

Memorandum

Non-Agenda Topics

June 6, 2023

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 June 2023 meeting.

Attachment 1 of this memo includes brief project updates on the following topics.

- Concepts Omnibus
- Intangible Assets Working Definition
- Land Implementation
- Public-Private Partnerships
- Reexamination of Existing Standards

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 June. Members may provide input and submit follow-up questions on any of these projects to the related staff member at any time.

ATTACHMENTS

1. Project updates

Project Updates

Non-Agenda Topics

June 6, 2023

Attachment 1

CONCEPTS OMNIBUS

At the April 2023 meeting the members agreed to a couple of minor revisions to the *Omnibus Concepts Amendments* draft exposure draft (ED). The Board had last reviewed the draft at the December 2021 meeting and agreed to the proposed amendments to note disclosures and MD&A concepts in SFFAC 2 paragraphs 68 and 69, respectfully. After extensive MD&A deliberations [February 2022 to February 2023] the Board merged the standards-like content from SFFAC 3 into the proposed MD&A standards. Therefore, the Board agreed to rescind SFFAC 3 in its entirety in the *Omnibus Concepts Amendments* because the proposed amendments to SFFAC 2 paragraph 69 now reflect the concepts necessary to support development of principles-based MD&A standards.

The *Omnibus Concepts Amendments* draft exposure draft will be balloted once the MD&A draft exposure draft is also ready to be balloted.

INTANGIBLE ASSETS WORKING DEFINITION

At the February 2022 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. Staff considers this objective complete and continues to focus time and resources on the software technology project.

LAND IMPLEMENTATION

As last reported, staff continues being available to answer questions and provide technical advice to reporting entities. Staff has done a cursory review of selected agency RSI presentations and notes that: (1) most agencies appear to have satisfactorily reported their land holdings in the three land use sub-categories and (2) G-PP&E land and stewardship land holdings at the majority of agencies surveyed have been reported as operational land and conservation and preservation land, respectively. Lastly, staff plans on reviewing the reporting of land rights.

In addition, GAO (1) continues to meet with the major federal land holding entities to understand their implementation of SFFAS 59 and (2) is working to finalize audit guidance relating to SFFAS 59, in cooperation with CIGIE, that could be used for the fiscal years 2023-2025 audits of federal entities' financial statements.

PUBLIC-PRIVATE PARTNERSHIPS

At the April meeting members agreed with the task force recommendation to amend language in SFFAS 49 at paragraph 24d to help achieve the intent of the guidance. As previously reported, approximately a dozen meetings have been conducted with the following three different Task Force working teams: Team 1 – SFFAS 47 Reporting Entity; Team 2 – SFFAS 54 Leases; and Team 3 – Case Study Illustrations and Sample Note Disclosures. Draft implementation guidance is being finalized by Teams 1 and 2 demonstrating how SFFAS 49 serves as a “safety-net” to the Reporting Entity and Leases standards. The primary objective is to ensure that the SFFAS 49 disclosures do not repeat information and complement disclosures required by the overarching standards. Team 3 is working on five sample case studies from simple to complex that address the SFFAS 49 paragraph 24 disclosure requirements.

Staff is currently developing (1) a decision flow diagram along with accompanying instructions to help bring consistency to preparer implementation and entity reporting formats and (2) case study illustrations assisting preparers in identifying P3 Risk, assessing remote risk and materiality and developing sample Note disclosures deemed beneficial to financial statement users.

Task Force members generally agreed that several of the implementation challenges previously noted¹ can be addressed concurrently with one another. The Task Force Teams are addressing these challenges and recommending discrete actions such as possible amendments, draft case studies and note illustrations, etc., for the Board’s consideration and review.

REEXAMINATION OF EXISTING STANDARDS

On May 15, 2023, FASAB issued an Invitation to Comment, *Reexamination of Existing Standards*, seeking input from stakeholders on the Board’s project to reexamine existing standards. The objective of the reexamination project is to improve the standards and ensure that they are effective in providing financial information that supports public accountability and meets user needs.

FASAB staff plans to promote awareness and the importance of responding to the ITC by discussing it with our stakeholders during the spring and summer. For example, the ITC will be a focus topic for presentations during the next few months to encourage respondents and answer questions.

Respondents’ detailed explanations will be important for the Board to better understand stakeholder issues and concerns. The information provided through the ITC (and additional outreach and analysis that follows) will assist the Board in prioritizing issues and developing an approach to the reexamination project.

Responses to the ITC are due by September 15, 2023 and available on the FASAB website <https://www.fasab.gov/documents-for-comment/>.

¹ At the December 2022 and January 2023 meetings the task force ranked/rated the 15 implementation challenges and evaluated potential FASAB action. The Highest Priority Implementation Challenges identified are: Risk Assessments, Identifying P3 Risk, Materiality and Remote Risk, and Reporting Entity and Leases. Medium priority implementation challenges include: Identifying and Understanding Risk Sharing, Cash Flow Estimates, Remote Risk, Expected Life, and Training non-CFO personnel in SFFAS 49 requirements.