

Memorandum

Non-Agenda Topics

October 13, 2021

To: Members of the Board
From: Monica R. Valentine, Executive Director
Subject: **Non-Agenda Project Updates** (Topic F)

INTRODUCTION

Staff is providing project updates on all active projects currently on the Board's technical agenda that will not be discussed at the October 2021 meeting.

The briefing material include brief project updates on the following topics.

- Reporting Model – Budgetary Information
- Reporting Model – Concepts Omnibus
- Reporting Model – Management's Discussion & Analysis
- Technical Clarifications of Existing Standards – Debt Cancellation
- Intangible Assets
- Public-Private Partnerships Phase II – Recognition and Measurement
- Land Implementation

REQUEST FOR FEEDBACK

These topics do not include any questions for the Board or requests for member feedback. These topics will not be on the Board's discussion agenda for October. Members may provide input and submit follow-up questions on any of these projects to the related staff member at any time.

ATTACHMENTS

1. Project updates

Project Updates

Non-Agenda Topics

October 13, 2021

REPORTING MODEL – BUDGETARY INFORMATION

The budgetary information project addresses certain issues related to accounting and financial reporting of government-wide and component reporting entity budgetary information. The project will consider improvements to existing guidance related to 1) the usefulness of the required U.S. budget surplus/deficit presentations and 2) the understandability of the required presentation for component reporting entity budgetary resources.

This project was put on hold in mid fiscal year 2021 while other efforts on this topic are being considered by OMB and GAO. FASAB will continue to monitor their work and will assess whether any additional efforts are needed by FASAB.

REPORTING MODEL – CONCEPTS OMNIBUS

The objective of the concepts omnibus project is to amend existing concepts for note disclosures and management's discussion and analysis (MD&A). Amending note disclosure concepts in paragraph 68 of Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*, will expand concepts to include the fundamental types of useful information that may be presented in note disclosures and the role of note disclosures as an integral part of the basic financial statements. Amending MD&A concepts in paragraph 69 of SFFAC 2 will consolidate MD&A concepts into one SFFAC.

Staff has developed a concepts omnibus draft exposure draft to include amendments to note disclosures and MD&A concepts in SFFAC 2. Staff presented the draft exposure draft at the June 2021 meeting. Some members wanted to progress further on the MD&A standards project before exposing the MD&A concept amendments. It should be noted that "concepts statements are intended to set forth objectives and fundamentals on which financial accounting and reporting standards will be based." Therefore, the MD&A concepts should be established before the standards are finalized. Staff plans to bring the concepts omnibus draft exposure draft back to the Board for deliberations at the December 2021 meeting.

REPORTING MODEL – MANAGEMENT'S DISCUSSION & ANALYSIS

The objective of this project is to update guidance to assist management in creating a balanced, integrated, and concise discussion for a streamlined MD&A. At the August 2021 Board meeting, members requested themes to group like standards. Members also requested placement of certain standards, such as those that relate to references. Therefore, staff is developing a draft exposure draft for members to review the standards under development.

TECHNICAL CLARIFICATIONS OF EXISTING STANDARDS – DEBT CANCELLATION

Staff provided the Board a pre-ballot and then a ballot of the proposed Interpretation titled *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313* during September 2021. The Board unanimously approved the proposed Interpretation. The Interpretation was submitted to the members representing the sponsor agencies for 45 days. If within the 45 days none of these members object, then the Interpretation will be published by FASAB on November 29, 2021.

INTANGIBLE ASSETS

Staff has received approximately 20 volunteers for a working group to assist the Board with developing software guidance updates and a working definition of intangible assets. Volunteers consist of federal employees from several agencies with backgrounds in financial reporting, accounting, internal audit, acquisition, and information technology, as well as some volunteers from external audit firms. Staff is currently drafting a framework for the issues papers and identifying a wide range of software related resources used in the federal government.

PUBLIC-PRIVATE PARTNERSHIPS PHASE II – RECOGNITION AND MEASUREMENT

Staff has begun (1) researching how the P3 definition, exclusions, risk-based characteristics, and materiality guidance is being used by a sample of entities, (2) researching why cash flows (re: Disclosure 24d) weren't disclosed especially in light of their disclosed contractual risks-of-loss include and (3) assisting entities with any potential measurement and recognition problems coordinating with Treasury and OMB as appropriate.

LAND IMPLEMENTATION

To assist preparers and auditors, staff has prepared both tabular and time-sequenced illustrations explaining the transitional implementation period per SFFAS 59. Specifically, effective dates for each of the statement's discrete paragraph requirements are highlighted and time-phased by fiscal year.