
11 b	Responsibility segments such as divisions or bureaus	Definitely yes

11 c	Specific programs	Definitely yes
11 d	Program activities	Definitely no
<b>FASAB Reporting Model and Performance Reporting Survey</b>		
<i>Q</i> #	<i>Description</i>	
11 e	Strategic goals	Probably yes
11 f	Geographical regions	Definitely no
11 g	Other level	Definitely no
12	Should federal financial reports of <b>departments and agencies</b> help report users evaluate the <b>budgetary resources</b> of:	
12 a	The reporting entity (a department or agency)	Definitely yes
12 b	Responsibility segments such as divisions or bureaus	Definitely yes
12 c	Specific programs	Definitely yes
12 d	Program activities	Definitely yes
12 e	Strategic goals	Probably yes
12 f	Geographical regions	Definitely no
12 g	Other level	Definitely no



## Federal Accounting Standards Advisory Board

February 9, 2017

Memorandum

To: Members of the Board

From: Grace Wu, Project Manager

Through: *Wendy M. Payne /s/*  
Wendy M. Payne, Executive Director

Subject: Disclosure in Financial Reporting – **Tab E-3**

### MEMBER ACTIONS REQUESTED:

- Review the questions and provide feedback

### MEMO OBJECTIVE

The objective of this memorandum is to discuss a potential project for disclosure in financial reporting.

### BRIEFING MATERIAL

- Staff Memo
- Attachment I: Survey Result on Note Disclosures

### BACKGROUND

From November 28, 2016, through January 30, 2017, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) conducted online surveys to help in assessing the most important priorities for the future and the next steps in its reporting model and performance reporting projects. As shown in attachment 1 titled *Survey Result on Note Disclosures*, over 50% of respondents see a need to provide additional guidance on current note disclosures.

The potential disclosure project was discussed by the Board in the past. During the October 2010 meeting, FASAB considered a proposal for a comprehensive review of disclosures. The proposed objective of the review was to refine existing disclosure requirements by determining whether certain required information was no longer relevant or useful, whether it could be streamlined or improved, as well as whether additional information was needed. The scope of the project was intended to be comprehensive and would involve approximately 18 panels who would review each disclosure or a cluster of disclosures. Following the panel discussions, interviews with users would be conducted to provide input about a) specific items of information

they find most valuable and why and b) their understanding of and interest in specific illustrative disclosures. The project was subsequently put aside during the February 2011 Board meeting after a discussion of priorities among the projects individual members ranked highly.

Other accounting standard boards are actively working on financial reporting disclosure and have issued several exposure drafts (EDs) on this topic from 2009 to now. In 2009, the Financial Accounting Standard Board (FASB) added a project for a framework to make financial statement disclosures more effective, coordinated, and less redundant. The project is responsive to requests and recommendations received from several constituents. From 2014 to now, the FASB has issued three related EDs: *Conceptual Framework for Financial Reporting: Chapter 8 Notes to Financial Statements* and *Chapter 3 Qualitative Characteristics of Useful Financial Information* as well as a proposed standards update *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*. Currently, FASB staff is addressing comments received on the EDs.

Proposed Chapter 8 of the FASB's concepts would provide a "framework for identifying information that could be appropriate for inclusion in notes to financial statements and relevant to users of those statements." The concepts would provide an intentionally broad range of possibilities from which the Board would identify a set of disclosures appropriate to the standards-setting topic being addressed.

The subsequent EDs address materiality – both in concepts and in standards. The concepts amendments would tie materiality for financial reporting purposes to the legal concept. The amendments proposed are:

QC11. Information is material if omitting it or misstating it could influence decisions that users make on the basis of the financial information of a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates in the context of an individual entity's financial report. Materiality is a legal concept. In the United States, a legal concept may be established or changed through legislative, executive, or judicial action. The Board observes but does not promulgate definitions of materiality. Currently, the Board observes that the U.S. Supreme Court's definition of materiality, in the context of the antifraud provisions of the U.S. securities laws, generally states that information is material if there is a substantial likelihood that the omitted or misstated item would have been viewed by a reasonable resource provider as having significantly altered the total mix of information.<sup>1</sup> Consequently, the Board cannot specify or advise specifying a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

<sup>1</sup>This general statement is a summary of observations of the following cases:

- a. *TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438 (1976).
- b. *Basic Inc. v. Levinson*, 485 U.S. 224 (1988).

The provisions of the proposed standards address consideration of materiality in preparing notes. In the "Notes to Financial Statements – Overall" section (Subtopic 235-10), the following guidance would be added:

## > Assessing Whether Disclosures Are Material

235-10-50-7 Materiality is applied to quantitative and qualitative disclosures individually and in the aggregate in the context of the financial statements taken as a whole; therefore, some, all, or none of the requirements in a disclosure Section may be material.

235-10-50-8 Materiality is a legal concept.

235-10-50-9 The omission of immaterial disclosures is not an accounting error.

The International Accounting Standards Board (IASB)'s disclosure initiative also comprises several implementation and research projects. The IASB is also addressing materiality; both in concept and in practice. Standards level changes were made in advance of completion of the materiality guidance. In late 2014, completed *Amendments to IAS 1* intended to encourage judgment in determining what information to disclose. In particular, professional judgment is encouraged in the sequence order appears in the disclosures. In early 2016, *Amendments to IAS 7—2016* were completed that improve how changes in liabilities are disclosed in connection with the statement of cash flows. The objective of the disclosure research project is to identify and develop a set of principles for disclosure that could form the basis of a standards-level project.

Although the materiality changes are only one part of a broader effort, please note that existing FASAB guidance on materiality (see SFFAS 3) refers to FASB concepts. For that reason, staff believes some may be confused about whether the FASB materiality guidance is applicable for federal financial statements. Also, FASAB guidance on materiality is not included in the concepts; making it hard to find. The SFFAS 3 text is listed below for ease of reference:

### Materiality

9. FASB's Statement of Accounting Concepts No. 2, "Qualitative Characteristics of Accounting Information," discusses the concept of materiality. According to this statement, the determination of whether an item is material depends on the degree to which omitting or misstating information about this item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement. This concept includes both qualitative and quantitative considerations. An item that is not considered material from a quantitative standpoint may be considered qualitatively material if it would influence or change the judgment of the financial statement user.

**10. The Board believes that FASB's definition of materiality is generally appropriate for use in applying the accounting and reporting provisions of the Board's accounting standards. In the federal government environment, however, the definition is extended to apply to all financial information included in the annual financial report and, therefore, is not limited to the principal schedules and related notes.**

11. In applying the concept of materiality, the needs of the users of the annual financial report should also be considered. In the federal government environment, such needs generally differ from those of users of commercial entity financial statements. For example, federal government financial statement user needs extend to having the ability to assess the efficiency and the effectiveness of the entity's programs. Further,

compliance with budget and other finance-related laws, rules, and regulations is also a significant consideration of such users.

12. This is expressed well in the Government Auditing Standards (the “Yellow Book”):

“In government audits the materiality level and/or threshold of acceptable risk may be lower than in similar-type audits in the private-sector because of the public accountability of the entity, the various legal and regulatory requirements, and the visibility and sensitivity of government programs, activities, and functions.” (Ch. 3, par. 33.) [See Chapter 4.47 for similar provisions of the current Yellow Book.]

13. While this standard applies to an auditor’s evaluation of materiality rather than a preparer’s, it does provide insight into the factors affecting materiality in the federal government.

14. Therefore, the accounting and reporting provisions of the Board’s recommended standards should be applied to all items that would influence or change the users’ judgment of the entity’s efficiency and effectiveness and its compliance with laws and regulations in a material manner.

15. In order to emphasize that materiality should be considered in applying all accounting standards, the Board has decided to place a notice at the end of each recommended accounting standard. The notice will read as follows:

The provisions of this statement need not be applied to immaterial items.

## **RECOMMENDATIONS**

FASAB’s survey results, as well as other accounting standard boards’ activities, suggest that improvements in the disclosure in financial reporting are needed. The new ED, *Federal Financial Reporting*, proposes concepts discussing the role of financial statements and required supplementary information (RSI) and their relationship to other reported financial information. It requires the presentation of performance information in financial statements and RSI. A research project on financial disclosure would also help address the new performance reporting requirement in the financial statement by discussing how to report performance information in note disclosures. Further, several respondents to the three-year plan suggested that FASAB converge with other standards-setters where possible. The existing references to FASB materiality guidance may be difficult to find and interpret given the evolution of FASB’s guidance.

In contrast to overhauling all disclosure topics as suggested at the 2010 Board meeting, staff suggests a top-down approach to developing a framework by concentrating on the principles to guide disclosures and the materiality level for disclosures first. Then a survey can be performed to move on to identify important individual topics to address next. The advantages and disadvantages of the approach and the project include the following:

- Avoids large investment and time at the beginning of the project
- Promotes consistent decisions about disclosure requirements

- Improves the effectiveness of disclosures in notes to the financial statements by clearly communicating the information that is most important to users of each entity's financial statements and reducing redundancy
- Improves the comparison between agencies by streamlining information
- Considers the new performance reporting requirement in the project by providing guidance on how to report performance information in the note disclosure
- Increases the investment at the agency level due to the learning curve and change in the agencies' existing reporting processes

#### **QUESTIONS FOR THE BOARD:**

- I. Does the Board agree that a research project in disclosures in financial reporting is necessary?
- II. If the Board agrees on the project, does it agree on the top-down approach?
- III. If the Board agrees on the top-down approach, which projects should be addressed first: principle of the disclosure, the materiality considerations regarding discourse, or these two topics combined as one statement/concept research?
- IV. If the Board does not wish to pursue the disclosure project as described above, does the Board wish to address the materiality changes made by FASB so that federal preparers and auditors know whether or not the changes apply to federal financial statements?

#### **NEXT STEPS**

Staff will review the feedback and perform next steps based on the feedback received.

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#### **MEMBER FEEDBACK**

Please contact me as soon as possible to convey your questions or suggestions. Communication before the meeting will help make the meeting more productive. You can contact me by telephone at 202-512-7377 or by e-mail at [wug@fasab.gov](mailto:wug@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov)

## Attachment I: Survey Result on Note Disclosures

Below is the November 28, 2016 FASAB online survey result on note disclosures.

### q7r. Additional Guidance: Note disclosures

	Strongly need additional guidance		Some need for additional guidance		Neutral		Additional guidance not needed		All
	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	Total Cases
<b>Total</b>	12.3	15	40.2	49	36.1	44	11.5	14	122
<b>Capacity</b>									
Academia	0.0	0	20.0	1	40.0	2	40.0	2	5
Independent Public Accounting Firm	14.3	1	42.9	3	42.9	3	0.0	0	7
Professional Organization	0.0	0	100.0	1	0.0	0	0.0	0	1
Citizen	14.3	1	57.1	4	14.3	1	14.3	1	7
Analyst	0.0	0	20.0	2	60.0	6	20.0	2	10
Decision-maker within the Federal Government	5.6	1	50.0	9	33.3	6	11.1	2	18
Elected Official or Other Charged with Governance	0	0	0	0	0	0	0	0	0
Preparer of Financial Statements	19.3	11	38.6	22	31.6	18	10.5	6	57
Office of the Inspector General	0.0	0	42.9	3	57.1	4	0.0	0	7
Other	10.0	1	40.0	4	40.0	4	10.0	1	10

**q7r. Comment: Note disclosures**

Decision-maker within the Federal Government	Strongly need additional guidance	reduce reporting burden with limited resouces
Preparer of Financial Statements	Strongly need additional guidance	This area needs to be streamlined considerably. Note disclosures can go on forever.
Preparer of Financial Statements	Strongly need additional guidance	need more consistently across entities
Preparer of Financial Statements	Strongly need additional guidance	Would be beneficial to determine whether information is being used and if some disclosure burden could be alleviated.
Preparer of Financial Statements	Strongly need additional guidance	The note disclosures need to be streamlined. There is a lot of repetitive information.
Independent Public Accounting Firm	Some need for additional guidance	Good idea, but other more pressing issues are needed for 2017.
Preparer of Financial Statements	Some need for additional guidance	It is my experience that folks, including auditors, don't understand what should be in footnotes
Other	Neutral	A-136 requires certain disclosures. FASAB requirements for disclosure should be integrated within the standards.
Decision-maker within the Federal Government	Additional guidance not needed	This is covered in OMB circular A-136.

# Three-Year Plan for the Technical Agenda

The Board's three-year plan should help those who use, prepare, and audit financial reports to participate fully in the standard-setting process and plan for changes in GAAP.

In February 2017, the Board will discuss priorities and make needed adjustments to this plan. Your assistance in identifying areas needing attention would be very helpful in that discussion. FASAB would greatly appreciate receiving such input before January 30, 2017.

The Board prioritizes projects based on the following factors:

- The likelihood a potential project will significantly contribute to meeting the operating performance and stewardship reporting objectives established in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*
- The significance of the issue relative to meeting reporting objectives
- The pervasiveness of the issue among federal entities
- The potential project's technical outlook and resource needs

Individual members also consider additional factors that they deem significant in planning the technical agenda:

- a focus on citizens and citizen intermediaries as the primary users of the financial report of the U.S. government,
- attention to the needs of Congress and program managers,
- impacts on preparers and auditors due to declining real budgets,
- increasing risks due to fiscal uncertainty and operational complexity, and
- increased electronic reporting.

With each annual review, the Board identifies its priorities so that research can begin when time is available. Projects identified as priorities but not active on the Board's agenda are "research projects." Your input regarding the scope of each research project and its key issues is welcome.

The three-year plan in brief begins on page 14. A project plan for each active project follows. The Board's research projects are then identified with a brief description. The final item in the technical agenda section is a list of potential projects considered by the Board.

You are welcome to submit suggestions on any aspect of this material or any ideas not presented herein.

If you have suggestions regarding the three-year plan, please submit them by email to:

[fasab@fasab.gov](mailto:fasab@fasab.gov)

or in hard copy to:

Wendy M. Payne, Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street NW  
Mailstop 6H19  
Washington, DC 20548

**Table 2: Three-Year Plan in Brief**

Project and Objective	FY 2016 Actions	Plans		
		FY 2017	FY 2018	FY 2019
<p><b>Financial Reporting Model</b> Consider whether the existing model meets user needs and reporting objectives Segments may include consideration of improvements in:</p> <ul style="list-style-type: none"> <li>- Cost information</li> <li>- Performance reporting</li> <li>- Budget presentation</li> <li>- Other areas, such as the role of electronic reporting and the articulation of the financial statements</li> </ul>	Issue exposure draft concepts statement	Finalize concepts statement  Identify discrete projects needed to support the ideal model and determine vehicle(s) for guidance		
<p><b>Leases</b> Evaluate existing standards to improve comparability and completeness of reporting</p>	Consider issues and options to develop exposure draft  Issue exposure draft	Redeliberate	Finalize standards	
<p><b>Risk Assumed (RA)</b> Develop standards so that information is available about risks assumed by the federal government and their potential financial impacts</p>	Finalize insurance programs exposure draft	Finalize insurance standards  Prepare phase I implementation guidance as needed  Research scope for phase II—Activity I and develop ED	Develop, finalize and release phase II—Activity I ED  Phase II—Activity I public hearing as needed	Finalize and release phase II—Activity I Statement  Begin research on next RA activity
<p><b>Public-Private Partnerships</b> Consider how financial reporting objectives are met with regard to public private partnerships</p>	Finalize disclosure standards		Convene task force to review implementation issues	Phase II— recognition and measurement
<p><b>Department of Defense (DoD) Request for Guidance</b></p>	Finalize SFFAS 48 and 50  Continue liaising to the DoD workgroups— develop due process documents and seek input	Continue liaising to the DoD workgroups— implementation guidance		
<p><b>Tax Expenditures</b></p>	Form task force and develop recommendations  Issue exposure draft	Finalize standards		

Project and Objective	FY 2016 Actions	Plans		
		FY 2017	FY 2018	FY 2019
<p><b>Reconciling Budget and Accrual Information— Alignment between Agency and Government-wide Requirements</b></p> <p>(This project is related to the reporting model project. The Board will consider incremental changes first, making decisions regarding next steps as the ideal model is developed.)</p>	Research	Issue exposure draft and finalize standards		
<b>Land</b>	Research	Issue exposure draft	Finalize standards	
<p><b>Research Projects</b></p> <p>The Board does not assign full-time staff to research projects, but research may occur as resources become available. Projects are listed in order of priority. Anticipated date for assignment to staff is indicated where possible.</p>				
<b>Performance Reporting</b>	Research	Research		

## Current Projects

### *The Financial Reporting Model*

Purpose:

The Board undertook this project because of increased demands for financial information to facilitate decision-making, demonstrate accountability, and account for the changes in how users expect financial information to be delivered. Our research has noted the following:

- Decision-makers are seeking information on the full cost of programs, and citizens are accessing detailed information on spending, such as who received federal funds through grants and contracts, and what was accomplished with those funds.<sup>2</sup>
- Decision-makers also want additional information about the budget, comparisons of full costs with the budget, and projections of future receipts and expenditures.
- Citizens expect financial information about component entities, but they have difficulty understanding current financial reports.<sup>3</sup>
- The public relies increasingly on electronic media (digital devices, complex networks, and interactivity) to obtain information on demand<sup>4</sup> and drill-down to different levels of disaggregated data. Also, executives and senior managers are expecting improved analysis of data.

In addition, component reporting entities are experimenting with a schedule of spending, and the Board may consider whether that schedule has a role as a basic financial statement. If so, guidance may be necessary to ensure that users understand the information presented and how it relates to existing financial statements.

Applicability:

This project applies to the government-wide reporting entity and to component reporting entities that prepare and present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

Also, any conceptual guidance developed as a result of the project would guide the Board's development of accounting and reporting standards. Knowledge of the concepts that the Board considers should help users and others who are affected by or interested in federal financial accounting and reporting standards. As a result of this guidance, they should be able to understand the purpose, and qualitative characteristics of information that should be provided by federal financial accounting and reporting.

Objectives:

The primary objectives of this project are to:

- a) Determine what financial information would be helpful for making decisions, demonstrating accountability, and achieving the reporting objectives given findings that users
  - i. are seeking less aggregated cost information and are interested in what is being provided for the costs incurred.
  - ii. would like to know what has been budgeted and spent and how expenditures compare to full cost.

<sup>2</sup>Preparers Focus Group Discussion, February 10, 2009.

<sup>3</sup>FASAB, *User Needs Study: Citizens*, April 2010.

<sup>4</sup>FASAB Reporting Model Task Force, *Report to the FASAB*, December 22, 2010.

- iii. are highly interested in the budget deficit and how it compares with net cost of government operations.
- b) Given the focus on external user needs for integrated budget, cost, and performance information, the effort will focus on external financial reports and may address matters such as:
  - i. Improvements in the usefulness—including the understandability—of cost and budget information as well as the relationship between cost and budget information
  - ii. Factors to consider in:
    - identifying the type and level of disaggregation (organizational, program, goals, objectives, functions) of most interest to external users
    - determining where trend information is needed and for how long a trend
    - selecting among a variety of presentation types or formats including consideration of the relationship of cost and budget information
  - iii. Identification of cost and budget information useful for performance reporting—that is, optimum points for connecting budget, cost, and performance information
  - iv. Understandability of terminology and presentations including the relationship among statements
  - v. Identification of key terms and establishment of plain language explanations

Assigned staff: Ross Simms

Other resources: Staff engaged a task force to help accomplish the overall project objectives. Staff also enlisted the National Academy of Public Administration to conduct structured interviews of federal executives and senior managers to determine how they use financial and related information, identify the gaps that might impact their ability to manage effectively, and determine opportunities to close these gaps. In addition, staff plans to consider the schedule of spending pilot efforts. Optional resources include access to web-based meeting software like Webex to reduce meeting logistics issues and permit wide participation

Project page: <http://www.fasab.gov/concepts-the-financial-report/>

Timeline: **February 2017—June 2017 Meetings**

- Consider responses to the exposure draft and identify revisions
- Finalize the concepts statement and consider next steps

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## *Leases*

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Purpose: The Board has undertaken this project primarily because the current lease accounting standards—SFFAS 5, *Accounting for Liabilities of the Federal Government* and SFFAS 6, *Accounting for Property, Plant, and Equipment*—have been criticized as ineffective. This is because they do not make meaningful distinctions between capital and operating leases regarding the substance of lease transactions. In addition, the lease accounting standards in SFFAS 5 and 6 are based on lease accounting standards promulgated by the Financial Accounting Standards Board (FASB), which have been revised. FASB and the International Accounting Standards Board (IASB) made changes that focus on the conveyance of rights to future economic benefits (such as the right of use). In addition,

the Governmental Accounting Standards Board (GASB) is addressing lease standards. Staff has worked with GASB staff to develop options to address this issue.

Applicability: This project applies to the government-wide reporting entity and to component reporting entities that prepare and present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

Objectives: The primary objectives of this project are to:

- a) Develop an approach to lease accounting that would ensure that all assets and liabilities (consistent with definitions from SFFAC 5, *Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements*) arising under lease contracts are recognized in the statement of financial position and related costs are recognized in the statement of net cost
- b) Evaluate and revise, as needed, the current lease-related definitions and recognition guidance in SFFAS 5 and 6, including consideration of the advantages and disadvantages of applying the potential lease standards from FASB or IASB in the federal environment
- c) Ensure that the standards developed fully address the various lease transactions and activities currently within the federal community (for example, enhanced use leases) as well as intragovernmental occupancy agreements
- d) Consider how the budgetary treatment of lease purchases and leases of capital assets, as outlined in Office of Management and Budget (OMB) Circular No. A-11, relates to financial statements and disclosures.

Assigned staff: Monica R. Valentine

Other resources: Staff will consult with staff members from both FASB and GASB assigned to their Board's respective lease accounting projects. Staff organized a task force of knowledgeable federal and non-federal participants who have relevant experience or interest in lease accounting within the federal government.

Project page: <http://www.fasab.gov/leases/>

Timeline: **January–June 2017**

- Consider responses to the exposure draft and identify needed revisions
- Develop final Statement

**August–December 2017**

- Finalize and issue Statement

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### *Risk Assumed (RA)*

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Purpose: The Board has undertaken this project because the current risk assumed standards in SFFAS 5, *Accounting for Liabilities of the Federal Government*, are limited to insurance contracts and explicit guarantees (other than loan guarantees); therefore, they may not result in full disclosure of the significant risk assumed by the federal government.

To meet the stewardship and operating performance objectives of federal financial reporting,<sup>5</sup> it is important that the federal government report all significant risks assumed and not just the risks related to insurance contracts and explicit guarantees.

**Applicability:** This project applies to the government-wide reporting entity and to component reporting entities that prepare and present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

**Objectives:** The primary objectives of this project are to develop (a) definitions of risk assumed, (b) related recognition and measurement criteria, and (c) disclosure and/or required supplementary information (RSI) guidance through the following phases.

- Phase I: insurance programs including explicit guarantees other than loan guarantees
- Phase II:
  - a) Natural disaster relief
  - b) Entitlement programs other than social insurance
  - c) National defense and security
  - d) Other potential effects on future outflows, such as:
    - i. regulatory actions
    - ii. government sponsored enterprises
- Phase III: commitments and other risk areas

**Assigned staff:** Robin Gilliam

**Other resources:** Staff organized a multi-disciplinary task force, including sub-groups to address specific topics.

Project page: <http://www.fasab.gov/risk-assumed/>

**Timeline:** **October 2016–January 2017**

- Finalize and issue Statement for insurance programs

**October 2016–September 2017**

- Develop implementation guidance for insurance programs (phase I), if necessary
- Research and determine scope for phase II—Activity I
- Form phase II—Activity I task force
- Develop exposure draft on phase II—Activity I

**FY 2018**

- Develop, finalize, and release phase II—Activity I ED
- Hold public hearing as needed

**FY 2019**

- Finalize and release phase II—Activity I Statement
- Begin research on next RA activity

<sup>5</sup> SFFAC 1, *Objectives of Federal Financial Reporting*, par. 100, 122, and 141

## *Public-Private Partnerships*

Purpose: FASAB added this project to the agenda because federal agencies have increasingly turned to public-private partnerships (P3s) to accomplish their goals. Budget pressures are likely to further increase the use of P3s. The overall objective of the project is to make the full costs and risks of such partnerships transparent.

The Board decided to address definitions and disclosures regarding risk before providing recognition and measurement guidance.

Applicability: This project applies to the government-wide reporting entity and to component reporting entities that prepare and present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

Objectives: Objectives of Phase I – Risk Disclosures - include:

- a) Defining terms
- b) Establishing disclosure requirements regarding the nature of and risks embodied in P3 arrangements

Objectives of Phase II – Recognition and Measurement – include:

- a) Providing guidance for the recognition and measurement of:
  - assets and liabilities
  - revenues and expenses
- b) Considering implications for other arrangements related to P3s (sale-leaseback or other long-term arrangements)

Assigned staff: Domenic Savini

Other resources: Staff organized a multi-disciplinary task force, including sub-groups to address specific topics.

Project page: <http://www.fasab.gov/public-private-partnerships/>

Timeline:

### **PHASE II:**

#### **April / May 2018 – December 2018**

- Convene task force to confirm, analyze, and address major P3 accounting practice issues requiring guidance
- Coordinate progress and results with the Leases and Risk Assumed project managers
- Review entity P3 disclosures

#### **January 2019 – June 2019**

- Develop and issue exposure draft(s)

#### **July – December 2019**

- Pursue final guidance or standards

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## *Department of Defense- Implementation Guidance Request*

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- Purpose: The Department of Defense (DoD) identified several areas of concern for the Board's consideration in early 2014, and the Board established an active liaison role to respond to areas that warrant FASAB's action. The first area the Board addressed was use of reasonable baseline estimates of the cost of inventory and related property. FASAB expanded the project objectives in 2015 to include estimates for real property, military equipment, and internal use software. FASAB's role as liaison may result in identifying additional areas in the future. The liaison role is an efficient and effective way to identify issues experienced by DoD for which GAAP guidance is needed.
- Applicability: This project applies to the government-wide reporting entity and to component reporting entities that prepare and present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
- Objectives: Provide practical guidance through the issuance of new standards and other vehicles to resolve long-standing issues
- Assigned staff: Melissa Batchelor
- Other resources: Staff enlisted contractor support for certain aspects of the project, as well as a task force. The Board recognizes that it needs active DoD participation to address these long-standing concerns.
- Timeline: **Present–December 2017**
- Continue serving as liaison to the DoD workgroups
  - Develop due process documents and seek input on proposed standards and other guidance
  - Develop or assist with implementation guidance

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## *Tax Expenditures*

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- Purpose: The purpose of this project is to determine what information regarding tax expenditures should be included in general purpose federal financial reports. According to Section 3(3) of Public Law 93-344, tax expenditures are "revenue losses attributable to provisions of Federal income tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Both the Joint Committee on Taxation and Treasury's Office of Tax Analysis (OTA) publish annual estimates of tax expenditures. OTA estimates are included in the annual President's Budget.
- Applicability: This project applies to the financial report of the U. S. Government.
- Objectives: Given the existing availability of tax expenditure estimates, the primary objective of this project is to ensure readers have the information they need to understand tax expenditures in general purpose federal financial reports.

Assigned staff: Wendy Payne  
R. Alan Perry (detailed from the Government Accountability Office)

Other resources: A task force has supported this effort.

Timeline: **October – December 2016 Meetings**

- Consider responses to the exposure draft and identify revisions

**January 2017–June 2017**

- Finalize and issue the statement

### *Budget to Accrual Reconciliation*

Purpose: The Board undertook this project primarily because the Statement of Financing (SOF) note disclosure has been criticized as too complex and not useful. A financial statement reconciling the difference between consolidated net operating costs on an accrual basis to the unified budget deficit helps users of the consolidated financial report of the U.S. Government (CFR) understand how information on the use of budgetary resources relates to information on the costs of programs. At the component reporting entity level, there is no direct reconciliation from the audited accrual data to the budgetary deficit. Instead, component reporting entities reconcile the total of obligations and nonbudgetary resources to net cost. The obligation data used in the reconciliation does not link directly to the statement of budgetary resources. Also, the presentation of a reconciliation of obligation and cost data at the component reporting entity level but outlay data in the CFR may add unnecessary complexity for the user to understand the distinction between obligations and outlays.

In addition, there is a need to support the CFR reconciliation by restructuring the component reporting entity disclosures to support the government-wide financial statement.

Applicability: This project applies only to component reporting entities that present general purpose federal financial reports in conformance with Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*. The project will not address government-wide reporting requirements.

Objectives: The primary objective of this project is to research the current SOF note and develop an alternative component reporting entity presentation to address concerns about the current note's utility. Another primary objective is to support the CFR budget deficit and net operating cost reconciliation.

Assigned staff: Grace Wu

Other resources: A task force has supported this effort.

Timeline: **September 2016–January 2017**

- Develop and issue an exposure draft

**February 2017–June 2017**

- Consider responses to the exposure draft and identify revisions
- Finalize and issue Statement

*Land*Purpose:

SFFAS 6 requires land and land rights acquired for or in connection with other general PP&E (GPP&E) to be capitalized at the cost incurred to bring the assets to a form and condition suitable for use. “*Acquired for or in connection with other general PP&E*” is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.

SFFAS 29 defines “stewardship land” as land other than land acquired for or in connection with other general PP&E. It requires disclosures regarding policies for managing land, categories of land, and physical quantity information.

Implementation of the above requirements has resulted in significant differences in accounting treatment for land holdings. Because the land acquired during our Nation’s formation is sometimes used in connection with other general PP&E, it is not generally valued as would be GPP&E land acquired for similar purposes. That is, GPP&E only includes land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E. It is important to note that stewardship land is expensed when acquired and quantity information is provided in a note.

Further, debate exists over the most appropriate way to account for and report land. Issues include:

- Reporting on land is incomplete (as noted above, neither the total cost of land nor the total physical quantity of land is consistently reported).
- Whether some information that is currently reported is consistent with reporting objectives and qualitative characteristics.
- Given that cost information for capitalized land remains unchanged, the information may lose relevance over time due to general inflation as well as specific changes in the value of land. Some suggest that all land be valued periodically at re-measured amounts (such as, fair value). Others suggest that non-financial measures (such as acreage) be reported.
- Whether Stewardship Land and GPP&E land should follow a consistent accounting and reporting approach

Applicability:

This project applies to the federal government as a whole and all component entities that present general purpose federal financial reports in conformance with SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles (GAAP), Including the Application of Standards Issued by the Financial Accounting Standards Board (FASB)*.

Objectives:

Specific objectives include:

- a) Obtaining an understanding of how the predominant use or managerial intent influences the information needs of users and, potentially, the importance of the reporting objectives (for example, identifying the most appropriate reporting objective).
- b) Identifying the measurement attribute(s) and/or non-financial attributes most appropriate for meeting the reporting objectives.

- c) Assessing practical limitations of the selected measurement attributes or non-financial attributes; for examples factors to consider in establishing fair value such as determining the “highest and best use,” what is legally permissible, physically possible, and economically feasible.
- d) Obtaining agency feedback and best practices relevant to assessing the cost-benefit associated with options under consideration.
- e) Recommending recognition, measurement, and disclosure requirements.

Assigned staff: Domenic N. Savini

Other resources: After a brief initial research phase, staff plans to utilize one-on-one agency fact-finding meetings, and a multi-disciplinary task force, including sub-groups to address specific topics.

Timeline:

**May 2016 - December 2016**

- Conduct fact-finding meetings and consider task force recommendations
- Begin developing exposure draft

**January 2017 – May 2017**

- Finalize and issue exposure draft

**May 2017 – April 2018**

- Finalize guidance or standards

## Research Projects

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### *Performance Reporting*

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Based on input to last year's Three-Year Plan and the Board's user needs research, members identified performance reporting as a priority area. The overall objective of the Board's efforts in this area would be **to identify characteristics and elements of effective performance reports**. To accomplish this objective, the Board may seek to:

1. Identify the users of performance information, performance reporting objectives, financial information needed to meet these objectives, and the necessary qualitative characteristics of performance information
2. Define "program" and establish guidance on applying or implementing the definition
3. Identify factors that should be considered in determining how to aggregate or disaggregate performance and financial information
4. Define terms used in performance reporting such as efficiency, effectiveness, inputs, outputs, outcomes, performance indicators, and objectives
5. Provide a framework for integrating budget, costs, and service performance information

During the research portion of the performance reporting project, the Board will seek input from the larger performance reporting community by hosting educational sessions during its public meetings. Potential topics include:

1. Progress and plans for meeting existing federal requirements such as the Government Performance and Results Act Modernization Act and related reporting practices
2. Challenges and progress in defining the term program, including government-wide and agency perspectives
3. Lessons learned from GASB and IPSASB performance reporting guidance
4. Input on user needs

Input regarding user needs in this area would be helpful in planning this project. FASAB welcomes your input.

## Potential Projects

After considering factors that may influence project priorities, the Board begins its planning by reviewing potential projects identified by the executive director. Note that the list accumulates over time. Generally, FASAB only removes potential projects if the issue has clearly been addressed through other projects.

Stakeholders are encouraged to contact the executive director to suggest potential projects or to provide insight regarding the projects identified here. Instructions for submitting comments are presented on page page 13.

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## *Asset Retirement Obligations*

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In some circumstances entities may be required to incur costs to retire assets. The Board has established general standards for liability recognition and specific standards for liabilities associated with environmental cleanup (in SFFAS 5, *Accounting for Liabilities of the Federal Government*, and SFFAS 6, *Accounting for Property, Plant and Equipment*, respectively). However, there is no specific guidance regarding asset retirement obligations other than cleanup costs (e.g., hazardous materials required by law to be cleaned up) and the Board has not considered whether asset retirement obligations meet the definition of a liability established in Statement of Federal Financial Accounting Concepts (SFFAC) 5, *Definitions of Elements of Accrual Basis Financial Statements*. GAAP for the private sector includes specific guidance regarding asset retirement obligations developed since issuance of SFFAS 6. Accounting Standards Codification 410-20, Asset Retirement obligations (formerly Financial Accounting Standards Statement No. 143, *Accounting for Asset Retirement Obligations* (issued 6/01)) requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This creates three inconsistencies between entities following federal GAAP and those following FASB GAAP. One, certain liabilities recognized under FASB standards would not be recognized in the federal sector. Two, FASB standards require that liabilities be recognized in full when the obligation occurs while FASAB standards provide for incremental recognition so that the full liability is recognized at the end of the useful life of the asset requiring environmental cleanup. Three, the asset retirement costs are added to the total cost of the asset under FASB standards and are not in the federal sector; instead these costs are expensed as the liability is recognized.

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## *Cleanup Costs - Evaluating Existing Standards*

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SFFAS 6, *Accounting for Property, Plant and Equipment*, addresses cleanup costs. Issues regarding existing standards for cleanup costs include:

1. Whether the existing liability recognition provisions are consistent with element definitions established in SFFAC 5.
  - a) The liability may be understated because the obligation is to clean up the entire hazardous waste but SFFAS 6 provides for a gradual buildup of the liability balance as the related PP&E is consumed in service (the full cleanup cost is disclosed in a note).
  - b) The cost of PP&E may be understated because the SFFAS 6 requirement is to capitalize its acquisition cost; the later cost to retire the asset is excluded.
  - c) The scope of liability recognition is limited to costs to clean up hazardous substances rather than the full asset retirement obligation.
2. Cost-benefit issues relating to the level of precision required for estimates and ongoing concerns regarding the timing of recognition of asbestos liabilities (generally when asbestos exists rather than when it is to be removed) have been raised.

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## *Conceptual Framework – Review and Finalization*

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The Board undertook a project to refresh its conceptual framework. Work began in 2006 and the stated objectives were a framework to:

- provide structure by describing the nature and limits of federal financial reporting including the boundaries of the federal reporting entity,

- identify objectives that give direction to standard setters,
- define the elements critical to meeting financial reporting objectives and describe the statements used to present elements,
- identify means of communicating information necessary to meeting objectives and describe when a particular means should be used, and
- enable those affected by or interested in standards to understand better the purposes, content, and characteristics of information provided in federal financial reports.

The Board established a phased approach and in the case of the reporting entity phase the effort led to development of standards concurrent with amendments to existing concepts. The Board envisioned a final review of the resulting concepts to ensure consistency across the framework and to confirm its coverage is comprehensive. The Board has issued new concepts on elements of accrual bases financial statements, measurement of those elements, and placement of information (basic, required supplementary information (RSI), and other information (OI)).

If this project were undertaken, the Board would review its framework (including the results of the reporting entity and reporting model projects) and ensure the framework covers the topics it should and is internally consistent.

### *Cost of Capital*

The opportunity cost of making an investment in assets is not recognized in the financial statements of agencies using the assets. Some other national governments have incorporated a capital use charge into the determination of the cost of agency operations as a management tool. The Board considered this issue in connection with SFFAS 6 and issued an invitation to comment. Ultimately the Board deferred further work on this project. In doing so, the Board noted that there was interest in incorporating a cost of capital in the budget and that progress in this area would benefit the Board's work. If this project were undertaken, the Board would need to consider the likely effectiveness of incorporating a capital charge in agency financial statements, the appropriate capital base on which to assess the charge, and the selection of an interest rate to apply.

### *Derivatives*

Staff has not researched the use of derivatives by federal agencies and has not had any inquiries by agencies or their auditors regarding appropriate accounting for derivatives. This is an area generally addressed in other domains.<sup>6</sup> The GASB issued Statement No 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, on the topic. Selected material from the GASB's plain language explanation is presented below.

#### **What is a Derivative?**

A derivative is a unique and often complex financial arrangement that a government may enter into with another party, typically a private-sector financial firm. The value of a derivative or the cash it provides to a government (or that it requires a government to pay) is based on changes in the market prices of an item that is being hedged, such as interest rates on long term bonds or commodity prices. In other words, the value or cash flows of a derivative are derived from (are determined by) how the market prices of the hedged item change.

<sup>6</sup> Presently, derivatives are reported in federal financial reports in conformance with private-sector standards.

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## *Electromagnetic Spectrum*

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The Federal Communications Commission (FCC) manages the electromagnetic spectrum – a renewable natural resource excluded from coverage in Technical Bulletin 2011-1 (*Accounting for Federal Natural Resources Other Than Oil and Gas*). The technical bulletin requires entities to report the federal government’s estimated royalties and other revenue from federal natural resources that are (1) under lease, contract or other long-term agreement and (2) reasonably estimable as of the reporting date in required supplementary information.

Regarding the electromagnetic spectrum, the FCC’s goal is to:

Ensure efficient allocation and management of assets that government controls or influences, such as spectrum, poles, and rights-of-way, to encourage network upgrades and competitive entry.

This project would consider information needed to allow citizens to monitor the management of this asset. The asset is not addressed by other accounting standards at this time.

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## *Electronic Reporting*

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Electronic reporting is increasingly viewed as a means to convey financial information about government. This is evidenced not only by sites such as [USAspending.gov](http://USAspending.gov) but also by the universal practice of posting annual financial reports to federal websites and the emerging practice of providing a highlights document accompanied by an electronic copy of the full report. More recently, a requirement that performance reports be provided electronically rather than in printed form was established in law (Government Performance and Results Act Modernization Act). Also, the DATA Act of 2014 demonstrates a growing expectation that machine readable data be provided that links specific transactions with program activities and associated metadata.

This is an area of great interest to the profession. The Association of Government Accountants issued Research Series Report No. 32 on *e-Reporting* in July 2012. The full report is available at [http://www.agacgfm.org/Research-\(1\)/Research-Publications.aspx](http://www.agacgfm.org/Research-(1)/Research-Publications.aspx). The AGA report revealed a desire for common definitions, formats, and content among survey participants. Useful information regarding desired reporting and the need for standards and/or best practice guidance was provided through the research report.

The AGA report recommends, among other actions, the following actions relevant to standard-setting:

1. “An organization, group or taskforce of stakeholders should be appointed from the standard-setting community, federal, state and local government preparers, representatives from various public interest groups, and citizen-users — all with the collective charge to develop guidelines through an open dialogue and with a shared vision for data formatting and common reporting. This group should also encourage the discovery and recommendation of and reward for best practices in government financial, non-financial and performance information reporting.”
2. The above group should “set definitions and strategies and create uniform standards for data content, database design and logical data model constructs for easier extraction, transformation and processing. Integrating federal, state and local information is critical. Standardization must be stable and able to survive challenges from preparers, data providers, systems vendors and users among others who are wedded to their existing systems and approaches.”<sup>7</sup>

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<sup>7</sup> Association of Government Accountants, *e-Reporting*, July 2012, pages 20-21.

More recently, the Securities and Exchange Commission proposed amendments to require registrants that file registration statements and periodic and current reports to include a hyperlink to each exhibit listed in the exhibit index of the filings. The amendments would also require that registrants submit all of these filings in HyperText Markup Language (HTML) format.

Given these trends and concerns, the Board plans to consider concepts for electronic reporting in its reporting model project. Respondents may wish to consider whether a separate effort would be beneficial and provide insights regarding needed guidance.

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### *Evaluating Existing Standards*

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A general concern expressed by members of the Board and the federal financial management community has been that resources are increasingly constrained. Because of competing demands, some believe existing requirements should be evaluated and any unnecessary requirements eliminated. This has been a long-standing concern that the Board considers carefully in existing projects

While there have been many opportunities for the community to propose changes to existing standards, exploring burden reduction in a targeted fashion remains an option. Project objectives could include:

1. provide additional forums for preparers, auditors, and users to identify requirements they believe are unnecessary (this could be done through an open-ended written request for input or roundtable discussions)
2. evaluate the requirements identified against the reporting objectives
3. prepare an omnibus exposure draft to adjust or eliminate requirements

The challenge in this approach is that the relevance of requirements varies among agencies. For example, agencies for which certain requirements are immaterial may not find the information relevant but may find the steps necessary to omit the required information based on materiality too burdensome. They may simply comply with the requirement. To reduce the burden on this agency would mean that the requirement also would be eliminated at an agency for which the information is material. In addition, the burden is likely different between agencies with and without strong systems and controls.

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### *Financial/Economic Condition*

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The Board provided standards regarding fiscal sustainability reporting. However, a broader focus on financial condition reporting might result in additional reporting such as key indicators of financial condition at the agency or government-wide level.

Questions such as the following could be addressed in the project:

- What key financial ratios are useful in assessing the financial health of the entity?
- What information about the tax system is viewed as an indicator of financial health? (e.g., tax gap, tax expenditures, changes in the tax base/structure)
- Is cost trend information needed at disaggregated levels? (e.g., trends in construction costs for capital intensive operations or personnel costs for labor intensive operations)
- Are there external reports/measures that should be reported such as rating agency reports regarding sovereign nations?
- Are benchmarks against other nations/departments needed?
- Are measures of risk assumed due to inter-governmental financial dependency needed?

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## *Hierarchy of Generally Accepted Accounting Principles*

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SFFAS 34 provides a four-level hierarchy of generally accepted accounting principles (GAAP). It preserved the long-standing and common practices of all U.S. accounting standard-setting bodies at the time it was issued in 2009. Since then the Financial Accounting Standards Board and the Governmental Accounting Standards Board have revised their GAAP hierarchies. Each reduced the number of levels. In doing so, they reviewed due process requirements for each source of guidance (for example, standards, interpretations, technical bulletins, and implementation guidance) as well as sources of guidance for areas not addressed in a specific pronouncement.

The purpose of this potential project would be to review the hierarchy to identify and resolve problems experienced in applying the four-level hierarchy.

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## *Intangibles*

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FASAB standards do not address intangible assets other than internal use software. Staff has been contacted by a few individuals with respect to intangibles such as census data and rights to use of inventions. The GASB issued *Accounting and Financial Reporting for Intangible Assets*. The issuance is described as follows on the GASB website:

[GASB] Statement No. 51 identifies an intangible asset as having the following three required characteristics:

- It lacks physical substance—in other words, you cannot touch it, except in cases where the intangible is carried on a tangible item (for example, software on a DVD).
- It is nonfinancial in nature—that is, it has value, but is not in a monetary form like cash or securities, nor is it a claim or right to assets in a monetary form like receivables, nor a prepayment for goods or services.
- Its initial useful life extends beyond a single reporting period.

The standard generally requires intangible assets to be treated as capital assets, following existing authoritative guidance for capital assets, although certain intangible assets are specifically excluded from the scope of the statement. One key exclusion relates to intangible assets that are acquired or created primarily for the purpose of directly obtaining income or profit. Such intangible assets should be treated as investments. The standard also provides guidance for issues specific to intangible assets. For instance, to report the historical cost of an intangible asset in the financial statements, the asset has to be *identifiable*. That means that the asset is *separable*—the government can sell, rent, or otherwise transfer it to another party. If it is not separable, the asset has to arise from contractual or other legal rights, such as water rights acquired from another government through a contract that cannot be transferred to another party.

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## *Interim Financial Reporting*

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The initial objectives of this potential topic would be (1) to evaluate the importance of quarterly or semiannual financial reporting, for instance, to users of financial statements and (2) to assess the need for specific guidance related to interim financial reports. If guidance is determined to be needed, another objective would be to consider whether specific guidance should be issued regarding interim financial reporting. Presently, federal accounting standards are applicable to any reporting period without regard to its length.

## Long-Term Construction/Development/Procurement Contracts

The Board has considered the need for disclosures regarding complex, long duration contracts for the development and acquisition of weapons systems. A proposal was made to require disclosure of the ten largest acquisition programs showing budgeted amounts, expected amounts, cost to date, and progress to date. Public comment on this proposed disclosure requirement revealed a number of technical areas requiring clarification as well as resistance to this non-traditional disclosure among some commentators. As a result, the Board set aside its work in this area. However, the Board noted (in the Basis for Conclusions to a subsequent ED and SFFAS 23 – *Eliminating the Category National Defense PP&E*) its intention to return to this proposal on a government-wide basis in the future.

## Managerial Cost Accounting

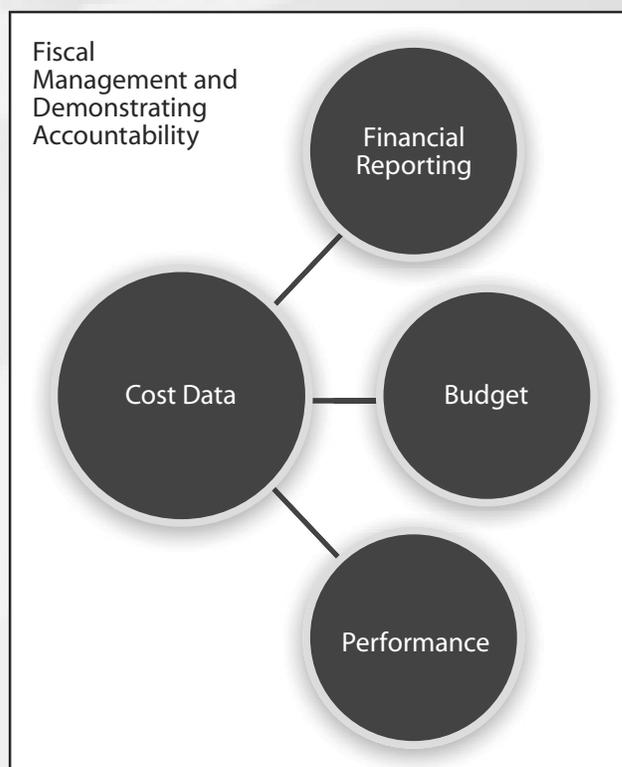
The CFO Act calls for the development of cost information and the integration of accounting, program, and budget systems and information. Also, subsequent legislation such as the Government Performance and Results Act (GPRA) and the GPRA Modernization Act established the expectation that cost measurement would be an important part of reporting on results. Accordingly, as illustrated in Figure 1, cost data is vital to financial reporting, budget decision-making, and performance management and reporting and, ultimately, cost data is a key ingredient for fiscal management and demonstrating accountability.

The Board’s focus is on external financial reporting and it does not typically address management information needs. In 1995, to support the goals of the CFO Act and the GPRA, the Board established managerial cost accounting standards at the request of then Vice President Gore. While these standards address external reporting needs such as full cost information, they also provide broad goals for managerial cost accounting to support internal users.

Despite this guidance, the Board continues to be advised of a need to improve the internal availability of cost information and its linkage to performance information. In 2010, FASAB staff surveyed agencies regarding managerial cost accounting. Results indicated that a guide to using, developing, and reporting cost information might be helpful. Also, research in the reporting model project identified cost accounting as critical to meeting a need to integrate cost, budget, and other performance information. The ideal model under development in the reporting model project will inform this project regarding long-term goals for disaggregating and linking information to improve external financial reporting but will not address guidance for meeting needs for managerial information.

In 2013, the Board contracted with the National Academy of Public Administration (NAPA) to study questions such as (1) are good financial and related data available to senior managers, (2) how effectively are managers using such data, (3) what gaps may exist, and (4) what options are most likely to be helpful in closing any gaps. The study found – among other things – that data are granular and accurate but challenges

**Figure 1: Role of Cost Data**



remain in analyzing and transforming data into readily understood actionable information. In particular, the ability to identify the cost of programs and outcomes is lacking but desired.

The NAPA panel recommended that the President's Management Council (PMC) take a leadership role in linking budgeted resources to costs, outputs, and performance. The NAPA panel further recommended that FASAB "support the PMC by utilizing FASAB's staff expertise in conceptualizing frameworks for integrating budget, costs, and service performance information developed through the creation of SFFAS 4, *Managerial Cost Accounting Concepts and Standards*. While SFFAS 4 already provides guidance to agencies on the principles of managerial cost accounting, significant unmet availability of such information was described by agency leaders. Taking the concepts and standards to the next level to meet the needs of agency decision-makers will require direction by the PMC. FASAB has already been proactive with soliciting user needs for financial information. Accordingly, FASAB should leverage its three sponsors—Treasury, OMB, and GAO—in elaborating on details of user needs. One potential approach for long-term consideration would be the development of a taxonomy of auditable accounting codes that tie each expense journal entry to a type of benefit or outcome."

The NAPA study results recognize the importance of engaging senior leaders across government to improve availability and use of managerial cost accounting information. Given the Board's mandate—providing GAAP for external reporting--and its limited resources, the Board believes addressing managerial cost accounting is one component of a government-wide initiative.

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### *Natural Resources*

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SFFAS 38, *Accounting for Federal Oil and Gas Resources*, was issued as final on April 13, 2010. It requires the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves to be reported in a schedule of estimated federal oil and gas petroleum royalties. In addition, it requires the value of estimated petroleum royalty revenue designated for others to be reported in a schedule of estimated federal oil and gas petroleum royalties to be distributed to others. These schedules are to be presented in required supplementary information (RSI) as part of a discussion of all significant federal oil and gas resources under management by the entity. Due to a deferral (SFFAS 41), the Statement is effective as RSI for periods beginning after September 30, 2012.

It was the Board's intent that the information required by the Statement transition to basic information after being reported as RSI for a period of three years. Prior to the conclusion of the three-year RSI period, the Board planned to decide whether such information should be recognized in the financial statements or disclosed in notes. The information will remain RSI until such time a determination is made.

The purpose of this project would be to consider the results of the RSI reporting requirements and develop standards regarding any transition of information to basic information.

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### *Nonmonetary Transactions*

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SFFAS 6, *Accounting for Property, Plant, and Equipment*, provides that fair value be the basis of accounting for exchanges of property, plant, and equipment. SFFAS 7, *Accounting for Revenue and Other Financing Sources*, also provides that fair value is the basis for recognizing donated, transferred and exchanged nonmonetary assets. Despite this guidance, the Board receives technical inquiries regarding nonmonetary transactions and some evidence exists that nonmonetary transactions are increasing. This project would consider whether existing guidance is adequate and consistent. In addition, the Board would consider whether guidance on fair value measurements is needed.

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## *Note Disclosures*

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Generally, note disclosures are established in each statement of federal financial accounting standards. The general purpose of disclosure is discussed in SFFAC 6, *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*. However, no framework exists to guide the establishment of disclosure requirements. This project would consider the following matters:

- Do the existing required disclosures meet their intended objectives and continue to be relevant, useful, and comprehensive?
- Do reporting entities meet the disclosure requirements consistently over time?
- Would it be preferable to continue setting disclosure requirements on a Statement-by-Statement basis or, as the FASB has proposed, create framework criteria for all disclosures? Would the latter approach help to reduce repetition within disclosures and overall financial report length?
- What unmet user needs exist that might require new note disclosures?

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## *Property with Reversionary Interest*

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The federal government sometimes retains an interest in PP&E acquired by grant recipient with grant money. In the event the grant recipient no longer uses the PP&E in the activity for which the grant was provided, ownership of the PP&E reverts to the federal government. These arrangements are specifically excluded from PP&E accounting. Some have suggested that a review of this exclusion is needed to ensure that similar arrangements are accounted for similarly and that adequate information is reported in such circumstances.

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## *Public Sector Specific Financial Instruments*

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The International Public Sector Accounting Standards Board (IPSASB) is addressing public sector specific financial instruments. These include:

1. Currency in circulation
2. Monetary gold
3. International Monetary Fund quota subscription and special drawing rights

In July, 2016, the IPSASB issued a consultation paper regarding these central government specific activities. The FASAB has not addressed such activities. As the IPSASB project progresses, the FASAB may consider whether there is a need to address these activities and the lessons learned from the IPSASAB project.

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## *Research and Development*

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Research and development (R&D) expenditures are included as part of gross costs in the Statement of Net Cost and are presented as required supplementary stewardship information (RSSI). The amounts presented include both direct R&D spending by agencies and spending which supports non-federal research and development. Generally, staff has found that FASB standards for R&D are referenced to determine what spending qualifies as R&D (for example, to identify when to begin capitalizing costs as new assets are developed). Given the significant federal investment in R&D (\$123.9 billion in 2014) and the possible differences between sectors, a review of practices in this area may be warranted. Alternatively, R&D reporting may be explored as a component of an overall project focusing on Stewardship Investments.

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## *Reporting Cash Flows*

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The objective of this research project would be to revisit FASAB guidance for reporting cash flows and determine whether additional guidance may be needed to better inform users about the government's financial management. Citizens are concerned about the government's financial management and expect to be informed on whether the government had sufficient cash to pay its bills or needed to borrow funds, sell long-term assets, or sell investments. The operating performance objective of financial reporting indicates that users expect to evaluate the manner in which the government financed its programs. Also, federal entities that apply FASB GAAP noted that cash flows enable managers and key stakeholders to assess their entity's financial health. A financial presentation that clearly distinguishes sources and uses of cash flows over multiple periods could help citizens understand how programs are being financed and how that financing may have changed.

As with other entities, the government needs cash to pay for goods and services and to service debt. The government may obtain cash from taxes and fees or from investments and borrowings. Presently, SFFAS 24, *Selected Standard for the Consolidated Financial Report of the United States Government*, requires a statement of changes in cash balance from budget and other activities. The financial statement should explain how the annual unified budget surplus/deficit relates to the change in cash balance and debt held by the public. Also, the statement should highlight, "items affecting the Government's cash balance that are not included in the budget outlays or receipts," and "should prominently display the cash inflow and outflow related to the changes in debt held by the public and interest accrued and interest paid on debt held by the public." However, FASAB did not provide prescriptive guidance for the statement, such as the definition of cash, how cash flows should be classified, and whether the statement should be linked to the balance sheet. At that time, the Board believed that flexibility was needed, "so that the most meaningful display could evolve."

Other accounting standard-setters require entities to present a statement of cash flows, define cash for reporting purposes, and specify the classifications that should be used. For instance, the International Public Sector Accounting Standards Board (IPSASB) requires entities that prepare accrual basis financial statements to prepare a cash flow statement. The standards define cash and require entities to classify flows by operating, investing, and financing activities. The classification approach is intended to help users assess the impact of the activity on the entity's financial position.

In addition, FASAB's research noted user interest in the changes in the government's financial position. The stewardship financial reporting objective states, "federal financial reporting should provide information that helps the reader to determine whether the government's financial position improved or deteriorated over the period." A presentation that classifies cash flows by activity may help users understand the reasons for changes in balance sheet items such as loans and debt held by the public.

The research would include reviewing cash items currently being presented and whether a different set of candidates are possible. Also, the research would determine fundamental government activities impacting the government's financial position and whether such activities are being reflected in the existing cash flow presentations.

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## *Revenue (Exchange and NonExchange)*

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SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, provides guidance for recognition of exchange and non-exchange revenue. In FY2014, \$417.9 billion of exchange revenue and \$3,066.1 billion of non-exchange revenue were reported government-wide. SFFAS 7 requires disclosures and required supplementary information as well as suggests other accompanying information on the following topics:

- A perspective on the income tax burden.
- Available information on the size of the tax gap.
- Tax expenditures related to entity programs.
- Directed flows of resources related to entity programs.

SFFAS 7 has not been reviewed since it became effective in fiscal year 1998. Feedback suggests that some agencies are relying on FASB standards for more detailed guidance regarding revenue recognition and the FASB has revised these standards since the issuance of SFFAS 7. When SFFAS 7 was established, the Board acknowledged both inherent and practical limitations that made full accrual accounting for tax revenues unattainable. The basis for conclusions for SFFAS 7 notes:

171. At the time the Board began deliberations on this standard, accounting systems necessary to determine even the limited revenue accruals that are now required for taxes did not exist. The changes in systems required by this standard are limited to those necessary to mirror the established assessment processes. The Board understands that the Internal Revenue Service is attempting to improve its collection function and the related management information systems. Because such systems must also provide accounting information, the Board decided not to impose accounting standards at this time that might conflict with systems changes needed to improve the efficiency and effectiveness of the collection process or go beyond the minimum changes considered necessary to enable the collecting entities to properly discharge their responsibilities.

173. In the future, the general standard for accrual as it applies to taxes and duties could be tightened to produce a fuller application of the accrual concept. For fines, penalties and donations, no accountable event precedes the recognition point established by this standard. Therefore, the general standard for recognition as it applies to these sources of revenue results in full accrual accounting for them.

A review of the revenue standards might consider general improvements that could better meet the reporting objectives as well as how to improve the understandability of the presentation of information about taxes.

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### *Stewardship Investments*

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The Board undertook reclassification of all required supplementary stewardship information (RSSI) due to questions regarding audit coverage. RSSI is not a category recognized in auditing standards. Audit coverage of the information may not meet the Board's expectations unless the Board reclassifies the remaining information in an established category. Hence, the reclassification would resolve questions regarding the desired audit status of the information. The Board completed work on two of three types of information – stewardship responsibilities and stewardship property, plant and equipment in 2005. The remaining RSSI type is stewardship investments including human capital, research and development, and non-federal physical property. The Board deferred addressing this type so that it could devote additional resources to higher priority projects. The consequence is that this information continues to receive the audit coverage afforded required supplementary information.

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### *Summary or Popular Reporting*

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Agencies are issuing summary reports of financial and performance information and some view these as the primary report for citizen users. The need for guidance or standards has not been explored by staff. However, citizens participating in focus groups provided valuable insights regarding their interests and expectations.