

Invitation to Comment *Reexamination of Existing Standards*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input checked="" type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general-purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Explanation: SFFAS 34 is clear in establishing the hierarchy that federal agencies should follow in applying accounting principles.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of "practices that are widely

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recognized and prevalent in the federal government.”)

Explanation: N/A

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

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Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Explanation: Paragraph 39; does not address investigating and supporting differences in Fund Balance with Treasury (FBwT). Providing additional guidance may direct agencies as to how to adequately support differences particularly in preparation for external audits where a lack of support has sometimes resulted in a material weakness.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

- (1) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Medium Priority

- (1) Potential Improvement: Eliminating or revising unclear requirements
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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High Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Explanation: As the amount of guidance on accounting and reporting for Property, Plant and Equipment (PPE) has continued to increase over the last few years to include standards, interpretations and Technical Bulletins, the Board may consider streamlining and presenting the guidance for PPE in a format that is easier to reference.

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313
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	TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Medium Priority

(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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High Priority

(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met

Explanation: The Board may consider providing updated guidance for accounting and reporting on Internal Use Software given major changes in how internal use software is developed, procured, and maintained since SFFAS 10 was issued. Development methodologies have become more agile making it more challenging to follow the capitalization and expense recognition guidance in SFFAS 10. The Board may also consider providing more clear guidance on whether software-in-development costs should be reported separately from or together with the cost of internal use software.

Topic # 24	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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N/A; SFFAS 15 is excluded from reexamination

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
(2) Potential Improvement: Considering overlaps or redundancy in requirements

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

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	<i>"Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Considering overlaps or redundancy in requirements

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

- (1) Potential Improvement: Considering overlaps or redundancy in requirements
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

Explanation: Paragraphs A49 – A56; Given the mounting concerns regarding climate change, it may be worthwhile for the Board to either provide more flexibility for how agencies value both the assets and liabilities associated with oil and gas resources, or provide updated guidance rather than leaving it up to federal entities to develop a detailed methodology, which can result in significant burden for preparers.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

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- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #20	SFFAS 47, <i>Reporting Entity</i>
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Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #21	SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #22	SFFAS 51, <i>Insurance Programs</i>
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Low Priority

- (1) Potential Improvement: Eliminating or revising unclear requirements
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met.

Explanation: Paragraphs A25 -A28; The Board may consider revisiting whether the requirements to report on tax expenditures should also be extended to at least certain component reporting entities.