

**Memorandum**  
**Annual Report/  
Technical Agenda Review**  
February 6, 2023

To: Members of the Board  
From: Monica R. Valentine, Executive Director  
Subject: **FASAB FY 2022 Annual Report & Three-Year Plan/Mid-Fiscal Year 2023  
Technical Agenda Review (Topic C)**

**INTRODUCTION**

FASAB FY 2022 Annual Report & Three-Year Plan

On November 15, 2022, FASAB published its *Annual Report for Fiscal Year 2022 and Three-Year Plan*. 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 responses to the report.

Mid-Fiscal Year 2023 Technical Agenda Review

The Board annually reviews its technical agenda in August to determine priorities for the upcoming year and conducts 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 16, 2023**

**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](mailto:ValentineM@fasab.gov) by February 16.

## **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 2022 Annual Report review of respondents' comments
  - b. Mid-Fiscal Year 2023 technical agenda review
2. Summary tables of the respondents' comments
3. Full text of the responses received

**Staff Analysis**  
**FY 22 Annual Report**  
**Comment Review**  
February 6, 2023  
**Attachment 1a**

**CONTEXT**

The *Annual Report for Fiscal Year 2022 and Three-Year Plan* 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 2022 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, 2022, with comments requested by January 18, 2023. 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 6, 2023, FASAB received 11 responses from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		3
Auditors		
Preparers and financial managers	8	

The full text of the responses, including a table of contents identifying respondents in the order their responses were received, is provided in **Attachment 3**.

## STAFF ANALYSIS

Based on staff's review of the responses, stakeholders 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; request for more information on phase two of the project and minimizing reporting burdens
- Intangible Assets: Software Technology – support for the project (including software as a service); request to consider existing GASB guidance and strive for convergence
- Land – support for planned implementation activities/guidance
- Leases – support for omnibus amendments and continued implementation guidance/activities; consider a one-year implementation delay of SFFAS 54
- Public-Private Partnerships – support for recognition and measurement guidance; request to consider existing GASB guidance and strive for convergence
- Reexamination of Existing Standards – support for the project and upcoming ITC; request to address inconsistencies between the standards, OMB A-136, and the TFM; prioritize codification to increase the logical organization of the standards; request to resolve inconsistencies between SFFAS 5 accruals and OMB A-11
- Reporting Model – support to continue the management's discussion & analysis and concepts omnibus projects; consider providing detailed quantitative and qualitative guidance or references for materiality in the MD&A standards
- Technical Clarifications – support to continue with technical clarification guidance and updates to standards, especially collaborative efforts to resolve DoD matters

➤ *Outreach and Training:* encouraged the Board to continue its outreach and training activities, especially the first virtual FASAB annual update; consider expanding communication channels

➤ *Task Forces:* encourage more collaboration and involvement of the audit/IPA community as key collaborators

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

➤ *Budget to Actual Comparative Statement:* the federal government needs a budget to actual comparative statement

## 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 plans to continue its outreach and training efforts.

**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 2023**  
**Technical Agenda Review**  
February 6, 2023  
**Attachment 1b**

**CONTEXT**

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

**BACKGROUND**

At the August 2022 technical agenda session, the Board agreed to the following plan.

- ❖ Continue with the current technical agenda projects
  - Climate-Related Financial Reporting
  - Intangibles Assets – Software Technology
  - Land Implementation
  - Leases Implementation
  - Public-Private Partnerships (P3)
  - Reexamination of Existing Standards
  - Reporting Model – Concepts – Omnibus
  - Reporting Model – Management’s Discussion & Analysis
  - AAPC – Updates on Technical Release 20
- ❖ Add one research topic to the technical agenda:
  - SFFAS 38, *Accounting for Federal Oil and Gas Resources*, Requirements Review  
(now referred to as Omnibus Amendments -- SFFAS 38 and other topics)
- ❖ Move one topic from the current agenda to a research topic
  - Reporting Model – Budgetary Information
- ❖ 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 ten active projects on the technical agenda.

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 ten 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
  - Phase I – Staff paper (FI)
  - Phase II – Climate-related Financial Disclosure Framework (RE)
- Intangible Assets
  - Intangible Asset Working Definition (RE)
  - Software Technology (DE)
- Land Implementation (RE)
- Leases Implementation
  - Reimbursable Work Agreements (FI)
  - Omnibus Amendments (FI)
- Omnibus Concepts (DE)
- Omnibus Amendments – SFFAS 38 and other topics (DE)
- Public-Private Partnerships
  - Phase I – SFFAS 49 Post Implementation Review (RE)
  - Phase II – Recognition and Measurement (RE)
- Reporting Model – Management's Discussion & Analysis (DE)

- Reexamination of Existing Standards (RE)
- AAPC – Updates to Technical Release 20 (RE)

## **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 2023 at the August 2022 FASAB meeting. The Board also agreed to conduct a mid-year review of the technical agenda at the February 2023 meeting.

The Board prioritizes projects based on the following factors:

- The likelihood a potential project will significantly contribute to meeting the operating performance and stewardship reporting objectives established in SFFAC 1, *Objectives of Federal Financial Reporting*
- The significance of the issue relative to meeting reporting objectives
- The pervasiveness of the issue among federal entities
- The potential project’s technical outlook and resource needs

Members also consider the following additional factors that they deem significant in planning the technical agenda:

- A focus on citizens and citizen intermediaries as the primary users of the consolidated financial report of the U.S. Government
- Attention to the needs of Congress and program managers
- Effects on preparers and auditors due to declining real budgets
- Increasing risks due to fiscal uncertainty and operational complexity
- Increased electronic reporting and availability of relevant information in sources other than financial reporting

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:
3	AGA - FMSB	Environmental, Social and Governance (ESG) reporting is a far-reaching topic, of which climate-related risks that may be reportable in the financial statements is just one small piece.	Noted.  At this time, the Board's scope is to develop a climate-related financial disclosure framework.
4	NASA	Could the Board provide a more specific, tentative timeline for Phase II Framework?	The climate project is in the research phase until approximately the summer of 2023. FASAB will review the timeline for the framework at the conclusion of the research phase.
8	DHS - OCFO	DHS agrees with FY23 CRFD still being in the research and development phase. Accordingly, we anticipate that OMB A-136 should continue to require disclosure in the unaudited Other Information section of FY23 AFRs, and keep reporting burden to a minimum.	Noted. Staff suggests contacting OMB with any concerns about A-136.

Climate-Related Financial Reporting			
Ref #	Respondent Organization	Summary Response	Staff Notes:
11	DOD - OCFO	The report states that Climate-Related Financial Reporting in Table 2 on page 23 (under Column FY22, Row B.) "FI" phase has occurred in FY22. This could possibly be an error as it is stated in the same table that RE and DE phases will happen in FY23 and FY24 respectively.	<p>Phase I was final (FI) in early FY22.</p> <p>In future three-year plans staff will separate Phase I and Phase II for the Climate project similar to the Intangibles and Leases projects.</p>

**Table B: Topic – Intangible Assets – Software Technology**

<b>Intangible Assets – Software Technology</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>3</b>	AGA - FMSB	<p>We support this project, as we observe that Software as a Service (SaaS) is not only a dominant trend in software development and procurement, and can be a significant expenditure for some agencies, but it was also specifically mentioned in Executive Order 14028, “Improving the Nation’s Cybersecurity.”</p> <p>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.</p>	Noted.
<b>11</b>	DOD - OCFO	<p>The Department is actively engaged in the intangible assets task force and has provided essential information to assist FASAB to establish a scope and a project plan for developing updates for software technology guidance. We look forward to continue working within the intangible assets task force to address reporting guidance for cloud-service arrangements and other software-technology resources to ensure reporting consistency throughout the federal government.</p>	Noted.

**Table C: Topic – Land**

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	We agree that providing implementation guidance will be necessary to support this important change in standards.	Noted.
11	DOD - OCFO	In accordance with SFFAS 59, DoD reported the estimated acreage by predominate use sub-categories for the General PP&E Land, Stewardship Land, and Permanent Land Rights in the Required Supplementary Information section of the FY 2022 DoD Annual Financial Report. The Department has prioritized data cleansing for land in support of SFFAS 59 to report the predominant use. Due to the timing of the requirement, the Components implemented the new breakout in time for year-end of FY 2022. The Department did not have the breakout available for the start and year-end of FY 2021, but will report it in future fiscal years. Some Components reported consolidated estimated acreage for General PP&E Land and Stewardship Land. As the data and processes for reporting continue to improve, the Department will update the predominant use of its Land accordingly based on information available. 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.	Noted. The Board has agreed to monitor implementation issues in accordance with the schedule as outlined in SFFAS 59, Basis for Conclusions, paragraph A39.

**TABLE D: Topic – Leases**

<b>Leases</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>3</b>	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.
<b>4</b>	NASA	Similar to SFFAS 49 for P3 – The Board should consider for D2 Implementation Guidance additional research/development after the implementation date to address challenges in implementation to ensure consistency.	Staff does not recommend having an active post-implementation review project on the technical agenda until at least FY 2027. In FY 2025 and 2026, more implementation data will be available to inform technical agenda decisions. Staff will monitor and gather data on emerging implementation issues on an as-needed basis in the interim.
<b>8</b>	DHS - OCFO	Since the items D2, Implementation Guidance for SFFAS, 54, Leases and D3, Intragovernmental Leases-related Reimbursable Work Agreements are still in the research phase and/or development and exposure draft phase--and OMB, Treasury, and GAO compliance	USSGL changes related to leases were finalized by

Leases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>requirements with FASAB Lease guidance are not fully finalized, system integrators have had challenges with defining requirements to be ready to capture all transactions related to lease balances per lease guidance requirements.</p> <p>Integrators and business process owners need more time to implement and adequately test Lease guidance requirements from FASAB, OMB, Treasury, and GAO to comply with additional requirements that are not finalized.</p> <p>For example, SGL requirements are not finalized. Also, the GAO 2020 checklist for Leases can be developed before Lease modules go-live.</p> <p>Should the implementation be delayed by one year?</p> <p>(Note: no more than one year).</p> <p>This allows a phase-in year to synchronize guidance requirements between FASAB, OMB, Treasury, and GAO and properly upgrade and test system lease modules. The year can be used for better system and end-user testing of beginning balances and internal controls.</p> <p>This time will allow agencies to comply with FASAB, Treasury, OMB, and GAO requirements and minimize the risk to audit opinions.</p> <p>Please bring this question for consideration to Government-wide financial decision makers at FASAB, OMB, Treasury, GAO, and other CFO stakeholders.</p>	the USSGL Board and IRC in December 2022.

Leases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
11	DoD - OCFO	The Department was actively involved in the formulation of FASAB's Implementation Guidance for Leases (Technical Release 20), the Leases Omnibus Amendments (SFFAS 60), and the Intragovernmental Leases-related Reimbursable Work Agreements. The Department is satisfied with these provisions as these 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.	Noted.

**TABLE E: Topic – Public-Private Partnerships**

<b>Public-Private Partnerships</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>3</b>	AGA - FMSB	We support this project and 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.
<b>4</b>	NASA	Table shows an additional Research Phase in FY25. Could the Board please clarify the intent behind an additional research phase after the follow-on implementation research in FY23?	As soon as the Board completes its assessment of the SFFAS 49 (Phase 1) implementation issues, it then plans to begin Phase II research on measurement and recognition.



**TABLE F: Topic – Reexamination of Existing Standards**

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p>We support this project and look forward to the coming Invitation to Comment.</p> <p>We would 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 prioritize a transition to a codification-and-update model such as the one 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. Finally, it would allow for the organization of standards in a logical, topical order rather than by evolution which would make standards far more accessible to a new generation of learners.</p>	<p>The Board agreed that soliciting feedback through an Invitation to Comment (ITC) would be the first step to the reexamination project. The Board generally agreed that the ITC would address the federal GAAP hierarchy, reexamination of FASAB standards, and codification of FASAB standards and/or handbook improvement.</p>
6	GWSCPA FISC	<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 Reexamination of Existing Standards project includes clarification of which level of generally accepted Accounting Principles (GAAP) hierarchy the Office</p>	<p>Same as above.</p>

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		of Management and Budget (OMB) Circular A-136, <i>Financial Reporting Requirements</i> falls under.	
8	DHS - OCFO	<p>In April 2022 CRT meeting, OMB presented a plan for "a proposal to update OMB Circular No. A-11 (2022) to instruct agencies not to record any budgetary USSGL account accruals when proprietary USSGL account accruals are recorded for financial statement purposes, will not result in gross outlays, and will be reversed in the subsequent fiscal year." This was planned to be effective FY 2024 (October 1, 2023).</p> <p>In relation to this OMB A-11 change, DHS would like FASAB to reexamine and/or consider revising (i.e., adding clarification to) SFFAS 5, <i>Accounting for Liabilities of the Federal Government</i>, in order to provide a supporting FASAB guidance which corresponds to, and is consistent with, the new OMB guidelines.</p> <p>Furthermore, DHS would like for the new guidance from OMB and/or FASAB to allow for early implementation.</p> <p>[Note: as an example of the comment made in item #1 above, during the audit of DHS's FY22 financial statements DHS's IPA interpreted SFFAS 5 (paragraphs 31 and 32) and 31 USC 1501 as also requiring recording of accompanying obligation, when SFFAS 5 requires a liability to be recorded. DHS (FEMA) did not agree with the IPA's interpretation, and would welcome further clarification from FASAB.]</p>	Staff recommends respondent provide detailed information (including all SFFAS paragraph references and other directive references) in the forthcoming ITC or submit detailed information through a technical inquiry.

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
11	DoD - OCFO	Federal Financial Reporting, and SFFAC 3, Management's Discussion and Analysis, the Board concluded not to provide detailed quantitative and qualitative guidance or references for materiality considerations. The Department requests the Board to consider revisiting this decision during the Reexamination of Existing Standards Project, as this guidance would greatly benefit the reporting entities who would otherwise look towards other governing bodies for this guidance.	<p>Staff recommends respondent provide detailed information (including all SFFAS paragraph references and other directive references) in the forthcoming ITC or submit detailed information through a technical inquiry.</p> <p>SFFAC 9 – speaks to materiality for developing standards.</p> <p>The current draft proposed MD&amp;A standards will refer to “significant” instead of materiality. The Board has tentatively agreed to rescind SFFAC 3.</p>

**TABLE G: Topic – Reporting Model**

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p><u>Budgetary Information:</u> Since federal budgeting and the related reporting has been under the purview of Office of Management and Budget (OMB), we continue to 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. As such, we affirm the Board's decision to put this project on hold pending other efforts being considered by OMB and GAO.</p> <p><u>Concepts Omnibus and MD&amp;A:</u> AGA - FMSB thanks the Board for its consideration of our previous comment letters on these topics and look forward to issuance of final standards.</p>	Noted.

**TABLE H: Topic – Technical Clarifications of Existing Standards**

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	AGA - FMSB appreciates the Board's work to provide for technical clarifications and updates to standards. We especially appreciate the FASAB's collaborative approach and ongoing efforts to resolve matters specific to the Department of Defense.	Noted.
11	DOD - OCFO	<p><u>Implementation Guidance for DoD:</u></p> <p>The Department suggests the following two topics for the Implementation Guidance for DoD project:</p> <ol style="list-style-type: none"> <li>1. Presentation of Fund Balance with Treasury for collections at Treasury (in the Central Accounting Reporting System) but not distributed to the reporting entity at end-of-month or other financial reporting period.</li> <li>2. Valuation of cryptocurrency assets including their purchase/acquisition, recording, consumption, and disposal.</li> </ol>	Noted.

**TABLE I: Topic – Technical Releases**

Technical Releases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
11	DoD - OCFO	According to page 21 section J., AAPC Technical Guidance Update project has completed DE/FI phases in FY22 and no phases are scheduled to happen in FY23-35. This information is inconsistent with Table 2 on page 23 where "FI" phase is listed under FY23.	Noted.

**TABLE J: Topic – Other Comments**

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p>We continue to appreciate the Board's ongoing educational and outreach activities. We especially want to applaud the Board for holding its first virtual annual update, and then publishing the update on the Board's YouTube channel. We encourage the Board to continue this practice as a means of making this important training event more accessible to a remote workforce, and as a key resource that is available throughout the year.</p> <p>As the Board considers its communication channels, we would suggest the AGA's "Accountability Talks" podcast as an avenue for communication of significant new standards or updates, if the FASAB determines that it would be not be sustainable to continue its own Bits and Bytes podcast.</p>	Noted.
6	GWSCPA FISC	<p>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 identified by the Board are intended to address issues and areas of growing interest of users, including climate-related financial reporting, accounting and reporting of software technology, and reexamine FASAB existing standards to identify areas in need of clarification.</p>	Noted.

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
8	DHS - OCFO	<p>DHS noted that "auditors" are only mentioned once under the "Task forces and working groups" bullet - as part of the SMEs recruited by FASAB staff. However, it has been DHS's experience that auditor's (i.e., IPA's) perspective may not be given sufficient consideration up front, before standards or guidelines get finalized. This could, and frequently does, lead to differences in interpretation of the standards between the agencies (and sometimes OMB/Treasury as well) and the auditors during the agency FS audits.</p> <p>We strongly recommend more collaboration and involvement of the audit/IPA community as the key collaborators (i.e., more than just as a part of the optional SMEs).</p> <p>[Note: DHS' auditor (IPA) frequently relies on the interpretations of FASAB standards from their private sector professional practices group (and usually during the critical audit cycle in late October/November), and if possible, it would be better for the agencies if such group's input/perspective can be considered by FASAB during the research/development/ED phases, and not during the actual audit.]</p> <p>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>DHS's comments on last year's annual report (FY21) had included a suggestion to consider presenting budget to actual, and we are glad to see this has been implemented. We believe it provides useful information to readers.</p>	<p>FASAB makes it a normal practice to involve the audit/IPA community in our technical projects. In addition, FASAB welcomes input from the audit/IPA community during all phases of its projects.</p>



**Topic C – FY 22 Annual Report Review**  
**Attachment 2 – Summary of Respondents' Comments**

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
10	Prof. Hughes	I still believe that the federal government needs a Budget to Actual Comparative Statement as I stated in my article in the AGA Journal dated Fall 2018 (p. 60-62). And that FASAB is responsible for requiring that statement. I have prepared a rough draft of such a statement as noted on the attached although I am sure it can be improved. Please let me know if you have any questions. (See attached)	Noted.

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**From:** Sorah, Noah B  
**Sent:** Thursday, January 12, 2023 2:58 PM  
**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>  
**Cc:** Guilford, William E  
**Subject:** HUD Response - Annual Report and Three-Year Plan – Comment Deadline 1/18/23

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Good Afternoon

The Department of Housing and Urban Development has no comments regarding the Annual Report and Three-Year Plan. Please let us know if there any questions or concerns. Thank you.

Thanks again,

*Noah B. Sorah*

Senior Financial Operation Analyst  
Financial Policy and Procedures Division  
Department of Housing and Urban Development

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**From:** Truhe, Janet **On Behalf Of** Hellie, Christian  
**Sent:** Thursday, January 12, 2023 4:22 PM  
**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>  
**Subject:** SSA Response -- FASAB's Annual Report and Three-Year Plan

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Monica,

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

Please direct any questions or comments to Jeff Broglie.

Thank you,

Christian Hellie  
Associate Commissioner  
Office of Financial Policy and Operations  
Social Security Administration



Advance. Grow. Accelerate.

January 13, 2023

Federal Accounting Standards Advisory Board  
441 G Street NW, Suite 1155  
Washington, DC 20548

RE: Comments on FASAB *Annual Report and Three-Year Plan for Fiscal Years 2023-2025*

The Financial Management Standards Board (FMSB) of the 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

We continue to appreciate the Board's ongoing educational and outreach activities. We especially want to applaud the Board for holding its first virtual annual update, and then publishing the update on the Board's YouTube channel. We encourage the Board to continue this practice as a means of making this important training event more accessible to a remote workforce, and as a key resource that is available throughout the year.

As the Board considers its communication channels, we would suggest the AGA's "Accountability Talks" podcast as an avenue for communication of significant new standards or updates, if the FASAB determines that it would be not be sustainable to continue its own Bits and Bytes podcast.

#### A. Accounting and Reporting of Government Land

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

#### B. Climate-Related Financial Reporting

Environmental, Social and Governance (ESG) reporting is a far-reaching topic, of which climate-related risks that may be reportable in the financial statements is just one small piece.

We affirm the importance of this topic and the need for clear standards to help with consistency of agency reporting. We also affirm the methodical approach taken by the Board, and encourage the Board to consider work conducted by other standard setters on this topic as they develop a framework.

#### C. Intangible Assets

We support this project, as we observe that Software as a Service (SaaS) is not only a dominant trend in software development and procurement, and can be a significant expenditure for some agencies, but it was also specifically mentioned in Executive Order 14028, "Improving the Nation's Cybersecurity."



Advance. Grow. Accelerate.

We 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. 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.

#### E. 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.

#### F. Re-examination of Existing Standards

We support this project and look forward to the coming Invitation to Comment.

We would 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 prioritize a transition to a codification-and-update model such as the one 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. Finally, it would allow for the organization of standards in a logical, topical order rather than by evolution which would make standards far more accessible to a new generation of learners.

#### G. Budgetary Information

Since federal budgeting and the related reporting has been under the purview of Office of Management and Budget (OMB), we continue to 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. As such, we affirm the Board's decision to put this project on hold pending other efforts being considered by OMB and GAO.

#### H, L. Concepts Omnibus and MD&A

We thank the Board for its consideration of our previous comment letters on these topics and look forward to issuance of final standards.

#### J, K, L. Technical Clarifications to Existing Standards

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



Advance. Grow. Accelerate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', with a large, looping flourish at the end.

Scott DeViney, CPA  
Chair, Financial Management Standards Board

AGA  
Financial Management Standards Board

The FMSB is comprised of the following 22 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 purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

Scott DeViney, Chair  
Craig Murray, Vice Chair  
Crystal Allen  
David Arvin  
Orinda Basha  
Eric Berman  
Gerry Boaz  
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

DATE: January 13, 2023

TO: FASAB ([fasab@fasab.gov](mailto:fasab@fasab.gov))

FROM: Eileen Detka, “Acting” Director for Policy & Compliance (Finance)

SUBJECT: NASA Response to FASAB Annual Report and Three-Year Plan

**Page 15 B. Climate-Related Financial Reporting** – Could the Board provide a more specific, tentative timeline for Phase II Framework?

**Page 17 D. Leases** – Similar to SFFAS 49 for P3 – The Board should consider for D2 Implementation Guidance additional research/development after the implementation date to address challenges in implementation to ensure consistency.

**Pages 17-18 E. Public-Private Partnerships** – Table shows an additional Research Phase in FY25. Could the Board please clarify the intent behind an additional research phase after the follow-on implementation research in FY23?



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**From:** Salzer, Kristin  
**Sent:** Tuesday, January 17, 2023 11:01 AM  
**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>  
**Cc:** Henshel, Bruce; Smith, Sean  
**Subject:** Three Year Plan/Annual Report Comments - DOC

Good Morning,

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

**Integrity. Inclusiveness. Excellence.**  
*Our OCFO/ASA Core Values*

January 18, 2023

Ms. Monica R. Valentine  
Executive Director  
Federal Accounting Standards Advisory Board  
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 identified by the Board are intended to address issues and areas of growing interest of users, including climate-related financial reporting, accounting and reporting of software technology, and reexamine FASAB existing standards to identify areas in need of clarification. The FISC suggests that the Reexamination of Existing Standards project includes clarification of which level of Generally Accepted Accounting Principles (GAAP) hierarchy the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements* falls under.

\*\*\*\*\*

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

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**From:** Osborne, Christopher  
**Sent:** Wednesday, January 18, 2023 4:07 PM  
**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>  
**Subject:** FW: FASAB Issues its Annual Report and Three-Year Plan

EPA reviewed the FASAB Annual Report and Three-Year Plan. We came up with the following typographical comments:

1. Page 6 – *Under* Preliminary Views...there is an extra space between alternative solutions.
2. Page 6 – *Under* Implementation group meetings...there is an extra space between U.S.
3. Page 8 – *Under* Feedback on FY 22 Topic-Specific Trainings Taught by FASAB Staff...we suggest changing the text title to black for consistency.
4. Page 9 – *Under* Professional organization presentations...(AGA)—national, the hyphen appears too long.
5. Page 10 – *Under* Operations...Each member’s survey response identifies changes—positive or negative—in, the hyphens appear too long.
6. Page 26 – Final page..... is blank...we suggest printing a “page intentionally left blank” or delete the blank page.

If you have any questions regarding our comments, please let us know.

Thank you.....

Christopher S. Osborne, CPA  
Senior Financial Adviser  
Office of the Controller  
Environmental Protection Agency  
1200 Pennsylvania Ave., NW  
Ronald Reagan Building.  
Washington, DC 20460

<b>Purpose:</b> This worksheet contains DHS feedback to the FASAB Annual Report and 3 Year Plan.		
<b>Source:</b> DHS OCFO-Financial Management Division		
<b>Scope:</b> FASAB 2022 Annual Report and 3 Year Plan		
<b>Results/Conclusion:</b> See below.		
#	Topic	Comments for Consideration
1	Page 6 – Collaboration:	<p>1. DHS noted that "auditors" are only mentioned once under the "Task forces and working groups" bullet - as part of the SMEs recruited by FASAB staff. However, it has been DHS's experience that auditor's (i.e., IPA's) perspective may not be given sufficient consideration up front, before standards or guidelines get finalized. This could, and frequently does, lead to differences in interpretation of the standards between the agencies (and some times OMB/Treasury as well) and the auditors during the agency FS audits.</p> <p>We strongly recommend more collaboration and involvement of the audit/IPA community as the key collaborators (i.e., more than just as a part of the optional SMEs). <i>[Note: DHS' auditor (IPA) frequently relies on the interpretations of FASAB standards from their private sector professional practices group (and usually during the critical audit cycle in late October/November), and if possible, it would be better for the agencies if such group's input/perspective can be considered by FASAB during the research/development/ED phases, and not during the actual audit...]</i></p>
2	Page 7 – "FY22 By The Numbers" panel: It states "FASAB staff addressed 12 technical inquiries submitted by the community."	<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> <p><i>* These represent repeat comments (same as our comments last year on FY21 Annual Report)</i></p>
3	Page 12 – Budgetary Resources:	<p>1. DHS's comments on last year's annual report (FY21) had included a suggestion to consider presenting budget to actual, and we are glad to see this has been implemented. We believe it provides useful information to readers.</p> <p>2. We also noted that 'Budget in Brief' analysis has been added this year (was not presented in FY21 annual report). This should be helpful to readers as well.</p>
4	Page 15 – Climate-Related Financial Reporting:	DHS agrees with FY23 CRFD still being in the research and development phase. Accordingly, we anticipate that <b>OMB A-136</b> should continue to require disclosure in the unaudited <b>Other Information</b> section of <b>FY23 AFRs</b> , and keep reporting burden to a minimum.
5	Page 18 – Reexamination of Existing Standards:	<p>In April 2022 CRT meeting, OMB presented a plan for "a proposal to update OMB Circular No. A-11 (2022) to instruct agencies not to record any budgetary USSGL account accruals when proprietary USSGL account accruals are recorded for financial statement purposes, will not result in gross outlays, and will be reversed in the subsequent fiscal year." This was planned to be effective FY 2024 (October 1, 2023).</p> <p>In relation to this OMB A-11 change, DHS would like FASAB to reexamine and/or consider revising (i.e., adding clarification to) SFFAS No. 5: <i>Accounting for Liabilities of the Federal Government</i>, in order to provide a supporting FASAB guidance which corresponds to, and is consistent with, the new OMB guidelines. Furthermore, DHS would like for the new guidance from OMB an/or FASAB to allow for early implementation.</p> <p><i>[Note: as an example of the comment made in item #1 above, during the audit of DHS's FY22 financial statements DHS's IPA interpreted SFFAS No. 5 (paragraphs 31 and 32) and 31 USC 1501 as also requiring recording of accompanying obligation, when SFFAS 5 requires a liability to be recorded. DHS (FEMA) did not agree with the IPA's interpretation, and would welcome further clarification from FASAB.]</i></p>
6	Leases-Page 19/28	<p>Since the items D2, Implementation Guidance for SFFAS, 54, Leases and D3, Intragovernmental Leases-related Reimbursable Work Agreements are still in the research phase and/or development and exposure draft phase--and OMB, Treasury, and GAO compliance requirements with FASAB Lease guidance are not fully finalized, system integrators have had challenges with defining requirements to be ready to capture all transactions related to lease balances per lease guidance requirements.</p> <p>Integrators and business process owners need more time to implement and adequately test Lease guidance requirements from FASAB, OMB, Treasury, and GAO to comply with additional requirements that are not finalized.</p> <p>For example, SGL requirements are not finalized. Also, the GAO 2020 checklist for Leases can be developed before Lease modules go-live.</p> <p><b>Should the implementation be delayed by one year?</b> <b>(Note: no more than one year).</b></p> <p>This allows a phase-in year to synchronize guidance requirements between FASAB, OMB, Treasury, and GAO and properly upgrade and test system lease modules. The year can be used for better system and end-user testing of beginning balances and internal controls.</p> <p>This time will allow agencies to comply with FASAB, Treasury, OMB, and GAO requirements and minimize the risk to audit opinions.</p> <p><b>Please bring this question for consideration to Government-wide financial decision makers at FASAB, OMB, Treasury, GAO, and other CFO stakeholders.</b></p>

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**From:** Iyassu, Sossina A.  
**Sent:** Thursday, January 19, 2023 3:30 PM  
**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>  
**Cc:** Iyassu, Sossina A.  
**Subject:** 2022 Annual Report and Three-Year Plan

Good Afternoon,

Department of Veterans Affairs does not have any comments to submit for 2022 Annual Report and Three-Year Plan.

Thank you for the opportunity to review and submit comments.

Thank you,  
Sossina Iyassu  
Department of Veterans Affairs  
Office of Financial Policy, Accounting Policy Service (APS)  
810 Vermont Avenue Northwest, Washington D.C., 20420

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**From:** Hughes, Jesse

**Sent:** Friday, January 20, 2023 5:32 AM

**To:** FASAB <[FASAB@FASAB.gov](mailto:FASAB@FASAB.gov)>

**Subject:** Budget to Actual Comparative Statement

Hi Monica,

I still believe that the federal government needs a Budget to Actual Comparative Statement as I stated in my article in the AGA Journal dated Fall 2018 (p. 60-62). And that FASAB is responsible for requiring that statement. I have prepared a rough draft of such a statement as noted on the attached although I am sure it can be improved. Please let me know if you have any questions.

Jesse Hughes

Professor Emeritus of Accounting

Old Dominion University

Norfolk, VA 23501

**United States of America**  
**Budget to Actual Comparative Statement**  
**Year Ended 30 September 20XX**

	Revenue	Outlays	Obligations	Expenditures	Net	Notes
President's Proposed Budget (BOY)	\$125		\$125	\$125	0	1
Congressional Changes	<u>-25</u>		<u>-25</u>	<u>-25</u>	0	
Congressional Approved Budget (EOY)	\$100		\$100	\$100	0	1
Taxes Actually Received, etc. (by source EOY)	<u>90</u>					2
Over/(Under) Revenue	\$-10					2
Total Expenditures Incurred:						
Total Budgetary Resources*			\$54			3
Net Outlays*		<u>45</u>		<u>99</u>		3
Unexpired Unobligated Balance (EOY)*				\$ -1		4
Increase/(Decrease) in Debt					\$ -9	5

\*Extracted from Combined Statement of Budgetary Resources (EOY)

The taxpayer wants to know the following:

Note 1—"How close did they come to a balanced budget?"

Note 2—"How much revenue was anticipated and how much was received?"

Note 3—"How much expenditures were approved and how much was incurred?" (outlays + obligations)

Note 4—"How many funds were appropriated but not expended?"

Note 5—"How much further in debt did we go?" (revenue – expenditures)

Debt Limit Established by Congress	\$1,000
Obligations Outstanding (EOY)	\$ 54
Congressional Debt Approved (next 10 Years)	<u>946</u> <u>1,000</u>
Debt Available	\$ 0

**Submitted by: Jesse Hughes, Professor Emeritus of Accounting Old Dominion University (1/21/2023)**

Department of Defense (DoD or "the Department")

#	FASAB Technical Projects	Comments
1	Accounting and Reporting of Government Land	In accordance with SFFAS 59, DoD reported the estimated acreage by predominate use sub-categories for the General PP&E Land, Stewardship Land, and Permanent Land Rights in the Required Supplementary Information section of the FY 2022 DoD Annual Financial Report. The Department has prioritized data cleansing for land in support of SFFAS 59 to report the predominant use. Due to the timing of the requirement, the Components implemented the new breakout in time for year-end of FY 2022. The Department did not have the breakout available for the start and year-end of FY 2021, but will report it in future fiscal years. Some Components reported consolidated estimated acreage for General PP&E Land and Stewardship Land. As the data and processes for reporting continue to improve, the Department will update the predominant use of its Land accordingly based on information available. 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	Climate-Related Financial Reporting	The report states that Climate-Related Financial Reporting in Table 2 on page 23 (under Column FY22, Row B.) "FI" phase has occurred in FY22. This could possibly be an error as it is stated in the same table that RE and DE phases will happen in FY23 and FY24 respectively.
3	Intangible Assets	The Department is actively engaged in the intangible assets task force and has provided essential information to assist FASAB to establish a scope and a project plan for developing updates for software technology guidance. We look forward to continue working within the intangible assets task force to address reporting guidance for cloud-service arrangements and other software-technology resources to ensure reporting consistency throughout the federal government.
4	Leases	The Department was actively involved in the formulation of FASAB's Implementation Guidance for Leases (Technical Release 20), the Leases Omnibus Amendments (SFFAS 60), and the Intragovernmental Leases-related Reimbursable Work Agreements. The Department is satisfied with these provisions as these 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.
5	Reexamination of Existing Standards	When the Board issued <i>Statement of Federal Financial Accounting Concepts 9, Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management's Discussion and Analysis</i> , the Board concluded not to provide detailed quantitative and qualitative guidance or references for materiality considerations. The Department requests the Board to consider revisiting this decision during the Reexamination of Existing Standards Project, as this guidance would greatly benefit the reporting entities who would otherwise look towards other governing bodies for this guidance.
6	Accounting and Auditing Policy Committee Technical Guidance Update	According to page 21 section J., AAPC Technical Guidance Update project has completed DE/FI phases in FY22 and no phases are scheduled to happen in FY23-35. This information is inconsistent with Table 2 on page 23 where "FI" phase is listed under FY23.
7	Implementation Guidance for DoD	The Department suggests the following two topics for the Implementation Guidance for DoD project: 1. Presentation of Fund Balance with Treasury for collections at Treasury (in the Central Accounting Reporting System) but not distributed to the reporting entity at end-of-month or other financial reporting period. 2. Valuation of cryptocurrency assets including their purchase/acquisition, recording, consumption, and disposal.