



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

George A. Scott  
Chair  
Federal Accounting Standards Advisory Board  
Washington, D.C.

Dear Mr. Scott,

The Department of Commerce has queried financial staff across the Department in order to prepare the enclosed response to the *Invitation to Comment, Reexamination of Existing Standards* dated May 15, 2023.

If you have any questions, please contact me at (202) 482-2715 or [ksalzer@doc.gov](mailto:ksalzer@doc.gov).

Sincerely,

Kristin Salzer  
Director of Financial Reporting and Policy

Enclosure

cc: Julie Tao  
Bruce Henshel  
Sean Smith

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

**Invitation to Comment**  
***Reexamination of Existing Standards***

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

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

**Please provide your name.**

Name: Kristin Salzer, Director, Office of Financial Reporting and Policy

**Please identify your organization, if applicable.**

Organization: U.S. Department of Commerce

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

### **FASAB GAAP HIERARCHY QUESTIONS**

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

**Agree**

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

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

**Disagree**

**Please explain your response**, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship

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to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

The Department believes that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.

### REEXAMINATION OF FASAB STANDARDS QUESTION

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

- (1) High priority:** topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.
- (2) Medium priority:** topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.
- (3) Low priority:** topic and related SFFASs are not of concern and do not need to be reexamined at this time.<sup>2</sup>

**Please explain your response, including specific details<sup>3</sup> and examples to support your rationale, especially those ranked high priority and medium priority.** Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice

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

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

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

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- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

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

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

The Department does not have any significant concerns.

<b>Topic #2</b>	<a href="#">SFFAS 2, Accounting for Direct Loans and Loan Guarantees</a> AS AMENDED BY: <a href="#">SFFAS 18</a> , <a href="#">SFFAS 19</a>
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**Low Priority**

The Department does not have any significant concerns.

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

The Department does not have any significant concerns.

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

The Department does not have any significant concerns.

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

The Department does not have any significant concerns.

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

This standard has a material impact on the Department's financial statements and the Department further believes to many federal reporting entities. Therefore, the Department recommends that FASAB review this standard regularly to keep it current with advances in technology and changes in federal acquisition practices.

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

The Department does not have any significant concerns.

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

Internal Use Software (IUS) practices are rapidly changing as technology advances (e.g., cloud services). While TR16, *Implementation Guidance for Internal Use Software*, provides additional guidance related to the treatment for various types of IUS software development, it appears to the Department that FASAB guidance may be able to be improved, at a minimum, regarding (a) the treatment of implementation costs associated with software hosting agreements; and (b) the treatment of software licenses containing option periods.

	<b>SFFAS 15, Management's Discussions and Analysis<sup>4</sup></b>
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The Department will be separately commenting on the recent exposure draft regarding SFFAS 15.

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

(No feedback submitted.)

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

(No feedback submitted.)

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

The Department does not have any significant concerns.

<sup>4</sup> SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

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<b>Topic #12</b>	<a href="#">SFFAS 29</a> , <i>Heritage Assets and Stewardship Land</i>
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**Low Priority**

The Department does not have any significant concerns.

<b>Topic #13</b>	<a href="#">SFFAS 31</a> , <i>Accounting for Fiduciary Activities</i>
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**Low Priority**

The Department does not have any significant concerns.

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

The Department does not have any significant concerns.

<b>Topic #15</b>	<a href="#">SFFAS 34</a> , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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**Low Priority**

The Department does not have any significant concerns.

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

(No feedback submitted.)

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

(No feedback submitted.)

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

The Department does not have any significant concerns.

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

Due to possibly material amounts involved in impairments, the Department recommends that FASAB review this standard regularly to keep it current.

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

The Department does not have any significant concerns.

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

The Department will be separately commenting on the recent exposure draft amending SFFAS 49 and has been participating in the SFFAS 49 FASAB Workgroup.

<b>Topic #22</b>	<b>SFFAS 51, Insurance Programs</b>
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**Choose a priority level.**

(No feedback submitted.)

<b>Topic #23</b>	<b>SFFAS 52, Tax Expenditures</b>
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**Choose a priority level.**

(No feedback submitted.)

	<b>SFFAS 54, Leases<sup>5</sup></b> <b>AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61</b> <b>TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements</b>
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The Department has been and will continue to separately comment on exposure drafts related to SFFAS 54

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



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	<a href="#">SFFAS 56, Classified Activities</a> <sup>6</sup> <a href="#">Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</a>
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(No feedback submitted.)

	<a href="#">SFFAS 59, Accounting and Reporting of Government Land</a> <sup>7</sup>
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(No feedback submitted.)

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

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