

Memorandum
**Annual Report/
Technical Agenda Review**
February 9, 2022

To: Members of the Board
From: Monica R. Valentine, Executive Director
Subject: **FASAB FY 2021 Annual Report & Three-Year Plan/Mid-Fiscal Year 2022
Technical Agenda Review (Topic G)**

INTRODUCTION

FASAB FY 2021 Annual Report & Three-Year Plan

On November 15, 2021, FASAB published its *Annual Report for Fiscal Year 2021 and Three-Year Plan* (“the Report”). The combined report allows stakeholders to consider FASAB’s progress and invites them to advise the Board about its plans.

The report is available at <https://fasab.gov/about-fasab/our-annual-reports/>.

Staff will review with the Board the responses regarding the Report.

Mid-Fiscal Year 2022 Technical Agenda Review

The Board annually reviews its technical agenda to determine priorities for the upcoming year. In past years, the Board has conducted the agenda review in February after comments have been received on FASAB’s annual report and three-year plan. At the suggestion of Chairman Scott, the Board agreed to change the process by reviewing the Board’s technical agenda and establishing the Board priorities just prior to the start of the federal government’s fiscal year. In addition to setting the Board’s priorities in August, the Board will conduct a mid-year review of the technical agenda at the February meeting.

Staff is seeking the Board’s feedback on the current technical agenda projects.

REQUEST FOR FEEDBACK BY February 17, 2022

Prior to the Board’s February meeting, please review the attached project information and staff recommendations and analyses and consider the ensuing questions. If members have any comments or questions prior to the meeting, please contact me at ValentineM@fasab.gov by February 17.

NEXT STEPS

Staff will allocate available resources based on feedback from the Board on the technical agenda review and the annual report responses.

ATTACHMENTS

1. Staff Analysis
 - a. FY 2021 Annual Report review of respondents' comments
 - b. Mid-Fiscal Year 2022 technical agenda review
2. Summary tables of the respondents' comments
3. Full text of the responses received

Staff Analysis
FY 21 Annual Report
Comment Review
February 9, 2022
Attachment 1a

CONTEXT

The *Annual Report for Fiscal Year 2021 and Three-Year Plan* (“the Report”) allows stakeholders to consider FASAB’s progress and invites them to advise the Board about its plans.

The report reviews the Board’s efforts and accomplishments during fiscal year 2021 and provides information and three-year timelines for current projects.

FASAB requested comments regarding the content of the annual report and the three-year plan.

SUMMARY OF OUTREACH EFFORTS

FASAB issued the Report on November 15, 2021, with comments requested by January 18, 2022. Upon release of the Report, FASAB notified constituents through the FASAB website and listserv, the Federal Register, and FASAB newsletter. FASAB also provided news releases to its press contacts, including various news organizations and committees of professional associations generally commenting on Reports in the past. To encourage responses, FASAB sent a reminder notice to the listserv near the comment deadline.

As of February 9, 2021, eight responses have been received from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		2
Auditors		
Preparers and financial managers	6	

The full text of the responses is provided as Attachment 3. Attachment 3 includes a table of contents and identifies respondents in the order their responses were received.

STAFF ANALYSIS

Based on staff’s review of the responses, respondents generally supported the current work of the Board. Below is a brief summary and general assessment of the annual report comments.

➤ *Current Projects:*

- Climate-Related Financial Reporting – support for the project and request for alignment with other standard-setters and OMB A-136
- Intangible Assets – support for the project (including cryptocurrencies); request to consider existing GASB guidance
- Land – support for planned implementation activities/guidance
- Leases – support for omnibus amendments and continued implementation guidance/activities
- Public-Private Partnerships – support for recognition and measurement guidance
- Reexamination of Existing Standards – support for the project; request to address inconsistencies between the standards, OMB A-136, and the TFM; request to work with OMB to ensure clear disclosure requirements
- Reporting Model – support to continue the management’s discussion & analysis and concepts omnibus projects; request to monitor OMB/GAO budgetary information work
- Technical Clarifications – support to continue with technical clarification guidance, such as debt cancellation, non-federal non-entity FBWT, and implementation guidance for DoD
- Conforming Amendments to Technical Releases (AAPC) – encourage community involvement in developing implementation guidance

➤ *Outreach and Training:* encouraged the Board to continue its outreach and training activities, including the FASAB annual update

➤ *FASAB Budgetary Resources:* request to include annual actual amounts for comparison to budgeted resources

➤ *Technical Inquires:* request to consider publishing a summary of technical inquires

➤ *Collaboration with FASAB Sponsors:* encouraged

RECOMMENDATION

Based on staff’s assessment of the responses, we do not recommend any change at this time in the Board’s current technical agenda. Staff has every plan to continue its outreach and training efforts. Including actual amounts in future FASAB annual reports will be discussed with the Steering Committee. Staff will discuss with the Board the possibility of publishing a high-level summary of technical inquiries received, including the level of effort needed from limited staff resources.

Questions for the Board:

1. Does the Board want to follow up with any of the respondents to get further information or clarity on their comments?
2. Does the Board agree with staff's assessment of the responses and recommendations and planned discussions?
3. Do the members have other specific comments on any of the responses?

Staff Analysis
Mid-Fiscal Year 2022
Technical Agenda Review
February 9, 2022
Attachment 1b

CONTEXT

The Board has nine active projects on its technical agenda currently underway.

BACKGROUND

At the August 2021 technical agenda session, the Board agreed to the following plan.

- ❖ Continue with the current technical agenda projects
 - Land Implementation
 - Leases Implementation
 - Concepts – Omnibus
 - Public-Private Partnerships (P3) Phase II – Recognition and Measurement
 - Reporting Model – Management’s Discussion & Analysis
 - Technical Clarifications of Existing Standards
 - Conforming Amendments to Technical Releases (AAPC)
- ❖ Add the three research topics to the technical agenda:
 - Intangible Assets
 - Climate-Related Financial Reporting
 - Reexamination of Existing Standards
- ❖ Use detailees and interns to supplement FASAB staff resources and continue moving projects forward.

The current FASAB staff resources include three assistant directors, three senior analysts, one communications analyst, one executive assistant, and the executive director. The Board currently has nine active projects on the technical agenda.

It is important to note that staff has been successful in leveraging resources through various task forces and agency details; however, such assistance is sporadic and normally short-term in nature.

Given the limited resources, staff continues to provide well-written, well-researched, and technically sound products to the Board and the Accounting and Auditing Policy Committee (AAPC) for deliberations. In addition, staff regularly provides responses to technical inquiries, conducts task force meetings, attends government-wide meetings, and participates in a variety of outreach activities. The Board should be cognizant of the fact that such continued exceptional performance in light of FASAB's staffing limitations is contingent on a host of variables, some of which are unknown and/or uncontrollable. Variables could include staff attrition, changes in Board priorities, or other factors affecting Board progress.

CURRENT TECHNICAL AGENDA PROJECTS

Below is a list of the nine active projects, including related sub-topics, on the Board's technical agenda and the current phase of each projects. Also included is the AAPC project that requires staff resources. These projects are at various phases of the Board's due process [research (RE); development & exposure draft (DE); and resolution & finalization (FI)].

Current Technical Agenda Projects

- Climate-Related Financial Reporting
 - Staff paper (FI)
 - Standards review (RE)
- Intangible Assets
 - Intangible asset working definition (RE)
 - Software Technology (DE)
- Land Implementation (RE)
- Leases Implementation
 - Reimbursable work authorizations (RE)
 - Discount rates (DE)
- Omnibus Concepts (DE)
- Public-Private Partnerships (P3) Phase II – Recognition and Measurement (RE)
 - P3 phase I implementation review (RE)
- Reporting Model – Management's Discussion & Analysis (DE)
- Reexamination of Existing Standards (RE)
- Conforming Amendments to Technical Releases (AAPC) (DE)

STAFF ANALYSIS & RECOMMENDATION

The Board annually reviews its technical agenda to determine priorities for the upcoming year. The members reviewed the Board's technical agenda and established its priorities just prior to the start of fiscal year at the August 2021 FASAB meeting. The Board also agreed to conduct a mid-year review of the technical agenda at the February 2022 meeting.

Based on the progress of the current technical projects and the current staffing level, staff recommends no changes in the Board's technical agenda at this time.

Question #4 for the Board:

Does the Board agree with staff's recommendation that no changes be made to the Board's technical agenda at this time and that staff resources also be allocated to the work of the AAPC as needed?

Table A: Topic – Climate-Related Financial Reporting

Climate-Related Financial Reporting			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	AGA - FMSB affirms the importance of this topic and the need for research. In researching this topic, we agree that consideration of the government's climate-related financial risk strategy as it evolves will help with consistency of agency efforts and reporting. We further agree that seeking alignment with climate-related financial disclosure work conducted by other standard setters would be helpful to preparers, auditors, and users.	Noted
7	DOD - OCFO	DoD understands that there is a growing interest in guidance to account for and report on the financial impact of climate-related weather events and climate-related financial risk in Federal financial reports. Although we would benefit from a project that would provide guidance on accounting for and reporting of climate-related financial risk, it appears to be subjective as to what items to include in a financial report and how to place a value on climate. DoD is already challenged with the financial reporting of asbestos for similar reasons. Nonetheless, the Department looks forward to implementation guidance on existing standards for the accounting and reporting of climate-related financial risk.	Noted
8	DHS - OCFO	As OMB's current draft A-136 includes a disclosure on Climate-Related Financial Risk (as Other Information) for FY22 AFRs, we believe this project should be addressed by FASAB as a high priority.	Noted

Table B: Topic – Intangible Assets

Intangible Assets			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	AGA-FMSB agrees that enhanced federal accounting guidance for intangible assets - including data sets, software, and subscription-based information technology arrangements - is necessary given the prevalence and valuation issues related to these transactions. We expect the Board will consider the GASB's recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.	Noted
7	DOD - OCFO	DoD agrees that there is a need to develop updates for software reporting guidance, develop a working definition of intangible assets, and to further assess the costs versus benefits of developing reporting guidance for other intangible assets. DoD is actively engaged in the intangible assets task force and has provided essential information to establish a scope for future software guidance updates.	Noted
8	DHS -- OCFO	DHS has received numerous inquiries from our auditors in the past couple of years about whether DHS has any crypto currencies and how they are reported. As it doesn't appear to be specifically mentioned in the 3-year plan, can FASAB address this topic in the near future?	Noted – Staff is recommending that the Board address cryptocurrencies in the scope of the software guidance updates.

Table C: Topic – Land

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	We agree that providing implementation guidance will be necessary to support this important change in standards.	Noted
7	DOD - OCFO	DoD is pleased that the Board has issued SFFAS 59, Accounting and Reporting of Government Land. This has been a great accomplishment after years of deliberations. Given the potential implementation challenges related to SFFAS 59, the DoD agrees with the Board to continue to monitor implementation challenges and to assess the need, as appropriate, for actions to address those challenges prior to transition of the Required Supplementary Information requirements to the notes. DoD requests the Board consider hosting working group sessions with federal agencies, auditors, and other stakeholders as it works through the assessment and research activities of potential implementation challenges.	Noted

TABLE D: Topic – Leases

Leases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	We appreciate the omnibus amendments and further planned guidance, as they should provide support for preparers to properly implement this important change in standards.	Noted
7	DoD - OCFO	DoD was actively involved in the formulation of FASAB's Implementation Guidance for Leases (Technical Release 20) and Leases Omnibus Amendments (SFFAS 60). DoD is satisfied that these were issued, as the guidance will facilitate implementation of SFFAS 54 requirements and the omnibus amendments will provide clarifications, technical corrections, and also facilitate implementation of SFFAS 54. DoD requests for the Board's continued involvement and monitoring of implementation progress in order to identify and address any potential challenges that the Federal entities may have in implementing SFFAS 54.	Noted

TABLE E: Topic – Public-Private Partnerships

Public-Private Partnerships			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	We support this project and expect the Board will consider the Governmental Accounting Standards Board's (GASB's) recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.	Noted
7	DoD - OCFO	The Department acknowledges the Public-Private Partnerships (P3s) project is in Phase 2, the research phase, to identify specific recognition and measurements issues; and recommends this subject as a key priority in the three-year plan. SFFAS 49 implementation will benefit from examples of common P3s across agencies and guidance on recognition and measurement. P3s reporting continues to be a challenge for the Department. Providing examples could help with the overall process of communicating qualifying factors and identifying agreements. Currently, SFFAS 49 addresses P3s note disclosure requirements. Guidance on recognition and measurement would improve completeness and accuracy of the disclosures.	Noted

TABLE F: Topic – Reexamination of Existing Standards

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	<p>We support this project and encourage the Board to also include within the scope of this project an evaluation of inconsistencies between the standards, OMB Circular A-136, and the Treasury Financial Manual.</p> <p>We also encourage FASAB to consider transitioning to a codification-and-update model like the model used by the Financial Accounting Standards Board (FASB). We believe such a model will help to avoid apparent or actual inconsistencies, duplication, or technical errors in standard-setting. Moreover, such a model would make amendments easier to communicate and administer, as well as allow for the organization of standards in a logical, topical order rather than by evolution.</p>	Noted
5	GWSCPA	<p>The FISC noted FASAB's 3-Year Plan is designed to continue to meet the needs of users of federal financial information. The FISC suggests that the Board consider accelerating the activities and timeline related to the Reexamination of Existing Standards project to align with the timeline of the MD&A project as certain activities in the Reexamination project are relevant to the Reporting Model project and to ensure that the requirements in the existing standards continue to be applicable in the current environment.</p>	Noted
7	DoD - OCFO	<p>DoD recognizes the importance to reexamine FASAB's existing standards and other pronouncements to assess their current relevance and to identify opportunities to streamline authoritative guidance. We also believe that the accounting standards should be periodically reexamined to assess their current</p>	Noted

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>applicability and to eliminate or revise unnecessary requirements. While the Board is aware that identifying an optimal approach is essential to the success of the project, we suggest for the Board to seek input from the public. Gaining widespread feedback on potential approaches and areas of concerns would be integral to the project's success.</p> <p>During this project, we would like to suggest for the Board to consider how enterprise risk management should influence governance and financial reporting. This could help the government to prioritize scarce resources of people, time and money. This may help determine if the costs of new reporting requirements outweigh the benefits. DoD also would recommend some consideration for an assessment of inconsistencies between the form and content guidance in the Office of Management and Budget Circulars and Treasury Financial Manual and references within the standards. There may also be an opportunity to address hierarchy when there are interim differences between these sources. Such an analysis will help to ensure standards are consistently applied across the reporting entities.</p>	
8	DHS - OCFO	<p>Partner with OMB to address lessons learned for clear disclosures requirements.</p> <p>MD&A and Note Disclosure Concepts might be an area to address COVID. (i.e. amending existing concepts for note disclosures and management's discussion and analysis)</p>	Noted

TABLE G: Topic – Reporting Model

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	<u>Budgetary Information:</u> Since federal budgeting and the related reporting has been under the purview of Office of Management and Budget (OMB), we would expect that the role of the FASAB would be limited to considering whether, or how, the existing budgetary reporting might be more clearly integrated within the overall financial reporting framework.	Noted
		<u>MD&A:</u> AGA - FMSB believes the MD&A is a key component of the financial statements and is particularly beneficial to the readers of the financial statements. While we agree that technical issues should be resolved, it is important that MD&A continues to include relevant, value-added information that allows readers to understand the report in its proper context and allows the agency to effectively demonstrate accountability and transparency for its use of funds. To that end, we encourage the Board to consider the user perspective in its research activities.	Noted
7	DoD - OCFO	<u>Budgetary Information:</u> DoD recognizes the importance of the budgetary information project as it will consider improvements to existing guidance related to the usefulness of the required U.S. budget surplus/deficit presentations and the understandability of the required presentation for component reporting entity budgetary resources. Although this project was put on hold as OMB and GAO are considering some other efforts on this topic, we request that FASAB continue to monitor the OMB and GAO's efforts to keep the Federal financial community informed of any new development or	Noted

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>potential solutions to existing issues related to accounting and financial reporting of government-wide and component reporting entity budgetary information.</p> <p><u>Concepts Omnibus:</u> DOD agrees that note disclosures and management's discussion and analysis (MD&A) projects require updates to the concepts in Statement of Federal Financial Accounting Concepts (SFFAC) 2, "Entity and Display." An omnibus concepts amendments proposal will update these reporting model concepts more efficiently and effectively.</p> <p><u>MD&A:</u> DoD agrees the current MD&A and Other Information sections of the Agency Financial Report (AFR) contain duplicative content and incompatible reporting timelines with budget and performance reporting, which creates challenges for reporting. DoD was one of the agencies on which FASAB conducted a pilot and user reviews on sampled MD&As based on FASAB's completed 11 MD&A objectives and vision framework. The Board is developing MD&A standards to include in a draft exposure draft. DoD looks forward to updated and streamlined MD&A guidance that addresses existing issues.</p>	<p>Staff will discuss with OMB staff options to update related OMB circulars, such as A-136 & A-123, to remove any duplicative information in "Other Information" that create challenges for federal entity reporting.</p>

TABLE H: Topic – Technical Clarifications of Existing Standards

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	We appreciate the Board's work to provide for technical clarifications and updates to standards. We also support the FASAB's ongoing efforts to resolve matters specific to the Department of Defense.	Noted
7	DOD - CFOC	<p><u>Debt Cancellation:</u> DoD agreed with the proposed and issued <i>Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i>. The Interpretation provides fundamental clarifications on debt cancellation, simplifies its presentation and thereby enhances the clarity of the financial statements and ensure consistency with GAAP.</p> <p><u>Non-Federal, Non-Entity Fund Balance With Treasury:</u> DoD previously agreed with the proposed and issued <i>Interpretation 10: Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i>. We acknowledged that while clarification was provided, the term "non-federal non-entity" was not defined, and agree the development of additional implementation guidance is necessary.</p> <p><u>Implementation Guidance for DoD:</u> DoD acknowledges that FASAB provided useful clarifications or amendments in DoD efforts to implement standards. Although there is no longer an active project and FASAB continues to assess areas that may need implementation guidance, DoD suggests FASAB provide a list of completed projects and areas that are being considered for future implementation guidance. This might be helpful to the reader to understand completed and potential projects to implement standards that have revealed areas in need of clarification or amendment.</p>	Noted

TABLE I: Topic – Technical Releases

Technical Releases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
7	DOD - OCFO	DoD recognizes the need for conforming amendments to Technical Releases that relate to environmental liabilities, cleanup costs, and the disposal of General Property, Plant and Equipment. Updated guidance may assist the Department in resolving some of its complex challenges with the financial reporting of environmental liabilities, cleanup, and disposal costs. We would like to recommend for the Board to get various Federal Subject Matter Expert representatives involved in drafting/writing technical updates or other interpretative documents that could facilitate better communication and clarity in SFFAS, concepts, bulletins, interpretations, and other pronouncements. It may also assist in expediting completion of actions before the proposed FY 2023 target date.	Noted

TABLE J: Topic – Other Comments

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
2	AGA - FMSB	<p>As always, we have appreciated the Board's ongoing educational and outreach activities. With COVID restrictions, we would encourage the Board to make further use of electronic means of communication – for example, considering a webinar or virtual format for its annual update, or perhaps releasing a recording of the annual update on the Board's YouTube channel.</p> <p>We noted page 9 of the document has an obsolete reference to AICPA Rule 203. It is our understanding that rule has been codified and the new references would be the AICPA Code of Ethics sections 1.320 and 2.320.</p> <p>Finally, we noted that Table 1 reports budget information but does not compare to actual or otherwise comment on whether there are any restrictions on FASAB's ability to accomplish planned technical activities due to any budgetary restrictions or limitations.</p>	Noted.
7	DOD - OCFO	The Board reported it was unable to host its annual update meeting in FY 2021 due to COVID-19. For FY 2022, the Department recommends the Board host its annual update virtually. The annual updates provide important information on key accounting and financial reporting issues. Additionally, we recommend the Board continue to host other online training sessions to share their valuable expertise with the DoD community, as well as the opportunity for continuing professional education credits.	Staff has plans to resume the annual update in 2022.
8	DHS - OCFO	Please consider publishing the summary of individual inquiries and how each inquiry was disposed – either as an appendix to the Annual Report or separately on the FASAB	Noted

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>web site (with reference made to it in the Annual Report). We believe this would provide a valuable resource to all agencies and to their auditors/IG. It will also help to minimize FASAB receiving duplicate inquiries on similar subject matter.</p> <p>Also, consider maintaining an archive of the past technical inquiries on the FASAB web site.</p> <p>Collaborate with the three key leading federal agencies so that the timing of their Federal guidance synchronizes with the FASAB 3 year plan--as feasible.</p> <p>Collaboration should be disclosed in the FASAB Strategic and 3 year plan and dovetail with their guidance--as possible.</p> <p>The strategic plan allows the Federal Financial community to anticipate emerging federal financial reporting.</p> <p>Since this is the organization's annual report, as long as Budgetary Resources is being presented, should FASAB consider presenting other financial information as well? At minimum, disclosure of budget to actual, or an explanation why financial information presented is limited only to Budgetary Resources would be useful to readers.</p> <p>Ms. Monica Valentine gave a great presentation at the DC AGA and NOVAGA meeting on 1/11/22. Please continue to sustain the AGA as a channel of communication and CPE.</p>	

Table of Contents

Number	Respondent	Page Number
1	Social Security Administration	2
2	Association of Government Accountants	3
3	Department of Housing and Urban Development	6
4	Department of Commerce	7
5	Greater Washington Society of Certified Public Accountants	8
6	Environmental Protection Agency	9
7	Department of Defense-OCFO	10
8	Department of Homeland Security	13

From: [VanHelden, Angela](#) on behalf of [Hellie, Christian](#)
To: [FASAB](#)
Cc: [Hellie, Christian](#); [Clodfelter, Keith](#); [Wohlfort, Mark](#); [Hull, Stephen](#); [Webster, Paul D.](#); [Broglie, Jeffrey](#); [Boettiger, Dawn](#); [Fye, Steven G.](#); [Nugent, Mary K.](#); [Nesmith, Maceo](#); [Truhe, Janet](#); [^DCBFM OFPO Controls](#)
Subject: SSA Response -- FASAB's Annual Report and Three-Year Plan
Date: Wednesday, January 5, 2022 11:36:05 AM

CAUTION EXTERNAL EMAIL: Do not click on any links or open any attachments unless you trust the sender and/or know the content is safe. If you are suspicious of the e-mail, click on the Report Suspicious Emails button.

Monica,

We appreciate the opportunity to review the Federal Accounting Standards Advisory Board's *Annual Report for Fiscal Year (FY) 2021 and Three-Year Plan for FYs 2022-2024*. The Social Security Administration does not have any comments.

Please direct any questions or comments to [Mark Wohlfort](#).

Thank you,

Christian Hellie

Acting Associate Commissioner

Office of Financial Policy and Operations

Social Security Administration

From: FASAB <FASAB@updates.gao.gov>

Sent: Monday, November 15, 2021 8:20 AM

To: Boettiger, Dawn <Dawn.Boettiger@ssa.gov>

Subject: [EXTERNAL] FASAB Issues its Annual Report and Three-Year Plan

Federal Accounting Standards Advisory Board



NEWS RELEASE

11/15/2021

FASAB Issues its Annual Report and Three-Year Plan

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) published its *Annual Report for Fiscal Year 2021 and Three-Year Plan* today. The combined report allows stakeholders to consider FASAB’s progress and invites them to advise the Board about its plans.

The report reviews the Board’s efforts and accomplishments during fiscal year 2021 and provides information and three-year timelines for current projects.

FASAB requests your written comments regarding the content of the annual report and the three-year plan. Written comments are most helpful if they provide the reasoning for your views. Please provide your comments by email to fasab@fasab.gov. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements. Please provide your comments by **January 18, 2022**.

The report is available at <https://fasab.gov/about-fasab/our-annual-reports/>.

For more information, please contact:

Monica Valentine
(202) 512-7350
fasab@fasab.gov

ABOUT FASAB

FASAB serves the public interest by improving federal financial reporting through issuing federal financial



January 6, 2022

Mr. George A. Scott, Chair
Federal Accounting Standards Advisory Board
441 G Street NW
Suite 1155
Washington, DC 20548

Dear Mr. Scott:

The Financial Management Standards Board (FMSB) of the Association of Government Accountants (AGA) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its three-year plan for its technical agenda.

General Comments

As always, we have appreciated the Board's ongoing educational and outreach activities. With COVID restrictions, we would encourage the Board to make further use of electronic means of communication – for example, considering a webinar or virtual format for its annual update, or perhaps releasing a recording of the annual update on the Board's YouTube channel.

We noted page 9 of the document has an obsolete reference to AICPA Rule 203. It is our understanding that rule has been codified and the new references would be the AICPA Code of Ethics sections 1.320 and 2.320.

Finally, we noted that Table 1 reports budget information but does not compare to actual or otherwise comment on whether there are any restrictions on FASAB's ability to accomplish planned technical activities due to any budgetary restrictions or limitations.

A. Land Accounting and Reporting

We agree that providing implementation guidance will be necessary to support this important change in standards.

B. Leases

We appreciate the omnibus amendments and further planned guidance, as they should provide support for preparers to properly implement this important change in standards.

C. Public-Private Partnerships

We support this project and expect the Board will consider the Governmental Accounting Standards Board's (GASB's) recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.

D. Budgetary Information

Since federal budgeting and the related reporting has been under the purview of Office of Management and Budget (OMB), we would expect that the role of the FASAB would be limited to considering whether, or how, the existing budgetary reporting might be more clearly integrated within the overall financial reporting framework.

E & F. Management Discussion & Analysis (MD&A)

We believe the MD&A is a key component of the financial statements and is particularly beneficial to the readers of the financial statements. While we agree that technical issues should be resolved, it is important that MD&A continues to include relevant, value-added information that allows readers to understand the report in its proper context and allows the agency to effectively demonstrate accountability and transparency for its use of funds. To that end, we encourage the Board to consider the user perspective in its research activities.

G. H. I. J. Technical Clarifications to Existing Standards

We appreciate the Board's work to provide for technical clarifications and updates to standards. We also support the FASAB's ongoing efforts to resolve matters specific to the Department of Defense.

Reexamination of Existing Standards

We support this project and encourage the Board to also include within the scope of this project an evaluation of inconsistencies between the standards, OMB Circular A-136, and the Treasury Financial Manual.

We also encourage FASAB to consider transitioning to a codification-and-update model like the model used by the Financial Accounting Standards Board (FASB). We believe such a model will help to avoid apparent or actual inconsistencies, duplication, or technical errors in standard-setting. Moreover, such a model would make amendments easier to communicate and administer, as well as allow for the organization of standards in a logical, topical order rather than by evolution.

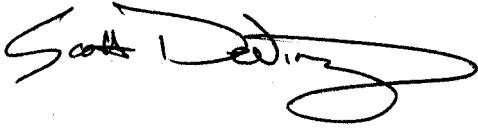
Intangible Assets

We agree that enhanced federal accounting guidance for intangible assets - including data sets, software, and subscription-based information technology arrangements - is necessary given the prevalence and valuation issues related to these transactions. We expect the Board will consider the GASB's recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.

Climate-Related Financial Reporting

We affirm the importance of this topic and the need for research. In researching this topic, we agree that consideration of the government's climate-related financial risk strategy as it evolves will help with consistency of agency efforts and reporting. We further agree that seeking alignment with climate-related financial disclosure work conducted by other standard setters would be helpful to preparers, auditors, and users.

Sincerely,



Scott DeViney, CPA
Chair, Financial Management Standards Board

cc: Gerry Boaz, CPA, CGFM, CGMA, AGA National President

Association of Government Accountants
Financial Management Standards Board

The FMSB is comprised of the following 23 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are encouraged to comment separately.

Scott DeViney, Chair
Craig Murray, Vice Chair
Crystal Allen
David Arvin
Orinda Basha
Eric Berman
Gerry Boaz
James Davis
Jim Dawson
Robert Garcia
Christopher Goeman
Simcha Kuritzky

Lealan Miller
Mickey Moreno
Masoud Najmabadi
Cody Papke
Mark Reger
Donna Sandoval
Anthony Scardino
Stacie Tellers
Kawoanna Wiggins
Brittney Williams
Ann Ebberts, CEO, AGA

From: [FASAB](#)
To: [Valentine, Monica R](#)
Subject: FW: FASAB Annual Report & 3 yr. plan
Date: Wednesday, January 12, 2022 10:47:44 AM

From: Edwards, Valerie A
Sent: Wednesday, January 12, 2022 10:38 AM
To: FASAB
Cc: Guilford, William E
Subject: FASAB Annual Report & 3 yr. plan

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Good Morning,

Below is HUD's response on FASAB's *Annual Report* Fiscal Year Ended September 30, 2021 and *Three-Year Plan* Fiscal Years 2022-24.

Annual Report: In HUD's view, the *Annual Report* comprehensively presents FASAB's efforts and accomplishments during Fiscal Year 2021 in its role as the authoritative standards-setting body in establishing generally accepted accounting principles for the federal government.

Three -Year Plan: HUD supports the planning and priorities set forth by the FASAB Board in the projects selected for inclusion in the *Three-Year Plan*.

Valerie A. Edwards

Senior Staff Accountant | Financial Policy & Procedures Division
Office of the Chief Financial Officer (OCFO)
Department of Housing and Urban Development

" Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all the matters of the heart, you'll know when you find it." - Steve Jobs

From: [FASAB](#)
To: [Valentine, Monica R](#)
Subject: FW: FASAB Issues its Annual Report and Three-Year Plan: draft email response to FASAB
Date: Friday, January 14, 2022 8:41:14 AM
Attachments: [image001.png](#)

From: Salzer, Kristin (Federal)
Sent: Friday, January 14, 2022 7:00 AM
To: FASAB
Subject: FASAB Issues its Annual Report and Three-Year Plan: draft email response to FASAB

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Good afternoon,

The Department of Commerce has reviewed FASAB's *Annual Report and Three-Year Plan* and has no comments on either document.

Thanks,
Kristin

Kristin Salzer, CPA, CGFM
Director, Office of Financial Reporting & Policy
U.S. Department of Commerce



From: FASAB
Sent: Monday, November 15, 2021, 8:20 AM
To:
Subject: FASAB Issues its Annual Report and Three-Year Plan

Federal Accounting Standards Advisory Board



NEWS RELEASE
11/15/2021

**FASAB Issues its Annual
Report and Three-Year Plan**

January 14, 2022

Ms. Monica R. Valentine
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

Dear Ms. Valentine:

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 (FASAB or “the Board”) Three-Year Plan.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 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.

The FISC noted FASAB’s Three-Year Plan is designed to continue to meet the needs of users of federal financial information. The plan includes projects that are considered priorities of the Board that are intended to address emerging issues and improve the usefulness and transparency of the federal financial information to the users. A number of projects are intended to address issues identified by the Board, including the usefulness of note disclosures and other required information. The FISC suggests that the Board consider accelerating the activities and timeline related to the Reexamination of Existing Standards project to align with the timeline of the Management’s Discussion and Analysis project as certain activities in the Reexamination of Existing Standards project are relevant to the Reporting Model project and to ensure that the requirements in the existing standards continue to be applicable in the current environment.

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

Very truly yours,

Sherif R. Ettefa
FISC Chair

From: [FASAB](#)
To: [Valentine, Monica R](#)
Subject: FW: FASAB Issues its Annual Report and Three-Year Plan
Date: Friday, January 14, 2022 1:49:43 PM

From: Osborne, Christopher
Sent: Friday, January 14, 2022 1:39 PM
To: FASAB
Subject: FW: FASAB Issues its Annual Report and Three-Year Plan

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The EPA Office of Controller reviewed the 2021 Annual Report and Three Year Plan. We do not have any comments to offer at this time.

Thank you.

Christopher S. Osborne, CPA
Senior Financial Adviser
Office of the Controller

From: FASAB
Sent: Monday, November 15, 2021 8:20 AM
To: Osborne, Christopher
Subject: FASAB Issues its Annual Report and Three-Year Plan

Federal Accounting Standards Advisory Board



NEWS RELEASE

Department of Defense (DoD or "the Department")

#	FASAB Technical Projects	Comments
1	Land - Accounting and Reporting	The Department is pleased that the Board has issued Statement of Federal Financial Accounting Standards (SFFAS) 59, "Accounting and Reporting of Government Land," on July 30, 2021. This has been a great accomplishment after years of deliberations. Implementation guidance for the new land standard will be developed in Fiscal Year (FY) 2022 through FY 2024. Given the potential implementation challenges related to SFFAS 59, the Department agrees for the Board to continue to monitor implementation challenges and to assess the need, as appropriate, for actions to address those challenges prior to transition of the Required Supplementary Information requirements to the notes. Request the Board consider hosting working group sessions with federal agencies, auditors, and other stakeholders as it works through the assessment and research activities of potential implementation challenges.
2	Leases	The Department was actively involved in the formulation of FASAB's Implementation Guidance for Leases (Technical Release 20) and Leases Omnibus Amendments (SFFAS 60). The Department is satisfied that these were issued on November 4, 2021 as the guidance will facilitate implementation of SFFAS 54 requirements and the omnibus amendments will provide clarifications, technical corrections, and also facilitate implementation of SFFAS 54. The Department requests for the Board's continued involvement and monitoring of implementation progress in order to identify and address any potential challenges that the Federal entities may have in implementing SFFAS 54.
3	Public-Private Partnerships	The Department acknowledges the Public-Private Partnerships (P3s) project is in Phase 2, the research phase, to identify specific recognition and measurements issues; and recommends this subject as a key priority in the three-year plan. SFFAS 49 implementation will benefit from examples of common P3s across agencies and guidance on recognition and measurement. P3s reporting continues to be a challenge for the Department. Providing examples could help with the overall process of communicating qualifying factors and identifying agreements. Currently, SFFAS 49 addresses P3s note disclosure requirements. Guidance on recognition and measurement would improve completeness and accuracy of the disclosures.
4	Budgetary Information	The Department recognizes the importance of the budgetary information project as it will consider improvements to existing guidance related to the usefulness of the required U.S. budget surplus/deficit presentations and the understandability of the required presentation for component reporting entity budgetary resources. Although this project was put on hold as OMB and GAO are considering some other efforts on this topic, we request that FASAB continue to monitor the OMB and GAO's efforts to keep the Federal financial community informed of any new development or potential solutions to existing issues related to accounting and financial reporting of government-wide and component reporting entity budgetary information.

5	Concepts Omnibus	The Department agrees that note disclosures and management’s discussion and analysis (MD&A) projects require updates to the concepts in Statement of Federal Financial Accounting Concepts (SFFAC) 2, "Entity and Display." An omnibus concepts amendments proposal will update these reporting model concepts more efficiently and effectively.
6	Management's Discussion and Analysis (MD&A)	The Department agrees the current MD&A and Other Information sections of the Agency Financial Report (AFR) contain duplicative content and incompatible reporting timelines with budget and performance reporting, which creates challenges for reporting. The Department was one of the agencies on which FASAB conducted a pilot and user reviews on sampled MD&As based on FASAB's completed 11 MD&A objectives and vision framework. The Board is developing MD&A standards to include in a draft exposure draft. The Department looks forward to updated and streamlined MD&A guidance that addresses existing issues.
7	Technical Guidance Update	The Department recognizes the need for conforming amendments to Technical Releases that relate to environmental liabilities, cleanup costs, and the disposal of General Property, Plant and Equipment. Updated guidance may assist the Department in resolving some of its complex challenges with the financial reporting of environmental liabilities, cleanup, and disposal costs. We would like to recommend for the Board to get various Federal Subject Matter Expert representatives involved in drafting/writing technical updates or other interpretative documents that could facilitate better communication and clarity in SFFAS, concepts, bulletins, interpretations, and other pronouncements. It may also assist in expediting completion of actions before the proposed FY 2023 target date.
8	Debt Cancellation	The Department agreed with the proposed and issued Interpretation of Federal Financial Accounting Standards 11, "Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313." The Interpretation provides fundamental clarifications on debt cancellation, simplifies its presentation and thereby enhances the clarity of the financial statements and ensure consistency with Generally Accepted Accounting Principles.
9	Non-Federal, Non-Entity Fund Balance With Treasury	The Department previously agreed with the proposed and issued Interpretation of Federal Financial Accounting Standards 10, "Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31." We acknowledged that while clarification was provided, the term "non-federal non-entity" was not defined, and agree the development of additional implementation guidance is necessary.
10	Implementation Guidance for DoD	The Department acknowledges that FASAB provided useful clarifications or amendments in DoD efforts to implement standards. Although there is no longer an active project and FASAB continues to assess areas that may need implementation guidance, the Department suggests to provide a list of completed projects and areas that are being considered for future implementation guidance. This might be helpful to the reader to understand completed and potential projects to implement standards that have revealed areas in need of clarification or amendment.

11 Reexamination of Existing Standards (new)	<p>The Department recognizes the importance to reexamine FASAB’s existing standards and other pronouncements to assess their current relevance and to identify opportunities to streamline authoritative guidance. We also believe that the accounting standards should be periodically reexamined to assess their current applicability and to eliminate or revise unnecessary requirements. While the Board is aware that identifying an optimal approach is essential to the success of the project, we suggest for the Board to seek input from the public. Gaining widespread feedback on potential approaches and areas of concerns would be integral to the project’s success. During this project, we would like to suggest for the Board to consider how enterprise risk management should influence governance and financial reporting. This could help the government to prioritize scarce resources of people, time and money. This may help determine if the costs of new reporting requirements outweigh the benefits. The Department also would recommend some consideration for an assessment of inconsistencies between the form and content guidance in the Office of Management and Budget Circulars and Treasury Financial Manual and references within the standards. There may also be an opportunity to address hierarchy when there are interim differences between these sources. Such an analysis will help to ensure standards are consistently applied across the reporting entities.</p>
12 Intangible Assets (new)	<p>The Department agrees that there is a need to develop updates for software reporting guidance, develop a working definition of intangible assets, and to further assess the costs versus benefits of developing reporting guidance for other intangible assets. The Department is actively engaged in the intangible assets task force and has provided essential information to establish a scope for future software guidance updates.</p>
13 Climate-Related Financial Reporting (new)	<p>The Department understands that there is a growing interest in guidance to account for and report on the financial impact of climate-related weather events and climate-related financial risk in Federal financial reports. Although we would benefit from a project that would provide guidance on accounting for and reporting of climate-related financial risk, it appears to be subjective as to what items to include in a financial report and how to place a value on climate. DoD is already challenged with the financial reporting of asbestos for similar reasons. Nonetheless, the Department looks forward to implementation guidance on existing standards for the accounting and reporting of climate-related financial risk.</p>
14 Ongoing Education & Outreach Activities	<p>The Board reported it was unable to host its annual update meeting in FY 2021 due to COVID-19. For FY 2022, the Department recommends the Board host its annual update virtually. The annual updates provide important information on key accounting and financial reporting issues. Additionally, we recommend the Board continue to host other online training sessions to share their valuable expertise with the DoD community, as well as the opportunity for continuing professional education credits.</p>

Purpose: This worksheet contains DHS feedback to the FASAB Annual Report and 3 Year Plan.

Source: DHS OCFO-Financial Management Division

Scope: FASAB 2021 Annual Report and 3 Year Plan

Results/Conclusion: See below.

#	Topic	Comments for Consideration
1	Page 6 – “FY21 By The Numbers” panel: It states “FASAB staff addressed 18 technical inquiries submitted by preparers, auditors, inspectors general, and consultants.”	<p>1. Please consider publishing the summary of individual inquiries and how each inquiry was disposed – either as an appendix to the Annual Report or separately on the FASAB web site (with reference made to it in the Annual Report).</p> <p>We believe this would provide a valuable resource to all agencies and to their auditors/IG. It will also help to minimize FASAB receiving duplicate inquiries on similar subject matter.</p> <p>2. Also, consider maintaining an archive of the past technical inquiries on the FASAB web site.</p>
2	Page 10 – Budgetary Resources:	<p>1. Since this is the organization’s annual report, as long as Budgetary Resources is being presented, should FASAB consider presenting other financial information as well?</p> <p>2. At minimum, disclosure of budget to actual, or an explanation why financial information presented is limited only to Budgetary Resources would be useful to readers.</p>
3	Page 21 – Climate-Related Financial Reporting:	<p>While this subject matter/project has been recently approved to be added to the technical agenda, it’s currently not reflected on Table 2 – Technical Agenda Consolidated (3-Year) Work Plan Matrix.</p> <p>As OMB’s current draft A-136 includes a disclosure on Climate-Related Financial Risk (as Other Information) for FY22 AFRs, we believe this project should be addressed by FASAB as a <u>high priority</u>.</p> <p>Does FASAB plan to make getting out a new Standard or Technical bulletin a priority going forward?</p>
4	Other matters not addressed: <u>Crypto currencies</u>	<p>We have received numerous inquiries from our auditors in the past couple of years about whether DHS has any crypto currencies and how they are reported. As it doesn’t appear to be specifically mentioned in the 3-year plan, can FASAB address this topic in the near future?</p>
5	Hot Topics in Federal Financial Reporting: <u>COVID Disclosures</u>	<p>COVID did not allow time for the Research Phase, Development and Exposure Draft Phase, and Resolution and Finalization Phase.</p> <p>Partner with OMB to address lessons learned for clear disclosures requirements.</p> <p>MD&A and Note Disclosure Concepts might be an area to address COVID. (i.e. amending existing concepts for note disclosures and management’s discussion and analysis)</p>

6	OMB, GAO, and Department of Treasury Input to FASAB 3 Year Plan	<p>Collaborate with the three key leading federal agencies so that the timing of their Federal guidance synchronizes with the FASAB 3 year plan--as feasible.</p> <p>Collaboration should be disclosed in the FASAB Strategic and 3 year plan and dovetail with their guidance--as possible.</p> <p>The strategic plan allows the Federal Financial community to anticipate emerging federal financial reporting.</p>
7	Other feedback/Communication Channel	<p>Ms. Monica Valentine gave a great presentation at the DC AGA and NOVAGA meeting on 1/11/22.</p> <p>Please continue to sustain the AGA as a channel of communication and CPE.</p>