



Federal Accounting Standards Advisory Board

June 13, 2019

Memorandum

To: Members of the Board

Ross Simms

From: Ross Simms, Assistant Director

Monica R. Valentine

Through: Monica R. Valentine, Executive Director

Subj: **Omnibus Amendments 2019 – TAB B-2¹**

MEMBER ACTIONS REQUESTED:

- Please provide responses to the questions on page 3 by June 24, 2019.

MEETING OBJECTIVE

The meeting objective is to review responses to the exposure draft and approve the pre-ballot Statement of Federal Financial Accounting Standards (SFFAS) 57, *Omnibus Amendments 2019*. Also, as explained in this memo, the Board may wish to consider a ballot version of the on the second day of the Board meeting.

BRIEFING MATERIAL

The briefing materials include this memorandum and the following attachments:

Attachment 1: Pre-Ballot, *Omnibus Amendments 2019* - Tracked Changes Version

Attachment 2: Pre-Ballot, *Omnibus Amendments 2019* - Clean Version

TAB B-1 provides the staff summary presented to members on May 28, 2019. The summary includes the following:

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of FASAB or its staff. Official positions of FASAB are determined only after extensive due process and deliberations.

- Tally of Responses By Question
- Quick Table of Responses By Question
- Full Text of Answers and Comments by Question and by Respondent
- Overall summary of responses and a list of issues identified with staff analysis and recommendations
- Original exposure draft with suggested edits based on comments received and staff recommendations
- Full text of each comment letter

BACKGROUND

On February 22, 2019, the Board issued the exposure draft and requested by April 23, 2019. As of May 28, 2019, the Board received 11 responses and the majority of the respondents agreed with the Board's proposal to eliminate the required supplementary stewardship investments category (RSSI) and agreed that additional guidance would be needed to discuss investments in management's discussion and analysis. Also, all of the respondents generally agreed with the amendments to SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*.

On May 28, 2019, staff provided Board members with a summary of the responses by question, the full text of each comment letter, suggested edits to the exposure draft, and other materials. See TAB B-1 for the May 28, 2019 materials. Staff received feedback from six of nine Board members and the comments generally suggested clarifications and changes for consistency. Staff incorporated the comments and prepared a pre-ballot draft. A pre-ballot allows Board members an opportunity to review the document in its entirety before balloting.

NEXT STEPS

Staff would like to move to a ballot *Omnibus Amendments 2019* before the conclusion of the June 2019 meeting. This would be based upon the member comments received and member support for moving to a ballot version.

MEMBER FEEDBACK

If you have any questions or comments, please contact me by telephone at (202) 512-2512 or by email at simmsr@fasab.gov with a cc to Ms. Valentine at valentinem@fasab.gov.

QUESTIONS FOR THE BOARD

Question 1: Do members have any comments or questions regarding the pre-ballot, *Omnibus Amendments 2019*?

Question 2: Do members wish to move to a ballot *Omnibus Amendments 2019*? If members determine to ballot the Statement at the June meeting, staff will have ballot forms ready.



Federal Accounting Standards Advisory Board

OMNIBUS AMENDMENTS 2019

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FEDERAL FINANCIAL ACCOUNTING
STANDARDS 8 ¶
AND AMENDING ¶
STATEMENTS OF FEDERAL FINANCIAL
ACCOUNTING STANDARDS 5, 6, AND 49

Statement of Federal Financial Accounting Standards 57

October XX, 2019

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or "the Board") in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at www.fasab.gov:

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [FASAB newsletters](#)

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SUMMARY

The objective of this Statement is to address consistency issues and other improvements that have been identified during implementation and application of certain FASAB Statements. This Statement:

- eliminates the required supplementary stewardship information (RSSI) category by rescinding Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*,
- updates references to leases in SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, and
- makes a minor change to SFFAS 6, *Property, Plant, and Equipment* for clarity.

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STANDARDS

SCOPE

1. This Statement applies to federal entities that present general purpose federal financial reports (GPFFRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP), as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

ELIMINATING THE REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION CATEGORY

2. This paragraph rescinds SFFAS 8, *Supplementary Stewardship Reporting*, in its entirety, including the requirement for reporting information in the required supplementary stewardship information (RSSI) category.

AMENDMENTS TO SFFAS 5, 6 AND SFFAS 49

3. SFFAS 54, *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6. This Statement amends certain references to leases affected by SFFAS 54 as well as other minor changes to improve clarity of existing Statements.
4. Specifically, this Statement amends the following documents:
 - SFFAS 5, *Accounting for Liabilities of the Federal Government*
 - SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*
5. This paragraph amends paragraph 15 of SFFAS 5 to remove a reference to capital leases:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, ~~capital leases~~, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
6. The revised paragraph 15 of SFFAS 5 is as follows:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
7. This paragraph amends paragraph 18 of SFFAS 6 by revising the first bullet to remove a reference to capital leases:

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18. Property, plant, and equipment also includes:

- ~~assets acquired through capital~~ recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets) ~~(See paragraph 20), including leasehold improvements;~~
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

8. The revised paragraph 18 of SFFAS 6 is as follows:

18. Property, plant, and equipment also includes:

- assets recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets);
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

9. This paragraph amends paragraph 26 of SFFAS 6 by revising the final bullet to remove a reference to “material amounts”; materiality applies to all of the bulleted items:

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26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- labor and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;

- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- ~~material amounts of interest costs paid.~~ ^[footnote omitted]

10. The revised paragraph 26 of SFFAS 6 is as follows:

26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

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- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;
- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- Interest costs paid. ^[footnote omitted]

11. This paragraph amends footnote 7 of paragraph 15.b in SFFAS 49 by revising the footnote to remove the reference to capital and operating leases:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 – The term leases, as defined under current FASAB standards, includes enhanced use leases and both capital and operating leases, as defined under current FASAB standards.

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, software product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

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12. The revised footnote 7 of paragraph 15.b in SFFAS 49 is as follows:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
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FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

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EFFECTIVE DATE

13. Paragraphs 2 and 9 through 10 of this Statement are effective upon issuance.
14. The requirements of paragraphs 3 through 8 and 11 through 12 of this Statement are effective for reporting periods beginning after September 30, 2020. Early adoption is not permitted.

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APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. The authoritative sections of the Statements are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

PROJECT HISTORY

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

- A1. SFFAS 8 established the required supplementary stewardship information (RSSI) category to distinguish information about the government's stewardship from basic financial statements and required supplementary information (RSI). The Federal Accounting Standards Advisory Board (FASAB or "the Board") reasoned that information about the government's stewardship may include non-financial data, may be based on projections or assumptions, and may not articulate with basic financial statements.¹ In addition, the importance of stewardship information needed to be highlighted² and receive more audit scrutiny than RSI.³
- A2. Audit guidance for RSSI, however, was never developed. The Board consequently began eliminating the category by reclassifying most of the RSSI elements to the basic financial statements or RSI. Only the stewardship investments information remained in RSSI and this Statement eliminates the requirement to present stewardship investments trend information as RSSI.
- A3. While the Board believes that the RSSI category should be eliminated, stewardship investment information in some form can help users assess whether government operations have contributed to the nation's current and future well-being. Stewardship investments include expenses incurred for nonfederal physical property, such as highways and bridges; expenses incurred to increase or maintain national economic productive capacity—investments in human capital; and expenses incurred for research and development that are intended to provide future benefits or returns. However, outreach regarding this proposal revealed that users may define "investment" more broadly than SFFAS 8 and prefer cash basis data that the Office of Management and Budget reports annually.

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¹ SFFAS 8, par. 20.

² SFFAS 8, par. 111.

³ SFFAS 8, par. 111 and 114.

A4. Nonetheless, stewardship investments may be significant for some reporting entities and warrant discussion in the management's discussion and analysis (MD&A). SFFAS 15 states that MD&A should provide "a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition."⁴ The Board expects that reporting entities will present stewardship investment information in MD&A when such activities are significant. In addition, the Board plans to consider the need for additional MD&A guidance on this topic and question number 2 of the exposure draft sought input from respondents to aid the Board in considering additional MD&A guidance.

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LEASES

A5. The Board believes it is appropriate to amend the necessary standards to eliminate confusing references to "capital" and "operating" leases used prior to the issuance of SFFAS 54. The terms "capital" and "operating" leases were eliminated with the issuance of SFFAS 54. This proposal provides conforming amendments to the following statements:

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- SFFAS 5, *Accounting for Liabilities of the Federal Government*
- SFFAS 6, *Accounting for Property, Plant, and Equipment*
- SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

CLARITY AMENDMENTS

A6. Paragraph 26 of SFFAS 6 provides a list of example costs that may be included as capitalized cost of acquiring PP&E. One example references, "material amounts of interest cost paid." Some found it confusing to qualify only one of the examples as "material", but not the others. The Board believes the minor edit to remove the unnecessary reference to "material amounts" will not change existing practice while improving the clarity of existing standards.

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SUMMARY OF OUTREACH EFFORTS AND RESPONSES

A7. The exposure draft was issued February 22, 2019 with comments requested by April 23, 2019. Upon release of the exposure draft, notices and press releases went to the following: the Federal Register, *FASAB News*, the *Journal of Accountancy*, *AGA Today*, the *CPA Journal*, *Government Executive* and the *CPA Letter*, the CFO Council, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Financial Statement Audit Network; and committees of professional associations generally commenting on exposure drafts in the past.

A8. FASAB received a total of 11 responses from preparers, auditors, and professional associations. The majority of respondents generally agreed with the Board's proposal to eliminate the RSSI category by rescinding SFFAS 8. Respondents noted that the proposal would remove a reporting requirement that users, in their observation, have not relied

⁴ SFFAS 15, par. 1.

upon or utilized. ~~Also, reporting entities have the flexibility to present investment information in categories more known to users.~~

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A9. Respondents that did not agree with the proposal to eliminate the RSSI category noted that a separate category highlights the importance of the stewardship information and distinguishes it from other information. Stewardship information also informs users on the extent of investments that provide long-term benefits for the Nation.

A10. Eliminating the RSSI category does not preclude preparers from reporting investment information in MD&A, other information, or both. ~~Also, preparers have the discretion to employ the technology it deems appropriate for assisting users in locating the information within their GPFFR and among other reporting that may provide more detailed information.~~

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A11. Given the Board's decision to eliminate the RSSI category, the majority of respondents agreed that guidance on reporting stewardship investment information in MD&A would be needed. Guidance would help ensure that reporting entities consistently provide the information that would be most beneficial to users. The Board is conducting a project on improving MD&A and the project will consider the respondents' concerns and suggestions.

A12. Regarding the clarity amendments, all of the respondents agreed with the proposal to update references to leases in SFFAS 5, SFFAS 6, and SFFAS 49, and make a minor change for clarity. Based on a suggestion from a respondent, the Board edited proposed language to clarify a reference to leasehold improvements. Also, respondents suggested additional changes to SFFAS 6 and other requirements. The Board will review those additional respondent suggestions in future Omnibus amendments or during the evaluation of existing standards.

A13. The Board did not rely on the number in favor of or opposed to a given position. Information about the respondents' majority view is provided only as a means of summarizing the comments. The Board considered each response and weighed the merits of the points raised.

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BOARD APPROVAL

A14. [Placeholder: This Statement was approved for issuance by all members of the Board. Ballots are available for inspection at the Board's offices.]

APPENDIX B: ABBREVIATIONS

CFR	Consolidated Financial Report of the U.S. Government
FASAB	Federal Accounting Standards Advisory Board
GAAP	Generally Accepted Accounting Principles
GPFFR	General Purpose Federal Financial Report
MD&A	Management's Discussion and Analysis
OMB	Office of Management and Budget
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SFFAS	Statement of Federal Financial Accounting Standards

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Federal Accounting Standards Advisory Board

OMNIBUS AMENDMENTS 2019

Statement of Federal Financial Accounting Standards 57

October XX, 2019

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- makes a minor change to SFFAS 6, *Property, Plant, and Equipment* for clarity.

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ELIMINATING THE REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION CATEGORY

2. This paragraph rescinds SFFAS 8, *Supplementary Stewardship Reporting*, in its entirety, including the requirement for reporting information in the required supplementary stewardship information (RSSI) category.

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15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, ~~capital leases~~, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
6. The revised paragraph 15 of SFFAS 5 is as follows:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
7. This paragraph amends paragraph 18 of SFFAS 6 by revising the first bullet to remove a reference to capital leases:

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26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- labor and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;
- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- Interest costs paid. ^[footnote omitted]

11. This paragraph amends footnote 7 of paragraph 15.b in SFFAS 49 by revising the footnote to remove the reference to capital and operating leases:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 – The term leases, as defined under current FASAB standards, includes enhanced use leases ~~and both capital and operating leases, as defined under current FASAB standards.~~

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, ~~software~~ product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

12. The revised footnote 7 of paragraph 15.b in SFFAS 49 is as follows:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 – The term leases, as defined under current FASAB standards, includes enhanced use leases.

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

EFFECTIVE DATE

13. Paragraphs 2 and 9 through 10 of this Statement are effective upon issuance.
14. The requirements of paragraphs 3 through 8 and 11 through 12 of this Statement are effective for reporting periods beginning after September 30, 2020. Early adoption is not permitted.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. The authoritative sections of the Statements are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

PROJECT HISTORY

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

- A1. SFFAS 8 established the required supplementary stewardship information (RSSI) category to distinguish information about the government's stewardship from basic financial statements and required supplementary information (RSI). The Federal Accounting Standards Advisory Board (FASAB or "the Board") reasoned that information about the government's stewardship may include non-financial data, may be based on projections or assumptions, and may not articulate with basic financial statements.¹ In addition, the importance of stewardship information needed to be highlighted² and receive more audit scrutiny than RSI.³
- A2. Audit guidance for RSSI, however, was never developed. The Board consequently began eliminating the category by reclassifying most of the RSSI elements to the basic financial statements or RSI. Only the stewardship investments information remained in RSSI and this Statement eliminates the requirement to present stewardship investments trend information as RSSI.
- A3. While the Board believes that the RSSI category should be eliminated, stewardship investment information in some form can help users assess whether government operations have contributed to the nation's current and future well-being. Stewardship investments include expenses incurred for nonfederal physical property, such as highways and bridges; expenses incurred to increase or maintain national economic productive capacity—investments in human capital; and expenses incurred for research and development that are intended to provide future benefits or returns. However, outreach regarding this proposal revealed that users may define "investment" more broadly than SFFAS 8 and prefer cash basis data that the Office of Management and Budget reports annually.

¹ SFFAS 8, par. 20.

² SFFAS 8, par. 111.

³ SFFAS 8, par. 111 and 114.

- A4. Nonetheless, stewardship investments may be significant for some reporting entities and warrant discussion in the management’s discussion and analysis (MD&A). SFFAS 15 states that MD&A should provide “a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition.”⁴ The Board expects that reporting entities will present stewardship investment information in MD&A when such activities are significant. In addition, the Board plans to consider the need for additional MD&A guidance on this topic and question number 2 of the exposure draft sought input from respondents to aid the Board in considering additional MD&A guidance.

LEASES

- A5. The Board believes it is appropriate to amend the necessary standards to eliminate confusing references to “capital” and “operating” leases used prior to the issuance of SFFAS 54. The terms “capital” and “operating” leases were eliminated with the issuance of SFFAS 54. This proposal provides conforming amendments to the following statements:
- SFFAS 5, *Accounting for Liabilities of the Federal Government*
 - SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

CLARITY AMENDMENTS

- A6. Paragraph 26 of SFFAS 6 provides a list of example costs that may be included as capitalized cost of acquiring PP&E. One example references, “material amounts of interest cost paid.” Some found it confusing to qualify only one of the examples as “material”, but not the others. The Board believes the minor edit to remove the unnecessary reference to “material amounts” will not change existing practice while improving the clarity of existing standards.

SUMMARY OF OUTREACH EFFORTS AND RESPONSES

- A7. The exposure draft was issued February 22, 2019 with comments requested by April 23, 2019. Upon release of the exposure draft, notices and press releases went to the following: the Federal Register, *FASAB News*, the *Journal of Accountancy*, *AGA Today*, the *CPA Journal*, *Government Executive* and the *CPA Letter*, the CFO Council, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Financial Statement Audit Network; and committees of professional associations generally commenting on exposure drafts in the past.
- A8. FASAB received a total of 11 responses from preparers, auditors, and professional associations. The majority of respondents generally agreed with the Board’s proposal to eliminate the RSSI category by rescinding SFFAS 8. Respondents noted that the proposal would remove a reporting requirement that users, in their observation, have not relied

⁴ SFFAS 15, par. 1.

upon or utilized. Also, reporting entities have the flexibility to present investment information in categories more known to users.

- A9. Respondents that did not agree with the proposal to eliminate the RSSI category noted that a separate category highlights the importance of the stewardship information and distinguishes it from other information. Stewardship information also informs users on the extent of investments that provide long-term benefits for the Nation.
- A10. Eliminating the RSSI category does not preclude preparers from reporting investment information in MD&A, other information, or both. Also, preparers have the discretion to employ the technology it deems appropriate for assisting users in locating the information within their GPFFR and among other reporting that may provide more detailed information.
- A11. Given the Board's decision to eliminate the RSSI category, the majority of respondents agreed that guidance on reporting stewardship investment information in MD&A would be needed. Guidance would help ensure that reporting entities consistently provide the information that would be most beneficial to users. The Board is conducting a project on improving MD&A and the project will consider the respondents' concerns and suggestions.
- A12. Regarding the clarity amendments, all of the respondents agreed with the proposal to update references to leases in SFFAS 5, SFFAS 6, and SFFAS 49, and make a minor change for clarity. Based on a suggestion from a respondent, the Board edited proposed language to clarify a reference to leasehold improvements. Also, respondents suggested additional changes to SFFAS 6 and other requirements. The Board will review those additional respondent suggestions in future Omnibus amendments or during the evaluation of existing standards.
- A13. The Board did not rely on the number in favor of or opposed to a given position. Information about the respondents' majority view is provided only as a means of summarizing the comments. The Board considered each response and weighed the merits of the points raised.

BOARD APPROVAL

- A14. [Placeholder: This Statement was approved for issuance by all members of the Board. Ballots are available for inspection at the Board's offices.]

APPENDIX B: ABBREVIATIONS

CFR	Consolidated Financial Report of the U.S. Government
FASAB	Federal Accounting Standards Advisory Board
GAAP	Generally Accepted Accounting Principles
GPFFR	General Purpose Federal Financial Report
MD&A	Management's Discussion and Analysis
OMB	Office of Management and Budget
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SFFAS	Statement of Federal Financial Accounting Standards

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Federal Accounting Standards Advisory Board

May 28, 2019

Memorandum

To: Members of the Board

Ross Simms

From: Ross Simms, Assistant Director

Monica R. Valentine

Through: Monica R. Valentine, Executive Director

Subj: **Omnibus Amendments: Comment Letters Received through May 28, 2019 - TAB B-1¹**

MEMBER ACTIONS REQUESTED:

- Please provide responses to questions on page 20 by June 7, 2019.

MEETING OBJECTIVE

The meeting objective is to review responses to the exposure draft, Omnibus Amendments, and to make decisions on issues raised.

BRIEFING MATERIAL

Staff Summary: This memorandum provides the staff summary. The staff's summary is intended to support your consideration of the comments and not to substitute for reading the individual letters. The summary presents:

- A. Tally of Responses By Question 3
- B. Quick Table of Responses By Question 5
- C. Full Text of Answers and Comments by Question and by Respondent 7

Attachment 1 provides an overall summary of responses and a list of issues identified with staff analysis and recommendations.

Attachment 2 provides the original exposure draft with suggested edits based upon comments received and staff recommendations.

Attachment 3 provides the full text of each comment letter.

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of FASAB or its staff. Official positions of FASAB are determined only after extensive due process and deliberations.

BACKGROUND

SUMMARY OF OUTREACH EFFORTS

The exposure draft, *Omnibus Amendments*, was issued February 22, 2019, with comments requested by April 23, 2019. Upon release of the exposure draft, notices and press releases were provided to:

- a) The Federal Register;
- b) *FASAB News*;
- c) *The Journal of Accountancy*, *AGA Topics*, *the CPA Journal*, *Government Executive*, and *the CPA Letter*;
- d) The CFO Council, the Council of the Inspectors General on Integrity and Efficiency, and the Financial Statement Audit Network; and
- e) Committees of professional associations generally commenting on exposure drafts in the past.

RESULT

As of May 28, 2019, we have received 11 responses from the following sources:

Accounting Firm		
Federal Entity (user)		
Federal Entity (preparer)	10 ²	
Federal Entity (auditor)		
Federal Entity (other)		If other, please specify:
Association/Industry Organization	1	
Nonprofit organization/Foundation		
Other		If other, please specify:
Individual		

The full text of the comment letters is provided as Attachment 3. Attachment 3 includes a table of contents and identifies respondents in the order their responses were received. The comment letters appear as an attachment to facilitate compilation and pagination. However, staff encourages you to read the letters in their entirety before you read the staff summary below.

² A federal entity preparer submitted its views from three subcomponent perspectives.

STAFF SUMMARY OF RESPONSES – Table A: Tally Of Responses By Question

A. Tally of Responses By Question

QUESTION	YES/AGREE	NO/DISAGREE	PARTIAL AGREEMENT	NO COMMENT
<p>Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, <i>Supplementary Stewardship Reporting</i>, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.</p> <p>Do you agree or disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.</p>	9	1	1 ³	0
<p>Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments</p>	7	4	0	0

³ A federal entity preparer submitted its views from three subcomponent perspectives. While two sub-component perspectives discussed agreement with the proposal, one sub-component discussed disagreement.

STAFF SUMMARY OF RESPONSES – Table A: Tally Of Responses By Question

QUESTION	YES/AGREE	NO/DISAGREE	PARTIAL AGREEMENT	NO COMMENT
<p>in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.</p> <p>Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.</p>				
<p>Q3. SFFAS 54, <i>Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment</i>, amended the lease standards in SFFAS 5 and 6, including references to “capital” and “operating” leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.</p> <p>Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.</p>	11	0	0	0

STAFF SUMMARY OF RESPONSES – Table B: Quick Table Of Responses By Question

B. Quick Table of Responses By Question

A=Agree, AWS= Agree with suggestion, C=Comment but did not specify agreement or disagreement, D=Disagree, NC=No Comment

RESPONDENT (Organization or name if no org.)	Q1. Rescind SFFAS 8 and eliminate the RSSI category?	Q2. Guidance is needed in the future?	Q3. Proposed amendments to SFFAS 5, 6 and 49?
#1 Social Security Administration(SSA)	A	D	A
#2 Department of Health and Human Services (HHS)	A	A	A
#3 Department of Homeland Security (DHS)	A	A	A
#4 Department of Defense (DoD)	A	D	AWS
#5 Greater Washington Society of CPAs (GWSCPA)	A	AWS	A
#6 Department of Commerce (DOC)	A	D	A
#7 Department of Housing and Urban	A	AWS	A

STAFF SUMMARY OF RESPONSES – Table B: Quick Table Of Responses By Question

RESPONDENT (Organization or name if no org.)	Q1. Rescind SFFAS 8 and eliminate the RSSI category?	Q2. Guidance is needed in the future?	Q3. Proposed amendments to SFFAS 5, 6 and 49?
Development (HUD)			
#8 Department of Interior (DOI)	D	AWS, if RSSI eliminated	A
#9 General Services Administration (GSA)	A	D	AWS
#10 Department of Agriculture (USDA)	Farm Services and Conservation- Business Center (FPAC-BC) – A Forest Service – D Other components - A	FPAC-BC – A Forest Service – A Other components - A	FPAC-BC – A Forest Service – A Other components - A
#11 Department of Veterans Affairs (VA)	A	AWS	A

STAFF SUMMARY OF RESPONSES – Table C: Full Text of Answers and Comments by Question

C. Full Text of Answers and Comments by Question and by Respondent

QUESTION #1 Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category?	
Respondent 1 SSA	<p>We agree, with some reservation, with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category, but we defer to those agencies of which stewardship reporting is applicable. In this circumstance, it is helpful to remove a reporting requirement that is not the preferred source of information for users, while enabling reporting entities to provide useful information in more user-friendly forms in the future.</p> <p>However, in removing the RSSI category, the Board is removing an informative area to users that is of minimal costs and reduces audit fees of applicable agencies, in an era where we are reducing reporting burden and minimizing costs, wherever possible. In addition, we believe presenting the stewardship investment information that may include non-financial data including projections or assumptions in the basic financial statements and MD&A, will receive more audit scrutiny and could be a challenge to articulate in the basic financial statements.</p> <p>As we are in a cost-savings, reduce burdensome reporting environment, but still want to provide useful and important information, we may wish to retain the RSSI category for reporting of material information that is unique to the Federal financial reporting environment and the broad financial reporting objectives of the Federal Government.</p>
Respondent 2 HHS	<p>HHS agrees with the Board’s approach for eliminating the RSSI category. This approach aligns with the President’s Management Agenda, Cross-Agency Priority Goal #5, Sharing Quality Services.</p>
Respondent 3 DHS	<p>The Department agrees. Rescinding SFFAS 8 would remove a reporting requirement that users have not relied upon while clarifying that reporting entities have the option to present stewardship investment information in other areas such as in the management’s discussion and analysis (MD&A).</p> <p>In addition, one of DHS’s components believe that the elimination of the RSSI would</p>

	save this specific component a level of additional reporting primarily in the areas of human capital and research and development without materially impacting the users of the financial reports.
Respondent 4 DoD	Agree. We agree with the proposed rescission of SFFAS 8, Supplementary Stewardship Reporting to eliminate the RSSI category. Currently, the DoD reports non-federal physical property and investments in R&D in the RSSI. By reporting these items separately, it may lead the financial statement user to infer that these items are either qualitatively or quantitatively material when in fact they may be immaterial to the statements. Additionally, the current standard may restrict the stewardship investment information from inclusion within the basic information disclosures where they may lend greater clarity to the statements. Therefore, the elimination of this standard will allow the reporting entity flexibility in presenting significant stewardship investment information in the basic financial statements or MD&A, as appropriate.
Respondent 5 GWSCPA	The FISC agrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category for the reasons stated in the ED.
Respondent 6 DOC	The Department agrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category since the only information currently reported in RSSI is the stewardship investments information, and stewardship information can be presented (optionally) in MD&A if significant and/or warranting discussion.
Respondent 7 HUD	HUD generally agrees with the proposal to rescind SFFAS 8 and to eliminate the RSSI category. HUD OCFO's Office of Accounting notes this would remove a reporting requirement that users have not relied upon or utilized, while letting the reporting entities have the option to present investment information in categories more known to users. The additional time could be used in preparing other financial reports in a more timely and accurate manner since the current timeline is aggressive.
Respondent 8 DOI	Most DOI bureaus disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. Due to the important stewardship responsibility of the Federal Government, it is important that this category is retained along with the guidance for its preparation. A separate category highlights the importance of the

	<p>stewardship information. As DOI has significant stewardship investments, DOI will still need to present stewardship investments in the MD&A but may not include information to the extent of the details currently reported in the RSSI. In addition, burying the stewardship investment information in the MD&A is not as effective as a separate RSSI section to the readers.</p> <p>Instead of rescinding SFFAS 8 and eliminating the stewardship investments category, and providing additional guidance on the topic for the MD&A, DOI recommends FASAB develop clear audit guidance for the RSSI.</p>
Respondent 9 GSA	<p>We agree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. We agree that the separate category did create undue confusion, and that RSI or other categories are sufficient to cover the reporting of stewardship information. We further agree with the Board's conclusions that alternative sources of information on the remaining investments covered by SFFAS 8 are available to users, removing the necessity of this standard.</p>
Respondent 10 USDA	<p>The USDA, Farm Services and Conservation-Business Center (FPAC-BC) agrees with the suggested change to the rescind SFFAS 8. The rationale for FPAC-BC to support rescinding SFFAS 8 is based upon:</p> <ul style="list-style-type: none"> • Review and consideration of policy, existing business rules, and reporting requirements; • No guidance ever being issued for RSSI; • Preparers of financial statements are still required to report items of significance and have the option to do so in Management's Discussion and Analysis (MD&A); • The National Resources Conservation Service (NRCS) would still report leases, in general on the Financial Statements; • RSSI can be incorporated into other categories; and

	<ul style="list-style-type: none"> As stated in question 2, stewardship investments are reported in the basic financial statements and MD&A. <p>The Forest Service disagrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. We understand this section of the reporting entities PAR is unaudited however, the section provides significant amount of information to the taxpayer. Information in the RSSI section of the PAR merits special treatment so that taxpayers/users of federal financial reports know the extent of investments that are made for the long-term benefit of the Nation. We don't see the need to rescind SFFAS 8.</p> <p>Other components generally agree with the proposal to rescind SFFAS 8 and eliminate the RSSI category.</p>
Respondent 11 VA	<p>We concur with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. The RSSI section has often been a cumbersome exercise for Federal Agencies and is certainly a cost-benefit consideration regarding the needs of the user of the agency financial report.</p>

QUESTION #2 Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance.	
Respondent 1 SSA	<p>While we defer to those agencies who have stewardship investments, we do not think additional guidance is necessary. We think it is reasonable to assume that reporting entities will address significant stewardship activities as appropriate in the future. We also must be mindful that RSSI is not audited information; thereby, reducing audit costs. Moving stewardship investments to basic financial statements and MD&A will increase both reporting burden and agency costs and may not include any additional useful information than what is currently reported.</p> <p>We also wish to minimize reporting for agencies that do not have stewardship investments by requesting that no footnote requirements be included requiring such agencies to footnote that they have no stewardship holdings.</p>
Respondent 2 HHS	If the Board decides to require the current RSSI information in the MD&A section, HHS believes that additional guidance would be beneficial.
Respondent 3 DHS	The Department agrees. Additional guidance from the Board may be needed for agencies with more complex stewardship investments. Prescribing a more effective and standardized presentation of stewardship investment activities in the MD&A will ensure complex information is clear and concise for users.
Respondent 4 DoD	Disagree. We disagree that additional guidance is needed regarding the inclusion of stewardship investment information within the MD&A. We believe the current guidance in SFFAS 15, Paragraph 1 adequately requires reporting entities to discuss their significant activities in describing their mission, program, and financial performance. Thus, if a reporting entity deems stewardship investments are significant to their operations they should appropriately include the information in the MD&A in accordance with the current standard.

Respondent 5 GWSCPA	<p>The FISC recommends that the Board consider whether reporting information on stewardship investments in MD&A is needed since the Board's outreach to users, as stated in the ED, revealed that users prefer data on stewardship investments readily available from the Office of Management and Budget. If it continues to be the Board's view that reporting entities need to present information on stewardship investments in the MD&A, we recommend that the Board amend SFFAS 15, <i>Management's Discussion and Analysis</i>, concurrently with rescinding SFFAS 8 to provide such reporting requirements because SFFAS 15 does not currently have specific requirements to report this information. Without specific reporting requirements in SFFAS 15, reporting entities may not consistently present information on stewardship investments in MD&A.</p>
Respondent 6 DOC	<p>The Department generally disagrees that guidance is needed from FASAB in the future for optional reporting of stewardship investments in MD&A. As stated, certain reporting entities are already providing information regarding significant stewardship investments within the MD&A without guidance being provided by FASAB. Perhaps OMB can provide guidance to agencies on reporting stewardship information in the future if considered beneficial.</p>

Respondent 7 HUD	<p>HUD generally agrees with the issuance of further guidance. GNMA substantiates its agreement with the Board by noting that the guidance would be helpful as further requirements are issued by FASAB. Promulgated guidance that addresses users' needs and provides a steady-state for stewardship reporting would help preparers address their stewardship reporting process going-forward. The guidance should not be prescriptive but rather conceptual to allow the agency latitude in reporting its stewardship activities.</p> <p>FHA expects the Board to outline proposed elements of stewardship investments that agencies should include in their basic financial statements in comparison to their MD&A; this guidance will allow for a government-wide presentation of stewardship investments for agencies that warrant discussion.</p> <p>In addition, HUD OCFO's Office of Accounting suggests:</p> <ul style="list-style-type: none"> • Include only a single year (or two years at most) of stewardship investments data in the MD& A (not five years as currently provided); • Include discussion about the program supporting the stewardship investments and how the investments benefited the nation; • Only apply to specific programs within an agency that have investments that are material to the agency consolidated financial statements (this can be based on historical agency stewardship investment trends).
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Respondent 8 DOI	<p>This question assumes agreement with rescinding SFFAS No. 8 and placing the stewardship investments information in MD&A. Having disagreed with that proposal, DOI believes it would be difficult to ensure reporting consistency across reporting entities without guidance if MD&A is the accepted placement for stewardship investments. As “consistency” was one of the main considerations for reporting “acres” as the land unit, it appears that the vision for stewardship investments ignores reporting consistency as currently proposed in this ED – perhaps that is the nature of MD&A. Without a reporting structure, those users would be unable to determine the investment trend as currently shown in the <i>Financial Report of the United States Government</i>. Each user would be required to search individually issued Agency financial reports to sum up the investments; therefore, making the process inefficient for the user.</p>
Respondent 9 GSA	<p>We do not believe that further changes to Standards related to MD&A are necessary. If there are specific topical areas that agencies/Departments are considered to be lacking substantive discussion in MD&A, it would seem more appropriate that such areas be emphasized via OMB’s Circular A-136.</p>

Respondent 10 USDA	<p>The USDA, FPAC-BC agrees with the suggested changes. The rationale is based upon:</p> <ul style="list-style-type: none"> • To the extent the information is qualitative, rather than quantitative, the Financial Accounting Standards Advisory Board (FASAB) should only provide general guidelines in the future related to including stewardship investment information in MD&A. FPAC-BC does not feel the guidance is needed on the reporting requirement of supplementary stewardship information unless it is necessary for consistency among reporting entities with significant stewardship investment reporting. <p>The Forest Service agrees on the need for future guidance if the Board decides to rescind SFFAS 8 and its requirements. There is significant amount of information in SFFAS 8 requirement we believe is beneficial to the taxpayer. This is why we disagree with the Board's proposal to rescind SFFAS 8. How would the Board define significant stewardship investments? Future guidance may include defining significant stewardship investments and require only reporting entities that meet the definition of significant stewardship investments to discuss those significant stewardship investments in their MD&A.</p> <p>Other components generally agree that guidance is needed in the future.</p>
Respondent 11 VA	<p>Agree guidance may be needed in the future, but it should be limited in scope to allow reporting entities to disclose information that is beneficial to the user in a way that is cost effective.</p>

QUESTION #3 Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49?	
Respondent 1 SSA	We agree with the proposed amendments to SFFAS 5, 6, and 49. We believe that removing obsolete material will promote consistency, prevent confusion, and conform to the new lease terminology defined in SFFAS 54.
Respondent 2 HHS	HHS agrees with the Board's efforts to realign earlier SFFAS standards with the new requirements in SFFAS 54 in order to avoid any confusion.
Respondent 3 DHS	The Department agrees. The elimination of outdated references would ensure consistency across users and preparers of financial statements. Since these standards are relied upon by reporting entities, auditors, and various other users, eliminating outdated references increase their reliability and effectiveness as intended.
Respondent 4 DoD	<p>Agree. We agree with the proposed amendments to SFFAS 5, 6, and 49, as these need to be updated to address references to lease terminology and lease criteria that have been amended by SFFAS 54. We also agree with the minor change to remove the phrase "material amounts of" from SFFAS 6, paragraph 26 for clarity purposes.</p> <p>The revision for paragraph 26 of SFFAS 6 strikes "material amounts of". A corresponding change should be made in Technical Release 15: Implementation Guidance for General Property, Plant, and Equipment Cost Accumulation, Assignment and Allocation in paragraph 14.</p>
Respondent 5 GWSCPA	The FISC agrees with the amendments to SFFAS 5, 6 and 49 for the reasons stated in the ED. We also recommend updating other parts of the FASAB handbook that continue to reference "capital leases" or "operating leases", as deemed appropriate. For example, footnote 19 in SFFAS 10, <i>Accounting for Internal Use Software</i> , and Appendix B of Technical Release 14, <i>Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment</i> , continue to reference capital leases.

Respondent 6 DOC	The Department agrees with the proposed amendments to SFFAS 5, 6, and 49. The updates align the aforementioned standards with SFFAS 54.
Respondent 7 HUD	<p>HUD agrees with the Board's proposal to amend SFFAS 5, 6, and 49. The Board's attempt to streamline guidance and add clarity to Accounting for Property, Plant, and Equipment and Lease standards are welcomed and necessary to improve government-wide reporting.</p> <p>Furthermore, GNMA notes a comprehensive review of the full SFFAS handbook should be made to ensure all citations are updated including those in SFFAC5, SFFAS 10 and other technical releases and bulletins.</p>
Respondent 8 DOI	DOI agrees with the proposed amendments to SFFAS 5, 6 and 49 because it will further clarify the revised lease accounting standards. Providing clarification and reducing confusion is important.
Respondent 9 GSA	<p>We generally agree with the proposed changes, except for the following suggested changes.</p> <p>1) For the re-written SFFAS 6 paragraph 18 shown in the ED, we recommend adjusting the first bulleted item to move the words, "and leasehold improvements" within the parenthetical comment. Requirements for leasehold improvement recognition as PP&E assets are also contained in SFFAS 54 and such improvements are "assets recognized as a result of leases". The sentence structure as proposed in the ED creates the implication that leasehold improvements are in addition to assets resulting from leases, and are not covered by SFFAS 54. Our suggested rewording would be as follows:</p> <ul style="list-style-type: none"> ● <i>assets recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and related leasehold improvements to be recognized as PP&E assets);</i>

	<p>2) Since this Omnibus ED is amending SFFAS 6 paragraph 26, we request consideration of an amendment to the bulleted item “labor and other direct or indirect production costs (for assets produced or constructed);” contained within this paragraph.</p> <p>We have the understanding that this item, in conjunction with SFFAS 4 requirements for full cost accounting of cost objects, provides for capitalization of allocated overhead costs that can be reasonably associated with the acquisition of assets. The wording of this quoted bullet has periodically caused questions to be raised. While the wording leading into the bulleted list indicates the items to be “examples” of things that “may” be included in the capitalized costs, we believe that the parenthetical “for assets produced or constructed” creates limits that may be unintended.</p> <p>For assets acquired directly as a purchase, there are also often indirect acquisition costs that can be reasonably allocated to an asset purchase. In such instances where acquisition costs can be reasonably assigned, it would seem appropriate that indirect costs should also be capitalized with the other costs of a purchased asset for consistency in asset cost recognition. We recommend a rewording of this bulleted item to remove the parenthetical clause, and add “acquisition” to read as:</p> <ul style="list-style-type: none"> • <i>labor and other direct or indirect production or acquisition costs;</i> <p>This proposed rewording removes the implied limitation that full cost recognition (to include indirect costs) of an asset purchase would only apply to produced or constructed assets.</p>
Respondent 10 USDA	<p>The USDA, FPAC-BC agrees with the suggested changes. The rationale is based upon:</p> <ul style="list-style-type: none"> • The appearance that the draft amendment is clarifying the treatment of all general Property, Plant, and Equipment (PP&E) and eliminates unnecessary verbiage categorizing leases into operating and capital leases;

	<ul style="list-style-type: none"> • Though FPAC-BC agrees with proposed amendments, there is a need for some clarification. Paragraphs 7 and 8 (page 10 of the .pdf file) discusses “assets recognized as a result of leases:”. FPAC-BC feels the phrase, “as a result.” can potentially lead to confusion. Could it be a result of classifying and recognizing? If so, FPAC-BC asks for a revision to state, “assets recognized as leases.” or, let reporting entities know if there are any other processes involved; • The language is being revised for consistency within the standards; and • FPAC-BC agrees with eliminating the reference to capital and operating leases, since “lease asset” or “lease expense” is more meaningful. <p>The Forest Service agrees with the Board’s proposed amendments to SFFAS 5, 6, and 49 with the language to reflect the guidance in SFFAS 54 effective after September 30, 2020. Improving clarity and eliminating confusion is critical in every standard the Board issues.</p> <p>Other components generally agree with the proposed amendments to SFFAS 5, 6 and 49.</p>
Respondent 11 VA	<p>Agree with the proposed amendments to SFFAS 5, 6, and 49, to ensure all FASAB guidance is consistent in the use of lease terminology.</p>

NEXT STEPS

Staff would like to prepare a pre-ballot draft before the conclusion of the June 2019 meeting.

MEMBER FEEDBACK

If you have any questions or comments, please contact me by telephone at (202) 512-2512 or by email at simmsr@fasab.gov with a cc to Ms. Valentine at valentinem@fasab.gov.

QUESTIONS FOR THE BOARD

Question 1: Does the Board agree or disagree with the staff suggestion to proceed with the proposal to eliminate the RSSI category by rescinding SFFAS 8?

Question 2: Does the Board agree or disagree with the staff suggestion to consider the respondents' concerns and suggestions as part of its MD&A project?

Question 3: Does the Board agree or disagree with suggested edits to the proposed guidance?

Attachment 1: Summary of Results and Staff Analysis

Summary of Results

1. Rescinding SFFAS 8

The majority of respondents generally agreed with the Board's proposal to eliminate the RSSI category by rescinding SFFAS 8. Respondents noted that the proposal would remove a reporting requirement that users have not relied upon or utilized, while reporting entities have the flexibility to present investment information in categories more known to users.

Respondents that did not agree with the proposal to eliminate the RSSI category indicated that a separate category is needed to highlight the importance of stewardship information and distinguish it from other information in GPFFRs. The information helps users learn about the extent of investments made for the long-term benefit of the Nation.

Staff Recommendation

Staff suggests that the Board proceed with the proposal to eliminate the RSSI category by rescinding SFFAS 8. As the Board has noted, the Office of Management and Budget publicly reports investment information and the proposal does not preclude reporting entities from reporting investment information as part of the basic financial statements and MD&A.

In addition, the respondents seem to suggest that the location of the investment information within a GPFFR may lead some users to pay more or less attention to the information. The Board's proposal, however, allows preparers to report stewardship information in well-known categories and format GPFFRs as they deem appropriate. Also, technology continues to evolve to help users search and locate the information they need and the Board has acknowledged this evolution in previous Statements. For instance, in SFFAS 52, *Tax Expenditures*, the Board noted that preparers have the ability to embed a hyperlink to information sources that it deems to be most appropriate.⁴ Also, in SFFAC 8, *Federal Financial Reporting*, the Board noted that users may use drill-down capabilities, narrative descriptions, and visual representations to assist them in locating information.⁵

Question for the Board

Question 1: Does the Board agree or disagree with the staff suggestion to proceed with the proposal to eliminate the RSSI category by rescinding SFFAS 8?

⁴ SFFAS 52, *Tax Expenditures*, paragraph A7.c.ii.

⁵ SFFAC 8, *Federal Financial Reporting*, pars. 31-32.

2. Guidance Needed in the Future

Given the Board's decision to eliminate the RSSI category, the majority of respondents generally agreed that guidance would be needed in the future. Guidance would help ensure that reporting entities consistently provide the information that would be most beneficial to users.

Staff Recommendation

Staff suggests that the Board consider the respondents' concerns as part of the MD&A improvement project. The MD&A Improvement project is considering existing MD&A concepts and requirements and the guidance that might be needed to improve the presentation of information that would help achieve the reporting objectives.

Question for the Board

Question 2: Does the Board agree or disagree with the staff suggestion to consider the respondents' concerns and suggestions as part of its MD&A project?

3. Clarity Amendments

All of the respondents agreed with the proposal to update references to leases in SFFAS 5, SFFAS 6, and SFFAS 49, and make a minor change for clarity. Respondents also suggested additional edits to clarify the requirements.

Staff Recommendation

Staff suggests the Board proceed with the proposed amendment to SFFAS 5, SFFAS 6, and SFFAS 49. Staff also recommends one minor edit suggested by a respondent.

Question 3: Does the Board agree or disagree with suggested edits to the proposed guidance?



Federal Accounting Standards Advisory Board

OMNIBUS AMENDMENTS

RESCINDING STATEMENT OF FEDERAL FINANCIAL ACCOUNTING STANDARDS 8
AND AMENDING
STATEMENTS OF FEDERAL FINANCIAL ACCOUNTING STANDARDS 5, 6, AND 49

Statement of Federal Financial Accounting Standards XX

XX, 2019

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at www.fasab.gov:

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [FASAB newsletters](#)

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SUMMARY

This Statement:

- eliminated the required supplementary stewardship information (RSSI) category by rescinding Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, and
- updated references to leases in SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, and make a minor change for clarity.

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STANDARDS

SCOPE

1. This Statement applies to federal entities that present general purpose federal financial reports (GPFFRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP), as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

ELIMINATING THE REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION CATEGORY

2. This paragraph rescinds SFFAS 8, *Supplementary Stewardship Reporting*, in its entirety, including the requirement for reporting information in the required supplementary stewardship information (RSSI) category.

AMENDMENTS TO SFFAS 5, 6 AND SFFAS 49

3. SFFAS 54, *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6. This Statement amends certain references to leases affected by SFFAS 54 as well as other minor changes to improve clarity of existing Statements.
4. Specifically, this Statement amends the following documents:
 - SFFAS 5, *Accounting for Liabilities of the Federal Government*
 - SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*
5. This paragraph amends paragraph 15 of SFFAS 5 to remove a reference to capital leases:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, ~~capital leases~~, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
6. The revised paragraph 15 of SFFAS 5 is as follows:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.
7. This paragraph amends paragraph 18 of SFFAS 6 by revising the first bullet as follows:

18. Property, plant, and equipment also includes:

- ~~assets acquired through capital~~ assets recognized as a result of leases (see SFFAS 54: *Leases*, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets) (See paragraph 20), including;
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

8. The revised paragraph 18 of SFFAS 6 is as follows:

18. Property, plant, and equipment also includes:

- assets recognized as a result of leases (see SFFAS 54: *Leases*, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets);
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

9. This paragraph amends paragraph 26 of SFFAS 6 by revising the final bullet to remove a reference to “material amounts” because materiality applies to all of the bulleted items:

26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- ~~labor~~ and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;
- fixed equipment and related installation costs required for activities in a building or facility;

- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- ~~material amounts of interest costs paid.~~^[footnote omitted]

10. The revised paragraph 26 of SFFAS 6 is as follows:

26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- labor and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;
- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- Interest costs paid.^[footnote omitted]

11. This paragraph amends footnote 7 of paragraph 15.b in SFFAS 49 by revising the footnote to remove the reference to capital and operating leases:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 – The term leases includes enhanced use leases and ~~both capital and operating~~ other leases, as defined under current FASAB standards.

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, ~~software~~ product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

12. The revised footnote 7 of paragraph 15.b in SFFAS 49 is as follows:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 – The term leases includes enhanced use leases and other leases, as defined under current FASAB standards.

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

EFFECTIVE DATE

13. Paragraph 2 of this Statement is effective upon issuance.
14. The requirements of paragraphs 3 through 12 of this Statement are effective for reporting periods beginning after September 30, 2020. Early adoption is not permitted.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. The authoritative sections of the Statements are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

PROJECT HISTORY

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

- A1. SFFAS 8 established the required supplementary stewardship information (RSSI) category to distinguish information about the government's stewardship from basic financial statements and required supplementary information (RSI). The Federal Accounting Standards Advisory Board (FASAB or "the Board") reasoned that information about the government's stewardship may include non-financial data, may be based on projections or assumptions, and may not articulate with basic financial statements.¹ In addition, the importance of stewardship information needed to be highlighted² and receive more audit scrutiny than RSI.³
- A2. Audit guidance for RSSI, however, was never developed. The Board consequently began eliminating the category by reclassifying most of the RSSI elements to the basic financial statements or RSI. Only the stewardship investments information remains in RSSI and this proposal would eliminate the requirement to present stewardship investments trend information.
- A3. While the Board believes that the RSSI category should be eliminated, stewardship investment information in some form would help users assess whether government operations have contributed to the nation's current and future well-being. Stewardship investments include expenses incurred for nonfederal physical property, such as highways and bridges; expenses incurred to increase or maintain national economic productive capacity—investments in human capital; and expenses incurred for research and development that are intended to provide future benefits or returns. However, outreach regarding this proposal revealed that users may define "investment" more broadly than SFFAS 8 and prefer cash basis data that the Office of Management and Budget reports annually.

¹ SFFAS 8, par. 20.

² SFFAS 8, par. 111.

³ SFFAS 8, par. 111 and 114.

- A4. Nonetheless, stewardship investments may be significant for some reporting entities and warrant discussion in the management’s discussion and analysis (MD&A). SFFAS 15 states that MD&A should provide “a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition.”⁴ The Board believes reporting entities will present stewardship investment information in the basic financial statements and MD&A when such activities are significant. In addition, the Board plans to consider the need for additional MD&A guidance on this topic and question number 2 of the exposure draft sought input from respondents to aid the Board in considering additional MD&A guidance.

LEASES

- A5. The Board believes it is appropriate to amend the necessary standards to eliminate confusing references to “capital” and “operating” leases used prior to the amendments in SFFAS 54. The terms “capital” and “operating” leases were eliminated with the issuance of SFFAS 54. This proposal provides conforming amendments to the following statements:
- SFFAS 5, *Accounting for Liabilities of the Federal Government*
 - SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

CLARITY AMENDMENTS

- A6. Paragraph 26 of SFFAS 6 provides a list of example costs that may be capitalized in the cost of acquiring PP&E. One item listed specifies, “material amounts of interest cost paid.” Some find it confusing to identify only one of the example costs with the “material amounts” qualifier and not the others. The Board believes the minor edit to remove an unnecessary reference to “material amounts” will not change existing practice while improving the clarity of existing standards.

SUMMARY OF OUTREACH EFFORTS AND RESPONSES

- A7. The exposure draft was issued February 22, 2019 with comments requested by April 23, 2019. Upon release of the exposure draft, notices and press releases went to the following: the Federal Register, *FASAB News*, the *Journal of Accountancy*, *AGA Today*, the *CPA Journal*, *Government Executive* and the *CPA Letter*, the CFO Council, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Financial Statement Audit Network; and committees of professional associations generally commenting on exposure drafts in the past.
- A8. FASAB received a total of 11 responses from preparers, auditors, and professional associations. The majority of respondents generally agreed with the Board’s proposal to eliminate the RSSI category by rescinding SFFAS 8. Respondents noted that the proposal

⁴ SFFAS 15, par. 1.

would remove a reporting requirement that users have not relied upon or utilized, while reporting entities have the flexibility to present investment information in categories more known to users.

- A9. Respondents that did not agree with the proposal to eliminate the RSSI category noted that a separate category highlights the importance of the stewardship information and distinguishes it from other information. Stewardship information informs users on the extent of investments that provide long-term benefits for the Nation.
- A10. Eliminating the RSSI category does not preclude preparers from reporting investment information in well-known categories, basic financial statements and MD&A. Also, preparers have the discretion to employ the technology it deems appropriate for assisting users in locating the information. In addition, the Office of Management publicly reports investment information.
- A11. Given the Board's decision to eliminate the RSSI category, the majority of respondents agreed that guidance on reporting stewardship investment information in MD&A would be needed. Guidance would help ensure that reporting entities consistently provide the information that would be most beneficial to users. The Board is conducting a project on improving MD&A and the project will consider the respondents' concerns and suggestions.
- A12. Regarding the clarity amendments, all of the respondents agreed with the proposal to update references to leases in SFFAS 5, SFFAS 6, and SFFAS 49, and make a minor change for clarity. Based on a suggestion from a respondent, the Board edited proposed language to clarify a reference to leasehold improvements. Also, respondents suggested additional changes to SFFAS 6 and other requirements.
- A13. The Board did not rely on the number in favor of or opposed to a given position. Information about the respondents' majority view is provided only as a means of summarizing the comments. The Board considered each response and weighed the merits of the points raised.
- A14. [Placeholder for any additional Board comments]

BOARD APPROVAL

- A15. [Placeholder: This Statement was approved for issuance by all members of the Board. Ballots are available for inspection at the Board's offices.]

APPENDIX B: ABBREVIATIONS

CFR	Consolidated Financial Report of the U.S. Government
FASAB	Federal Accounting Standards Advisory Board
GAAP	Generally Accepted Accounting Principles
GPFFR	General Purpose Federal Financial Report
MD&A	Management's Discussion and Analysis
OMB	Office of Management and Budget
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SFFAS	Statement of Federal Financial Accounting Standards

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FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

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: Joanne Gasparini, Acting Deputy Chief Financial Officer

Please identify your organization, if applicable.

Organization: Social Security Administration (SSA)

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

SSA Response: We agree, with some reservation, with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category, but we defer to those agencies of which stewardship reporting is applicable. In this circumstance, it is helpful to remove a reporting requirement that is not the preferred source of information for users, while

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

enabling reporting entities to provide useful information in more user-friendly forms in the future.

However, in removing the RSSI category, the Board is removing an informative area to users that is of minimal costs and reduces audit fees of applicable agencies, in an era where we are reducing reporting burden and minimizing costs, wherever possible. In addition, we believe presenting the stewardship investment information that may include non-financial data including projections or assumptions in the basic financial statements and MD&A, will receive more audit scrutiny and could be a challenge to articulate in the basic financial statements.

As we are in a cost-savings, reduce burdensome reporting environment, but still want to provide useful and important information, we may wish to retain the RSSI category for reporting of material information that is unique to the Federal financial reporting environment and the broad financial reporting objectives of the Federal Government.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

SSA Response: While we defer to those agencies who have stewardship investments, we do not think additional guidance is necessary. We think it is reasonable to assume that reporting entities will address significant stewardship activities as appropriate in the future. We also must be mindful that RSSI is not audited information; thereby, reducing audit costs. Moving stewardship investments to basic financial statements and MD&A will increase both reporting burden and agency costs and may not include any additional useful information than what is currently reported.

We also wish to minimize reporting for agencies that do not have stewardship investments by requesting that no footnote requirements be included requiring such agencies to footnote that they have no stewardship holdings.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54.

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

**Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49?
Please provide the rationale for your answer.**

SSA Response: We agree with the proposed amendments to SFFAS 5, 6, and 49. We believe that removing obsolete material will promote consistency, prevent confusion, and conform to the new lease terminology defined in SFFAS 54.

FASAB Exposure Draft: Omnibus Amendments**Questions for Respondents due April 23, 2019**

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:

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

HHS Response: HHS agrees with the Board's approach for eliminating the RSSI category. This approach aligns with the President's Management Agenda, Cross-Agency Priority Goal #5, Sharing Quality Services.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on

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stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

HHS Response: If the Board decides to require the current RSSI information in the MD&A section, HHS believes that additional guidance would be beneficial.

- Q3.** SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to “capital” and “operating” leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

HHS Response: HHS agrees with the Board’s efforts to realign earlier SFFAS standards with the new requirements in SFFAS 54 in order to avoid any confusion.

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Questions for Respondents due April 23, 2019

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Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

DHS Response: The Department agrees. Rescinding SFFAS 8 would remove a reporting requirement that users have not relied upon while clarifying that reporting entities have the option to present stewardship investment information in other areas such as in the management’s discussion and analysis (MD&A).

In addition, one of DHS’s components believe that the elimination of the RSSI would save this specific component a level of additional reporting primarily in the areas of

human capital and research and development without materially impacting the users of the financial reports.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

DHS Response: The Department agrees. Additional guidance from the Board may be needed for agencies with more complex stewardship investments. Prescribing a more effective and standardized presentation of stewardship investment activities in the MD&A will ensure complex information is clear and concise for users.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

DHS Response: The Department agrees. The elimination of outdated references would ensure consistency across users and preparers of financial statements. Since these standards are relied upon by reporting entities, auditors, and various other users, eliminating outdated references increase their reliability and effectiveness as intended.

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Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
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Nonprofit organization/Foundation	<input type="checkbox"/>	
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Do you agree or disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

DoD Response: Agree. *We agree with the proposed rescission of SFFAS 8, Supplementary Stewardship Reporting to eliminate the RSSI category. Currently, the DoD reports non-federal physical property and investments in R&D in the RSSI. By reporting these items separately, it may lead the financial statement user to infer that these items are either qualitatively or quantitatively*

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material when in fact they may be immaterial to the statements. Additionally, the current standard may restrict the stewardship investment information from inclusion within the basic information disclosures where they may lend greater clarity to the statements. Therefore, the elimination of this standard will allow the reporting entity flexibility in presenting significant stewardship investment information in the basic financial statements or MD&A, as appropriate.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

***DoD Response: Disagree.** We disagree that additional guidance is needed regarding the inclusion of stewardship investment information within the MD&A. We believe the current guidance in SFFAS 15, Paragraph 1 adequately requires reporting entities to discuss their significant activities in describing their mission, program, and financial performance. Thus, if a reporting entity deems stewardship investments are significant to their operations they should appropriately include the information in the MD&A in accordance with the current standard.*

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

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DoD Response: Agree. *We agree with the proposed amendments to SFFAS 5, 6, and 49, as these need to be updated to address references to lease terminology and lease criteria that have been amended by SFFAS 54. We also agree with the minor change to remove the phrase “material amounts of” from SFFAS 6, paragraph 26 for clarity purposes.*

The revision for paragraph 26 of SFFAS 6 strikes “material amounts of”. A corresponding change should be made in Technical Release 15: Implementation Guidance for General Property, Plant, and Equipment Cost Accumulation, Assignment and Allocation in paragraph 14.



April 22, 2019

Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6K17V
441 G Street, NW - Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft (ED) on the proposed Statement of Federal Financial Accounting Standards (SFFAS), *Omnibus Amendments*.

The GWSCPA consists of approximately 3,200 members, and the FISC includes nearly 30 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views.

Our responses to the ED questions are included below.

Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

A1. The FISC agrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category for the reasons stated in the ED.

Ms. Payne, Federal Accounting Standards Advisory Board
April 22, 2019

Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

A2. The FISC recommends that the Board consider whether reporting information on stewardship investments in MD&A is needed since the Board's outreach to users, as stated in the ED, revealed that users prefer data on stewardship investments readily available from the Office of Management and Budget. If it continues to be the Board's view that reporting entities need to present information on stewardship investments in the MD&A, we recommend that the Board amend SFFAS 15, *Management's Discussion and Analysis*, concurrently with rescinding SFFAS 8 to provide such reporting requirements because SFFAS 15 does not currently have specific requirements to report this information. Without specific reporting requirements in SFFAS 15, reporting entities may not consistently present information on stewardship investments in MD&A.

Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

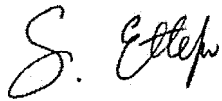
A3. The FISC agrees with the amendments to SFFAS 5, 6 and 49 for the reasons stated in the ED. We also recommend updating other parts of the FASAB handbook that continue to reference "capital leases" or "operating leases", as deemed appropriate. For example, footnote 19 in SFFAS 10, *Accounting for Internal Use Software*, and

Ms. Payne, Federal Accounting Standards Advisory Board
April 22, 2019

Appendix B of Technical Release 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*, continue to reference capital leases.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,

A handwritten signature in cursive script, appearing to read "S. Ettefa".

Sherif R. Ettefa
FISC Chair



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

APR 22 2019

Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Washington, DC

Dear Ms. Payne:

The Department of Commerce has reviewed the Exposure Draft –*Omnibus Amendments: Rescinding Statement of Federal Financial Accounting Standards 8 and Amending Statements of Federal Financial Accounting Standards 5, 6, and 49*, dated February 22, 2019.

Please find enclosed answers to the questions that were asked of respondents. If you have any questions, please contact me at (202) 482-1207 or galston@doc.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gordon T. Alston", with a long horizontal line extending to the right.

Gordon T. Alston
Director of Financial Reporting and Policy,
Internal Controls, and Travel

Enclosure

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

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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:

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Organization:

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- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

The Department agrees with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category since the only information currently reported in RSSI is the stewardship investments information, and stewardship information can be presented (optionally) in MD&A if significant and/or warranting discussion.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management’s discussion and analysis (MD&A). For

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

The Department generally disagrees that guidance is needed from FASAB in the future for optional reporting of stewardship investments in MD&A. As stated, certain reporting entities are already providing information regarding significant stewardship investments within the MD&A without guidance being provided by FASAB. Perhaps OMB can provide guidance to agencies on reporting stewardship information in the future if considered beneficial.

- Q3.** SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to “capital” and “operating” leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

The Department agrees with the proposed amendments to SFFAS 5, 6, and 49. The updates align the aforementioned standards with SFFAS 54.

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

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

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Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

HUD generally agrees with the proposal to rescind SFFAS 8 and to eliminate the RSSI category. HUD OCFO’s Office of Accounting notes this would remove a reporting requirement that users have not relied upon or utilized, while letting the reporting entities have the option to present investment information in categories more known to users. The additional time could be used in preparing other financial reports in a more timely and accurate manner since the current timeline is aggressive.

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- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

HUD generally agrees with the issuance of further guidance. GNMA substantiates its agreement with the Board by noting that the guidance would be helpful as further requirements are issued by FASAB. Promulgated guidance that addresses users' needs and provides a steady-state for stewardship reporting would help preparers address their stewardship reporting process going-forward. The guidance should not be prescriptive but rather conceptual to allow the agency latitude in reporting its stewardship activities.

FHA expects the Board to outline proposed elements of stewardship investments that agencies should include in their basic financial statements in comparison to their MD&A; this guidance will allow for a governmentwide presentation of stewardship investments for agencies that warrant discussion.

In addition, HUD OCFO's Office of Accounting suggests:

- Include only a single year (or two years at most) of stewardship investments data in the MD& A (not five years as currently provided);
- Include discussion about the program supporting the stewardship investments and how the investments benefited the nation;
- Only apply to specific programs within an agency that have investments that are material to the agency consolidated financial statements (this can be based on historical agency stewardship investment trends).

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- Q3.** SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to “capital” and “operating” leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

HUD agrees with the Board’s proposal to amend SFFAS 5, 6, and 49. The Board’s attempt to streamline guidance and add clarity to Accounting for Property, Plant, and Equipment and Lease standards are welcomed and necessary to improve governmentwide reporting.

Furthermore, GNMA notes a comprehensive review of the full SFFAS handbook should be made to ensure all citations are updated including those in SFFAC5, SFFAS 10 and other technical releases and bulletins.

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

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Do you agree or disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

DOI Consolidated Response: Most DOI bureaus disagree with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. Due to the important stewardship responsibility of the Federal Government, it is important that this category is retained along with the guidance for its preparation. A separate category highlights the importance of the stewardship information. As DOI has significant stewardship investments, DOI will still need to present stewardship investments in the MD&A but may not include information to the extent of the details currently reported in the RSSI. In

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addition, burying the stewardship investment information in the MD&A is not as effective as a separate RSSI section to the readers.

Instead of rescinding SFFAS 8 and eliminating the stewardship investments category, and providing additional guidance on the topic for the MD&A, DOI recommends FASAB develop clear audit guidance for the RSSI.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

DOI Consolidated Response: This question assumes agreement with rescinding SFFAS No. 8 and placing the stewardship investments information in MD&A. Having disagreed with that proposal, DOI believes it would be difficult to ensure reporting consistency across reporting entities without guidance if MD&A is the accepted placement for stewardship investments. As "consistency" was one of the main considerations for reporting "acres" as the land unit, it appears that the vision for stewardship investments ignores reporting consistency as currently proposed in this ED – perhaps that is the nature of MD&A. Without a reporting structure, those users would be unable to determine the investment trend as currently shown in the *Financial Report of the United States Government*. Each user would be required to search individually issued Agency financial reports to sum up the investments; therefore, making the process inefficient for the user.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

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DOI Consolidated Response: DOI agrees with the proposed amendments to SFFAS 5, 6 and 49 because it will further clarify the revised lease accounting standards. Providing clarification and reducing confusion is important.

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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: U.S. General Services Administration, Office of the CFO

Please identify your organization, if applicable.

Organization: Office of Financial Management, Financial Policy Division

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

GSA Response: We agree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category. We agree that the separate category did create undue confusion, and that RSI or other categories are sufficient to cover the reporting of stewardship information. We further agree with the Board’s conclusions that alternative sources of information on the remaining investments covered by SFFAS 8 are available to users, removing the necessity of this standard.

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- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

GSA Response: We do not believe that further changes to Standards related to MD&A are necessary. If there are specific topical areas that agencies/Departments are considered to be lacking substantive discussion in MD&A, it would seem more appropriate that such areas be emphasized via OMB's Circular A-136.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

GSA Response: We generally agree with the proposed changes, except for the following suggested changes.

1) For the re-written SFFAS 6 paragraph 18 shown in the ED, we recommend adjusting the first bulleted item to move the words, "and leasehold improvements" within the parenthetical comment. Requirements for leasehold improvement recognition as PP&E assets are also contained in SFFAS 54 and such improvements are "assets recognized as a result of leases". The sentence structure as proposed in the ED creates the implication that leasehold improvements are in addition to assets resulting from leases, and are not covered by SFFAS 54. Our suggested rewording would be as follows:

- *assets recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and related leasehold improvements to be recognized as PP&E assets);*

2) Since this Omnibus ED is amending SFFAS 6 paragraph 26, we request consideration of an amendment to the bulleted item "labor and other direct or indirect production costs (for assets produced or constructed);" contained within this paragraph.

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We have the understanding that this item, in conjunction with SFFAS 4 requirements for full cost accounting of cost objects, provides for capitalization of allocated overhead costs that can be reasonably associated with the acquisition of assets. The wording of this quoted bullet has periodically caused questions to be raised. While the wording leading into the bulleted list indicates the items to be “examples” of things that “may” be included in the capitalized costs, we believe that the parenthetical “for assets produced or constructed” creates limits that may be unintended.

For assets acquired directly as a purchase, there are also often indirect acquisition costs that can be reasonably allocated to an asset purchase. In such instances where acquisition costs can be reasonably assigned, it would seem appropriate that indirect costs should also be capitalized with the other costs of a purchased asset for consistency in asset cost recognition. We recommend a rewording of this bulleted item to remove the parenthetical clause, and add “acquisition” to read as:

- *labor and other direct or indirect production or acquisition costs;*

This proposed rewording removes the implied limitation that full cost recognition (to include indirect costs) of an asset purchase would only apply to produced or constructed assets.

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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 checked="" 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:

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- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

The **USDA, Farm Services and Conservation-Business Center (FPAC-BC)** agrees with the suggested change to the rescind SFFAS 8. The rationale for FPAC-BC to support rescinding SFFAS 8 is based upon:

- Review and consideration of policy, existing business rules, and reporting requirements;
- No guidance ever being issued for RSSI;

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- Preparers of financial statements are still required to report items of significance and have the option to do so in Management's Discussion and Analysis (MD&A);
- The National Resources Conservation Service (NRCS) would still report leases, in general on the Financial Statements;
- RSSI can be incorporated into other categories; and
- As stated in question 2, stewardship investments are reported in the basic financial statements and MD&A.

The **Forest Service** disagrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. We understand this section of the reporting entities PAR is unaudited however, the section provides significant amount of information to the taxpayer. Information in the RSSI section of the PAR merits special treatment so that taxpayers/users of federal financial reports know the extent of investments that are made for the long-term benefit of the Nation. We don't see the need to rescind SFFAS 8.

Other components generally agree with the proposal to rescind SFFAS 8 and eliminate the RSSI category.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

The **USDA, FPAC-BC** agrees with the suggested changes. The rationale is based upon:

- To the extent the information is qualitative, rather than quantitative, the Financial Accounting Standards Advisory Board (FASAB) should only provide general guidelines in the future related to including stewardship investment information in MD&A. FPAC-BC does not feel the guidance is needed on the reporting requirement of supplementary stewardship information unless it is necessary for consistency among reporting entities with significant stewardship investment reporting.

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The **Forest Service** agrees on the need for future guidance if the Board decides to rescind SFFAS 8 and its requirements. There is significant amount of information in SFFAS 8 requirement we believe is beneficial to the taxpayer. This is why we disagree with the Board's proposal to rescind SFFAS 8. How would the Board define significant stewardship investments? Future guidance may include defining significant stewardship investments and require only reporting entities that meet the definition of significant stewardship investments to discuss those significant stewardship investments in their MD&A.

Other components generally agree that guidance is needed in the future.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

The **USDA, FPAC-BC** agrees with the suggested changes. The rationale is based upon:

- The appearance that the draft amendment is clarifying the treatment of all general Property, Plant, and Equipment (PP&E) and eliminates unnecessary verbiage categorizing leases into operating and capital leases;
- Though FPAC-BC agrees with proposed amendments, there is a need for some clarification. Paragraphs 7 and 8 (page 10 of the .pdf file) discusses "assets recognized as a result of leases:". FPAC-BC feels the phrase, "as a result." can potentially lead to confusion. Could it be a result of classifying and recognizing? If so, FPAC-BC asks for a revision to state, "assets recognized as leases." or, let reporting entities know if there are any other processes involved;
- The language is being revised for consistency within the standards; and
- FPAC-BC agrees with eliminating the reference to capital and operating leases, since "lease asset" or "lease expense" is more meaningful.

The **Forest Service** agrees with the Board's proposed amendments to SFFAS 5, 6, and 49 with the language to reflect the guidance in SFFAS 54 effective after September 30, 2020. Improving clarity and eliminating confusion is critical in every standard the Board issues.

Other components generally agree with the proposed amendments to SFFAS 5, 6 and 49.

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Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
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Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

VA – We concur with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category. The RSSI section has often been a cumbersome exercise for Federal Agencies and is certainly a cost-benefit consideration regarding the needs of the user of the agency financial report.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management’s discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion

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in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

VA – Agree guidance may be needed in the future, but it should be limited in scope to allow reporting entities to disclose information that is beneficial to the user in a way that is cost effective.

- Q3.** SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to “capital” and “operating” leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

VA – Agree with the proposed amendments to SFFAS 5, 6, and 49, to ensure all FASAB guidance is consistent in the use of lease terminology.