



October 14, 2010

Memorandum

To: Members of the Board

From: Ross Simms, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Federal Reporting Model - Disclosures – TAB E¹

MEETING OBJECTIVE

The objective of the meeting is to discuss a project plan for evaluating disclosures.

BRIEFING MATERIAL

Attachment I – Plan for Evaluating Disclosures, beginning on page 5.

BACKGROUND

At the August 2010 meeting, the Board discussed an approach for reconsidering existing disclosures. Members discussed the challenges involved in surveying preparers and users and determined that conducting interviews would be beneficial. Consequently, staff developed an approach that involves a series of interviews.

¹ 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

While reviewing the plan, Board members should consider the following questions:

1. Given the number and length of disclosures, staff proposes to conduct the research in two phases: 1) review panels with individuals knowledgeable about federal financial reports and 2) interviews with users. The objectives of Phase I: Review Panels with Knowledgeable Individuals will be to determine: 1) specific items of information the individuals receive the most questions about; 2) disclosures the individuals find most and least valuable or useful; and 3) the treatment of disclosures that are required but not necessarily material at their entity. Upon determining which existing or potential disclosures should be considered during the project, staff will conduct Phase II: Users Interviews to determine users' views on how the disclosures may be improved.

Does the Board agree with this approach?

2. The interview questions begin on page 7. Are there additional questions the Board would like to ask interviewees?

NEXT STEPS

Staff will begin extending invitations to the roundtables and identifying potential interviewees.

If you have questions or need additional information, please contact me at 202-512-2512 or by email at simmsr@fasab.gov as soon as possible. I will be able to consider and respond to your request more fully in advance of the meeting.

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Plan for Evaluating Disclosures

Objective

Ultimately, to refine existing disclosure requirements by determining whether certain required information is no longer relevant or useful; could be streamlined; or improved, as well as whether additional information is needed.

Interim objectives:

1. Review Panels will provide us with input from knowledgeable individuals about:
 - a. Specific items of information they receive the most questions about
 - b. Disclosures they find most and least valuable or useful
 - c. Treatment of disclosures that are required but not necessarily material at their entity
2. Interviews will provide us with users and analysts input about:
 - a. Specific items of information they find most valuable or useful and why
 - b. Their understanding of and interest in specific illustrative disclosures

Scope

The scope of the project involves reconsidering disclosure requirements for agencies and the consolidated financial report of the U.S. government (CFR) as a single body of standards. Previously, disclosures were considered primarily in relation to the individual pronouncement of which they were a part. This reconsideration would include requirements that were effective for periods ending in FY 2007 or earlier to allow preparers and auditors time to gain experience applying the requirements. However, the reconsideration would not include disclosure requirements currently being reviewed as part of other FASAB projects, such as Evaluation of Existing Standards - Earmarked Funds. In addition, the project does not include determining what disclosures may be candidates for presentation on the face of financial statements.

Research Methodology

The research for the project will involve two phases: 1) Review Panels with Knowledgeable Individuals and 2) Interviews with Users. Staff believes that federal financial managers and auditors have experience with the information and could help develop a preliminary assessment of disclosure issues that should be considered during the project. Each review panel discussion will convene a group of individuals with expertise in specific types of programs – such as direct loan and loan guarantee programs, grant programs, or service delivery programs such as defense and homeland security. The size of each panel may vary but we hope to include preparers, auditors (both IG and IPA), and overseers or analysts (e.g., OMB, GAO, CBO) with experience

relevant to the disclosures under review. See Table 1: Review Panel Listing on page 9 for a listing of the illustrative disclosures and the review panel composition.

Based on the results of the review panels, staff will conduct interviews with users in the related field to determine how the disclosure issues developed during the panels could be resolved. For example, for disclosures related to environmental liabilities, staff may interview an analyst who has written a news article on the subject and discuss how the disclosure may be improved. The users will primarily consist of analysts or citizen intermediaries and may be asked the following questions:

Phase II: User Interview Questions

1. How might you use the information in the disclosure?
2. What additional information or enhancement could improve the usefulness of the disclosure?
3. What questions or comments, if any in addition to any comments you provided above, do you have about the information included in the disclosure?
4. Please provide the following background information:

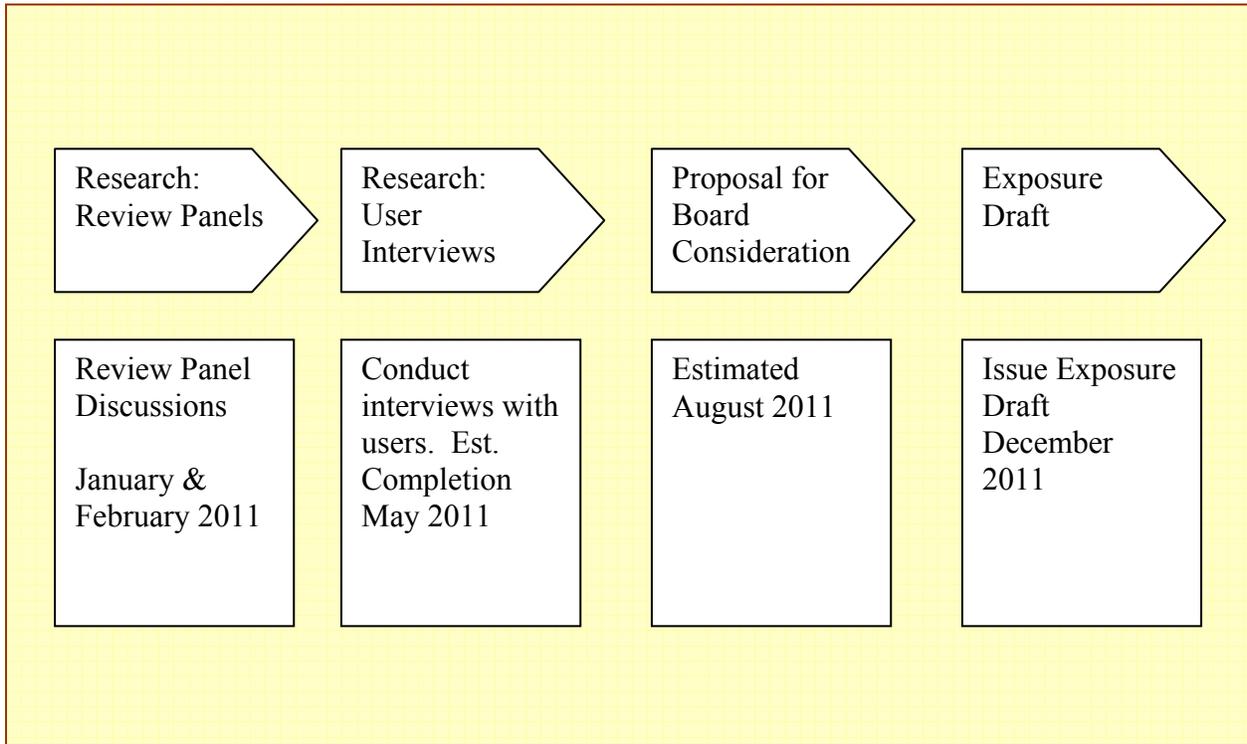
Most recent job title

Brief description of your background or experience with federal financial information.

Timeline and Deliverables

Figure 1: Timeline and Deliverables on page 8 present the estimated completion dates and deliverables for the plan. Staff plans to begin the project by conducting the panels in January and February 2011. This would allow preparers to complete the FY 2010 financial reports and be able to consider their recent experiences in the discussion.

Figure 1: Timeline and Deliverables



Question 1

Does the Board agree with the overall approach?

Question 2

Are there additional questions the Board would like to ask users?

Table 1: Review Panel Listing

Illustrative Disclosures to be Reviewed:	Agency Representatives	Overseers/Analysts
Cash, fund balance with Treasury, and investments	Treasury, SSA, OPM, and HHS	OMB, GAO
Receivables and Payables, Advances and Prepayments, Non-entity assets	National Science Foundation, Transportation, Treasury FMS, HHS	OMB, GAO
Direct loans and loan guarantees	SBA, HUD, Education, VA	OMB, GAO, CBO
Inventory, Operating Materials and Supplies, Stockpile Materials, and Seized/Forfeited Assets	Energy, Justice, Coast Guard, and DoD	OMB, GAO
Property, plant, and equipment (General & Stewardship)	DoD, NASA, FAA, Office of the Director of National Intelligence (ODNI)	OMB, GAO
Liabilities not covered by budgetary resources	OPM, Transportation, USDA, Education, AID	OMB, GAO, CBO
Debt	Treasury FFB, USDA, Energy	OMB, GAO
Federal Employee and Veterans' Benefits, Life Insurance Liabilities	OPM, Treasury, State, VA	OMB, GAO, CBO
Environmental and Disposal Liabilities and Cleanup Cost Adjustments	Energy, DoD, DHS, GSA	OMB, GAO, CBO
Leases	GSA, Interior, DoD	OMB, GAO
Commitments and Contingencies	Justice, DoL, DHS, HUD	OMB, GAO, CBO

Illustrative Disclosures to be Reviewed:	Agency Representatives	Overseers/Analysts
Intragovernmental Costs and Exchange Revenue	Commerce, DoL, EPA, NRC	OMB, GAO, CBO
Suborganization Program Costs/Program Costs by Segment	DoL, Transportation, GSA, HUD	OMB, GAO, CBO
Cost of Stewardship PP&E	Interior, DoD, Commerce	OMB, GAO, CBO
Exchange Revenues	Commerce, DoL, EPA, NRC	OMB, GAO, CBO
Budgetary Resources Statement Disclosures (Including differences between SBR and Budget of the United States Government)	EX-Im Bank, NASA, HUD, Education	OMB, GAO, CBO
Custodial Activity Statement Disclosures	FTC, FCC, Justice, EPA, SEC, Treasury	OMB, GAO, CBO
SOSI Disclosures	SSA, Labor, RRB, and HHS	OMB, GAO, CBO