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January 17, 2025

Federal Accounting Standards Advisory Board
441 G Street NW, Suite 1155
Washington, DC 20548

RE: Comments on FASAB 2024 *Annual Report and Three-Year Plan*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board on its three-year plan for its technical agenda.

General Comments

We continue to appreciate the Board's educational and outreach efforts. FASAB training can be helpful, especially when made available in virtual formats and aligned with priorities and implementation schedules. While FASAB is limited to providing CPE-eligible training courses to federal employees, providing educational content on YouTube may make this information more accessible to a wider audience and can serve as a later reference for attendees of live training events. To that end, we would encourage the Board to consider making more of its training content available as recordings on its YouTube channel.

A. Accounting and Reporting of Government Land

We agree that assessment of implementation issues and transition guidance is needed.

However, we were confused about the planned timing of this project. If the Board intends to address implementation challenges and assess the need for action prior to implementation, then we would expect that the exposure draft and finalization of guidance would be in FY25 rather than FY26. This would match the graphic on page 3 of SFFAS 59 which states "FY 2025 the Board plans to complete its assessment of remaining implementation issues before the RSI requirements transition to the notes." In other words, if guidance or action is needed before implementation, then agencies will need to know in FY25 before the standard becomes effective in FY26.

Regarding action needed, we have been in support of this solution for reporting land and acknowledge that the location of this information in either RSI or Note Disclosures continues to be a valid question. In particular, with regard to concept statement criteria, we note that information is primarily non-financial in nature and there may be cost-benefit considerations.



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Finally, we noted that the table indicates the project would be concluded at the end of FY 2026. However, we would encourage the Board to plan for continued monitoring and the possibility of additional implementation guidance after that point.

B. Climate-Related Financial Reporting

We affirm this is an important emerging topic that the Board should be monitoring. We also affirm the Board's concerns regarding the nature of this topic as primarily non-financial with an emerging scope, data and methodologies.

For this reason, we encourage the Board to consider continuing this effort as a research project, rather than a standard setting project. This would allow the Board to prioritize resources on other valuable standard setting projects while concepts and frameworks for this topic evolve and mature based on the work of other standard setters, such as the International Sustainability Standards Board.

In any case, if new estimates or disclosures will be required in the future, it will be important for the standards to identify reliable data and methodologies for developing this information. We see this as a necessary focus for standard setting in order for any requirements to be reasonable for federal agencies to implement and result in comparable, auditable and useful information for financial statement users.

C. Intangible Assets

We support this project. With legacy applications being replaced with new cloud-based systems, this topic is significant to many federal agencies. With regard to cloud service arrangements, we encourage the Board to consider the Governmental Accounting Standards Board's (GASB's) recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment. For example, a positive aspect of the GASB's standard was a strong alignment of recognition guidance between leases and subscription based information technology arrangements.

D. Leases

We appreciate the Board's continuing work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance.

E. Public-Private Partnerships

We are supportive of this project and affirm the importance of research and engagement with agencies both in finalizing any new standards and in developing implementation guidance. We would also encourage the Board to consider the GASB's recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.

F. Re-examination of Existing Standards

We are supportive of this project and affirm the Board's approach to use the input to identify a series of standard setting projects over time. We understand that further steps on this project for the next three



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years are to-be-determined. We believe there could be more projects of interest – potentially more than would be feasible for the Board to pursue in the near-term. Therefore, the end point for the re-examination project may be in a list of future standards or research projects that must be prioritized and compared to resources in order to determine the Board's three-year plan. This could potentially result in a new category of identified future projects that are not currently a part of the three-year plan.

As the Board considers further projects, we strongly encourage consideration of a project to evaluate the structure of existing standards. Specifically, we encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB. The handbook is currently organized by the history of standard setting, rather than logically organized by topic. And while the handbook is updated for amendments, a user may need to skip back and forth hundreds of pages to get a full understanding on a particular topic. The current handbook is over 2,900 pages long, and we would expect that projects resulting from the re-examination will further add to its length and complexity. We notice that the GASB has started a project evaluating the structure of its standards, so this may be an opportunity for the Board to monitor lessons learned and outcomes from this project. As we described in our original comment letter on the re-examination project, we believe this is an opportunity for standards to be significantly more accessible and usable to a new generation of learners.

G. Reporting Model

We appreciate the Board's plans to monitor implementation and provide additional implementation guidance as needed on the new standard related to Management's Discussion and Analysis.

H. Technical Clarifications and Omnibus Amendments

We appreciate the Board's work to provide technical clarifications and updates to standards. We especially appreciate the Board's collaborative approach and ongoing efforts to resolve matters specific to the Department of Defense.

New Technical Projects

We affirm these topics as good selections for standard setting projects, especially the direct loans and loan guarantees. We also affirm the Board's plans to additionally pursue the topic of revenue by first performing research to clarify the scope of standard setting projects in this area. We look forward to seeing project details and participating in due process for these in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', is written over a light blue horizontal line.

Scott DeViney, CPA
Chair, Financial Management Standards Board



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AGA
Financial Management Standards Board

The FMSB comprises the following 22 members 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. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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