FASAB Federal GAAP Hierarchy Workgroup Meeting
September 16, 2025, 9:30 a.m.
Minutes

Ms. Batchelor welcomed the workgroup members to the meeting. She explained that at the previous meeting the workgroup had discussed history of the GAAP hierarchy. The workgroup agreed that determining the characteristics of accounting guidance placed at the highest level of GAAP would be an appropriate first step.

Ms. Batchelor referred to the summary of the characteristics presented in the staff paper:

> *In summary, staff recommends that accounting guidance that is considered the highest level of GAAP should be:*
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> - *exposed for public comment (exposure draft) and include the consideration of stakeholder comments to determine impact on the proposal*
> - *a position of the Board as indicated by formal Board approval (versus does not object)*
> - *issued by the Board*
> - *issued with the intended purpose of creating, amending, interpreting, or clarifying standards*
> - *included in the FASAB Handbook*
>
> *There are also distinguishing characteristics for lower-level accounting guidance in the GAAP hierarchy. Lower-level GAAP guidance should be exposed for comment and included in the FASAB Handbook as similarly explained with the highest-level GAAP, but would include accounting guidance that:*
>
> - *provides guidance for applying standards or implementation guidance*
> - *issued under the oversight and approval and indicated by a does not object by the Board*

The workgroup members generally agreed with the characteristics and that they provided a basis for determining what should be at the highest-level GAAP. A member suggested that it might be helpful to provide an exception to the characteristics for sources of budgetary accounting concepts as well as form and content. The workgroup agreed that it is important to recognize that some accounting guidance may not meet the characteristics but will need be considered.

A member explained that although he believed the placement of administrative directives should be clarified, he didn't believe there was a problem with other aspects of the GAAP hierarchy. He questioned the approach of developing characteristics for the highest-level GAAP. Ms. Batchelor explained that stakeholder feedback and comments to the Invitation to Comment, *Reexamination of Existing Standards* showed that stakeholders find the GAAP hierarchy complex and that most aspects needed clarification. She noted that the placement of administrative directives may be the most challenging issue to address, but the reexamination is assessing SFFAS 34. The member suggested that he believed that any significant change to the GAAP hierarchy may require much work to determine the potential impact. Ms. Batchelor agreed that the impact of any revision would need to be considered and that was included as a factor for consideration in the project. She views dealing with the impact and process going forward to be manageable.

Ms. Batchelor discussed that the staff paper provided an analysis of the sources of guidance included in the existing hierarchy against the suggested characteristics, both individually and relative to each other. The workgroup members generally agreed with the assessment. Certain members noted that the analysis provided important details regarding the similarities in the purposes and differences in the due process among FASAB's communication methods. Given the similarities in the purpose and the complexity noted by stakeholders, certain members agreed that it may be beneficial to determine if all FASAB vehicles are necessary to continue.

The workgroup discussed that it appears confusion relates to understanding the different purposes and intent for the FASAB communication methods beyond the highest level – Technical Bulletins (TB), Technical Releases (TR) and Staff Implementation Guidance (SIG). The workgroup generally agreed the Board should consider each vehicle to determine if all communication methods should continue and/or if they should be clarified.

The members discussed that TBs serve a dual purpose because they provide guidance to clarify Statements or Interpretations but may also provide guidance to address areas not directly covered by existing Statements or Interpretations, provided the guidance does not conflict with a broad fundamental principle, cause a major change in accounting practice and the cost involved in implementing the guidance is not expected to be significant to most affected entities. The workgroup noted concern that the due process for TBs is less stringent than Statements and Interpretations even though TBs can include new requirements. Ms. Batchelor explained that in practice, TBs are significantly narrower in scope and generally result in more timely guidance. She also explained that TB 2000-1 explains conditions or when a problem may be resolved by issuing a FASAB TB. Staff believes this section provides guardrails as to what may be addressed through a TB, because the intent are for TBs to address time sensitive, narrow topics. The workgroup generally agreed that the Board may want to revisit the due process requirements for TBs.

The workgroup discussed the overlapping purpose "providing guidance for applying existing Statements and Interpretations" that exists among the TB, TR, and SIG vehicles and each are currently on different levels in the existing GAAP hierarchy. The workgroup discussed how each are considered and used in practice. Ms. Batchelor explained the Board has often requested that the ASIC to address implementation guidance related to complex new standards and she believes the creation of the ASIC was meant to provide an avenue where the process is similar to that of the board (with a committee approach) but under the oversight and approval of the Board. SIGs are typically narrow in scope and often result from a technical inquiry or other request for guidance. When questions (technical inquiries) are considered to have widespread application, FASAB staff considers whether such guidance should be disseminated more broadly through a SIG.

The workgroup discussed the similarities between TBs and SIGS. Both TBs and SIGs are used to address narrow topic areas where timely guidance is needed. TBs and SIGs are both typically in question-and-answer format and are staff documents under the oversight of the

Board. Both are exposed for a minimum fifteen-day comment period, but both often use longer periods. There have been three SIGs issued over FASAB's 30 plus years. With its the rare use, the workgroup members generally agreed that consideration whether SIGs should continue as a communication method should be considered further and if the purposes could be fulfilled with a TB.

Throughout the workgroup meeting, the topic of practices that are widely recognized and prevalent in the federal government and the placement of administrative directives was a common discussion point. The workgroup generally agreed that when assessing practices widely recognized and prevalent against the proposed characteristics for the highest-level GAAP, it did not meet any of the proposed characteristics. Currently, such practices do not go through any of the necessary due process and criteria do not exist to identify when a practice is considered widely recognized and prevalent. Although staff's suggestion was to include them as other accounting literature and provide more explanatory information about the directives in that context, certain workgroup members did not agree with classifying them as other accounting literature.

Certain members believed that specific directives or a general reference to the areas that the Board defers to OMB should be referenced or included in the GAAP hierarchy. One member suggested that an agreement[1] or MOU should be established with OMB that would provide for the Board's review of specific directives or portions of directives that should be included in the GAAP hierarchy. A member suggested that the meaning of "form and content"[2] within FASAB standards should be clarified. Along those lines, a workgroup member suggested the workgroup consider whether legislative requirements may be criteria to consider for inclusion of certain OMB directives into the GAAP hierarchy. The workgroup was in general agreement that staff should consider this matter further because it is the most challenging aspect of the project and these concerns were raised during the due process of SFFAS 34.

The workgroup discussed the summary of preliminary revised hierarchy options presented in the staff paper. The workgroup generally agreed with the options, noting that the administrative directives must be considered further. A member suggested that it's best to keep suggested options to a few because too many options may become overwhelming.

Ms. Batchelor explained that the GAAP hierarchy project is on the October 2025 Board meeting agenda, and she would provide the Board an update on the progress. She will share the briefing materials and a reminder of the meeting as it approaches.

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[1] FASAB staff notes that there have been attempts to formalize FASAB's review of form and content to ensure that it is consistent with GAAP, but no process has been established.

[2] The legal authority for the term "form and content" was originated through the authority of the CFO Act of 1990 that provided "The Director of the Office of Management and Budget shall prescribe the form and content of the financial statements of covered executive agencies under this section, consistent with applicable accounting and financial reporting principles, standards, and requirements." In light of this statutory authority, it may be best to seek clarification of what the language within 31 USC 3515 means and/or how OMB describes "form and content", "consistent with applicable accounting and financial reporting principles, standards, and requirements."