

**Questions for Respondents****Responses Due: September 15, 2023**

**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 type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" 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](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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### **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**

DHS agrees that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.

**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

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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 recognized and prevalent in the federal government.”)

DHS has not experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues.

### 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](#)<sup>1</sup> 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.<sup>2</sup>

**Please explain your response, including specific details<sup>3</sup> 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

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

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

<sup>3</sup> 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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- 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

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.

<b>Topic #1</b>	<a href="#">SFFAS 1</a> , <i>Accounting for Selected Assets and Liabilities</i> <a href="#">Interpretation 10</a> , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> <a href="#">TB 2020-1</a> , <i>Loss Allowance for Intragovernmental Receivables</i>
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#### Choose a priority level.

No Comment

<b>Topic #2</b>	<a href="#">SFFAS 2</a> , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: <a href="#">SFFAS 18</a> , <a href="#">SFFAS 19</a>
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#### Choose a priority level.

No Comment

<b>Topic #3</b>	<a href="#">SFFAS 3</a> , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: <a href="#">SFFAS 48</a> <a href="#">Interpretation 7</a> , <i>Items Held for Manufacture</i>
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#### Low Priority

Paragraph 12 contains a reference to the Yellow Book Chapter 3, paragraph 33 that is no longer valid in the current Yellow Book.

<b>Topic #4</b>	<a href="#">SFFAS 4</a> , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: <a href="#">SFFAS 55</a>
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#### High Priority

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This standard was effective in 1997 which was only seven years after the CFO Act. This standard is aimed at achieving three general objectives: 1) provide program managers with relevant and reliable information relating costs to outputs and activities; 2) provide relevant and reliable cost information to assist the Congress and executives in making decisions about allocating federal resources, authorizing and modifying programs, and evaluating program performance; and 3) ensure consistency between costs reported in general purpose financial reports and costs reported to program managers.

Given the burden on the preparer of this standard, has FASAB conducted any outreach or research to determine if the Users of Federal Cost Information are using the information that results from the application of this standard? If the users are using the information, have they suggested any modifications to the standard to achieve more relevant cost information?

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

DHS is seeking clarification on when the recognition of a liability should or should not impact the availability of budgetary resources, depending on the existence (or lack thereof) of a legal obligation per 31 USC 1501. Specifically, DHS is requesting a review of paragraphs 24, 28-34, and 38 taking into consideration natural disasters.

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

DHS is looking for clarification on when an asset should be considered as placed in service. Should a constructed piece of equipment which is functionally able to perform the intended task, but lacking specific certifications continue to be accounted for as construction in progress (CIP) or be considered as a completed asset that's placed in service? In this scenario, if the constructed equipment is considered to have been placed in service, how would any additional costs (e.g., enhancements) be treated?

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<b>Topic #7</b>	<a href="#">SFFAS 7</a> , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: <a href="#">SFFAS 20</a> , <a href="#">SFFAS 21</a> , <a href="#">SFFAS 53</a> <a href="#">Interpretation 5</a> , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> <a href="#">Interpretation 11</a> , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> <a href="#">TB 2002-2</a> , <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> <a href="#">TB 2017-1</a> , <i>Intragovernmental Exchange Transactions</i>
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**Low Priority**

DHS is requesting clarification of the term “true up” used in Interpretation Number 5. Guidance on the budgetary accounting should be provided in Interpretation 11.

<b>Topic #8</b>	<a href="#">SFFAS 10</a> , <i>Accounting for Internal Use Software</i>
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**Low Priority**

DHS is requesting better examples for differences between software that should be expensed or capitalized. Better examples would aid in consistent distinction between expensing and capitalizing.

	<a href="#">SFFAS 15</a> , <i>Management’s Discussions and Analysis</i> <sup>4</sup>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

<b>Topic #9</b>	<a href="#">SFFAS 17</a> , <i>Accounting for Social Insurance</i> AS AMENDED BY: <a href="#">SFFAS 26</a> , <a href="#">SFFAS 37</a>
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**Choose a priority level.**

**Please explain your response. [Click here to enter text.](#)**

<b>Topic #10</b>	<a href="#">SFFAS 24</a> , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> <a href="#">SFFAS 32</a> , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”</i>
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<sup>4</sup> 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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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #11</b>	<a href="#">SFFAS 27</a> , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: <a href="#">SFFAS 43</a>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #12</b>	<a href="#">SFFAS 29</a> , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #13</b>	<a href="#">SFFAS 31</a> , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #14</b>	<a href="#">SFFAS 33</a> , <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**

Is the statement in paragraph 2.a, “there is currently uncertainty in practice regarding the selection of discount rates in some situations.” still valid?

<b>Topic #15</b>	<a href="#">SFFAS 34</a> , <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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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #16</b>	<a href="#">SFFAS 36</a> , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #17</b>	<a href="#">SFFAS 38</a> , <i>Accounting for Federal Oil and Gas Resources</i> <a href="#">TB 2011-1</a> , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #18</b>	<a href="#">SFFAS 39</a> , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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**Medium Priority**

DHS would like FASAB to provide more robust examples to help distinguish between recognized and nonrecognized events including additional guidance on how to recognize and disclose subsequent events. In the summary, FASAB states that the objective of this Statement is to incorporate the guidance from the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS) UA section 560, Subsequent Events. While paragraph 13 of SFFAS 39, FASAB uses an example related to litigation for personal injury which is similar to an example in subsection 04 of AU Section 560, SFFAS 39 lacks multiple examples with different circumstances. AU Section 560 provides more examples of subsequent event as well as sample questions to ask to identify subsequent events. DHS believe additional examples would assist in identifying subsequent events.

<b>Topic #19</b>	<a href="#">SFFAS 44</a> , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #20</b>	<a href="#">SFFAS 47</a> , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #21</b>	<a href="#">SFFAS 49</a> , <i>Public-Private Partnerships: Disclosure Requirements</i>
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**Low Priority**

Paragraph 10 states "It should be noted that the Board also plans to address measurement, recognition, and reporting issues through continued consultation with stakeholders. This could lead to the issuance of additional guidance." When does the Board plan do address these items?

<b>Topic #22</b>	<a href="#">SFFAS 51</a> , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

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<b>Topic #23</b>	<a href="#">SFFAS 52</a> , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	<a href="#">SFFAS 54</a> , <i>Leases</i> <sup>5</sup> AS AMENDED BY: <a href="#">SFFAS 57</a> , <a href="#">SFFAS 60</a> , <a href="#">SFFAS 61</a> <a href="#">TB 2023-1</a> , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	<a href="#">SFFAS 56</a> , <i>Classified Activities</i> <sup>6</sup> <a href="#">Interpretation 8</a> , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	<a href="#">SFFAS 59</a> , <i>Accounting and Reporting of Government Land</i> <sup>7</sup>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

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<sup>5</sup> SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

<sup>6</sup> SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

<sup>7</sup> SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.