

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. 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

HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. As currently presented, SFFAS 34 aligns with appropriate principles and guidance and can be reliably consulted as various accounting and reporting scenarios arise.

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

Neither Agree nor Disagree

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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 recognized and prevalent in the federal government.”)

HHS generally supports that the federal GAAP hierarchy presented in SFFAS 34 is a reliable source to resolve accounting and/or reporting discrepancies. HHS is unaware of any challenges directly relating to the inconsistent application of SFFAS 34 or examples where SFFAS 34 guidance lacks transparency. With this in mind, HHS also recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies.

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

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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- 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

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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Medium Priority

FBwT and Intragovernmental Receivables tend to be material accounts. As such, both are areas that could benefit from further clarification. The proposed changes and expanded non-federal non-entity FBwT definition will help alleviate/avoid future misunderstanding, allowing agencies to more clearly classify and consistently present FBwT and Intragovernmental Receivable activity.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed (Not material to HHS).

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

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HHS believes this is an area of medium priority as inventory and related property accounts/balances are becoming more commonly identified/used for federal entities mission-related purposes.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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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Medium Priority

HHS supports the Federal Accounting Standards Advisory Board's (FASAB) proposed reexamination of this topic area. Requirements under Topic #6 should facilitate the consistent reporting of Property, Plant, and Equipment and Cleanup Cost Liabilities among Federal agencies. Additionally, PP&E tends to be a material account for most federal entities, including HHS. HHS recommends that any changes to Topic #6 subject matter areas be made with the intention of aligning FASAB's treatment of Property, Plant, and Equipment and Cleanup Cost Liabilities with other accounting regulatory bodies such as the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB).

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting
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	AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> 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

HHS supports the proposed interpretations, especially those that will facilitate the consistent accounting for and reporting of other financing sources and debt cancellation among Federal agencies, and efforts that will allow proposed SCNP form and content changes to align with OMB and GAAP accounting standards.

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

HHS believes this is an area of medium priority considering the significant research and efforts taken by FASAB over software technology and clouding arrangements. Upon completion of FASAB's research, [SFFAS 10](#) and Technical Releases related to this [SFFAS \(TR 16\)](#), FASAB should provide further clarification into what constitutes IUS for financial reporting accounting treatment purposes.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS sustainability statements have received a disclaimer of opinion from the Office of Inspector General (OIG) and the independent auditors since 2010. Each year, the audit report states that due to uncertainty brought by the passing of the Patient Protection and Affordable Care Act of 2010 and Medicare Access and CHIP Reauthorization Act of 2015, they are unable to obtain sufficient audit evidence for the amounts presented in the SOSI. HHS hopes the review of these standards would potentially help with this disclaimer.

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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Staff at HHS are raising the following for the Board to consider when reexamining the existing standards for SOSI:

1. Provide clarification what is meant by "reasonable estimates..." and allow for the departure from currently law to be in line with the language used in SSFAS 38, paragraph 28 when preparing the SOSI/SCISA and assumptions used.
2. Current law projections may be misleading given that such projections potentially understate the cost of Medicare.
 - a. What, if any, disclosures and/or measurement assumptions should be required by GAAP when current law projections may mislead readers by presenting cost savings or receipts unlikely to be realized?
 - b. Would it be appropriate to integrate the current law and alternative projections? If so, how:
 - i. Presentation of current law projections with an adjustment to arrive at reasonable estimates on the face of the SOSI (so that both alternatives are highlighted on the SOSI)?
 - ii. Use of the alternative projections in lieu of current law projections on the face of the SOSI with coverage of both current law and alternative projections in an integrated note?
 - iii. Continued presentation of current law projections on the face of the SOSI but an integrated presentation of the two projections in the notes?
3. The alternative projections are not discussed in MD&A. Further, current law provides for a "funding warning" notification process when there are certain shortfalls in funding. The fact that this warning has been triggered is not discussed in MD&A. Should alternative projections and/or such a warning be discussed in MD&A?

Topic #10	<p>SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i></p> <p>SFFAS 32, <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></p>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. However, HHS recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

HHS believes this is an area of high priority. Further clarification may be warranted since the use and implementation of P3s continues to increase for government-wide purposes.

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

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

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

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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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HHS supports FASAB's proposed reexamination of this topic area. The proposed technical guidance outlines an array of scenarios that will allow Federal agencies to apply the new standards in a consistent manner. HHS acknowledges that when implemented, SFFAS 54 requirements are significant, but will facilitate the consistent reporting of leases among Federal agencies. To ensure successful and timely SFFAS 54 implementation, Federal agencies must navigate challenges such as updating accounting policies and procedures, reconfiguring accounting systems, and training/familiarizing personnel. These challenges may pose additional costs and staffing constraints to Federal agencies.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

	SFFAS 59, Accounting and Reporting of Government Land⁷
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

⁵ 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.

⁶ 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.

⁷ 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.