Memorandum
Non-Agenda Topics
April 13, 2022

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 April 2022 meeting.

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

- Intangible Assets Working Definition
- Land Implementation
- Public-Private Partnerships
- Reexamination of Existing Standards
- Reporting Model – Budgetary Information
- Reporting Model – Concepts Omnibus

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 April. 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

INTANGIBLE ASSETS WORKING DEFINITION

At the February meeting, staff proposed a non-authoritative definition of intangible assets for the Board's internal use. The Board overwhelmingly supported the proposed definition while providing thoughts and suggested edits that generally related to potential reporting requirement concerns. Staff has noted member comments for future deliberations if the Board ultimately approves a project to develop reporting guidance for intangible assets. At this time, staff considers this objective complete and plans to continue focusing time and resources on the software technology project.

LAND IMPLEMENTATION

GAO has begun its work and is beginning to meet with the major land holding agencies to work on designing an audit methodology addressing issues to include applying materiality to non-financial information and ascertaining predominant use. Staff has received inquiries and provided technical advice to the USDA/Forest Service and Department of Labor concerning SFFAS 59 implementation.

PUBLIC-PRIVATE PARTNERSHIPS

As discussed at the February meeting, staff continues to train and conduct outreach efforts with a focus towards gathering information to assist improving implementation. As of March 31st, staff has held five training venues attended by ~265 agency personnel representing 13 agencies/bureaus. Additionally, staff has held meetings with the DoD, DoL and NASA Inspectors General, as well as an outside audit firm and discussed the importance of P3 reporting at an AGA DC Chapter Property Panel training event on March 31st.

Implementation challenges raised by some attendees include:

(1) January 25th and March 10th - lack of CFO relationships or understanding with/of program area operations;

(2) February 17th and March 3rd – failure in identifying overall P3 risk;

(3) March 2nd – potential P3 analysis requires access to numerous contracts and arrangements contained in different agency/departmental data sets; and

(4) March 3rd - only focusing on entity P3 risk (see related comment 2 above), applying measurement, and recognition guidance using SFFAS 5 for disclosing remote risks.

Lastly, as requested by members, staff has created an *Issues Log* that captures and retains for future use potential measurement and recognition issues as well as balance sheet recognition approaches/options.

REEXAMINATION OF EXISTING STANDARDS

Staff resumed work on the Reexamination of Existing Standards project by beginning to draft the Invitation to Comment (ITC.) The Board members generally agreed with the framework and topics of potentials questions, but provided staff feedback and comments to consider when drafting the ITC. Once drafted, staff will gain preliminary feedback on the ITC by conducting outreach to targeted organizations, such as the CFO Council and Financial Statement Audit Network, to ensure the ITC is clear and focused. Most importantly, it would help ensure the ITC does not overlook key questions that may assist stakeholders in providing the information the Board is requesting for the reexamination project. Staff believes conducting targeted outreach will be a valuable tool prior to returning the draft ITC to the Board.

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 OMB and GAO are considering other efforts on this topic. Currently, OMB is proposing updates to A-136 encouraging entities to explain applicable Federal budget terms and concepts such as budgetary resources, appropriations, gross and net outlays, budgetary and non-budgetary, and distributed offsetting receipts.

FASAB will continue to monitor this work and will assess whether any additional efforts are needed by FASAB.

REPORTING MODEL – OMNIBUS CONCEPTS

The Board last reviewed the draft *Omnibus Concepts Amendments* exposure draft (ED) at the December 2021 meeting. The draft ED proposes to amend the note disclosure and MD&A concepts in paragraphs 68 and 69 in SFFAC 2 and rescind SFFAC 3 in its entirety. Several member suggested edits were incorporated into the draft based on the December meeting discussion.

The Omnibus Concepts proposal has been drafted in conjunction with the Management's Discussion & Analysis proposal, and therefore the Board agreed to expose both proposals together. Staff will present an Omnibus Concepts pre-ballot draft ED to the Board to review once the MD&A standards draft ED is also ready for pre-balloting.