RISK ASSUMED

PROJECT PLAN

Purpose: This project is being undertaken by the Federal Accounting Standards Advisory Board (FASAB) because existing FASAB standards on risk assumed are limited to insurance contracts and explicit guarantees (other than loan guarantees). Because the federal government has a variety of responsibilities and consequently assumes a range of risks, it is important that FASAB revisit its existing standards. For example, when implementing policy initiatives to stabilize financial markets and the economy, the federal government explicitly assumed risks previously considered by some to have implied backing of the federal government. It provided financial support to government-sponsored enterprises (GSE) and private sector institutions and purchased or guaranteed troubled assets.

In order to meet the stewardship and operating performance objectives of federal financial reporting,[1] it is important that the federal government reports all significant risks assumed, not just risks related to insurance contracts and explicit guarantees.

For additional information on the project, you may read the Background section in the Appendix to Tab D.[2]

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 Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles* (GAAP)*, Including the Application of Standards Issued by the Financial Accounting Standards Board* (FASB).

Objectives: The primary objective of this project is to study the significant risks assumed by the federal government and develop (a) definitions of risk assumed, (b) related recognition and measurement criteria, and (c) disclosure and / or required supplementary information (RSI) guidance that federal agencies can apply consistently in accordance with GAAP.

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[1] Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, pars. 100, 122, and 141

[2] Progress made in this project could help inform the Reporting Model Project. As part of the Reporting Model project, staff seeks to determine how to present information so that users better understand the distinctions among items of information such as liabilities, risk assumed presented as RSI, and sustainability reporting.

Other resources: After a brief initial research phase, staff plans to utilize a multi-disciplinary task force, including sub-groups to address specific topics.

Timeline:

September – November 2011

- Develop a preliminary inventory and groupings of risk assumed
- Conduct limited research on groupings
- Develop task force plan and organize task force

December 2011 – January 2013

- Utilizing task force input, as appropriate, develop risk assumed definitions, measurement and recognition criteria, and disclosure and / or RSI guidance
- Consider whether a phased approach may be more appropriate
- Report to the board as issues are developed that require board decisions

February – August 2013

- Develop exposure draft (ED)

September 2013

- Issue ED for comment
- Conduct pilot testing

February 2014

- Hold public hearing

March - May 2014

- Finalize standard

June 2014

- Transmit final SFFAS to sponsors for 90-day review

September 2014

- Issue SFFAS

October 2014 – February 2015

- Develop implementation guidance, if necessary