

Memorandum

Non-Agenda Topics

August 9, 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 August 2023 meeting.

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

- Intangible Assets Working Definition
- Land Implementation
- Management's Discussion and Analysis
- Omnibus Amendments
- Omnibus Concepts Amendments
- Public-Private Partnerships
- Reexamination of Existing Standards
- Software Technology: Cloud-service Arrangements

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 August. 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

August 9, 2023

Attachment 1

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

Staff continues to assist reporting entities by providing technical advice concerning SFFAS 59 implementation. For example, in June, an entity questioned whether SFFAS 59 could lead to a reclassification of G-PP&E Land to Stewardship Land based on how its mission is defined. Staff advised that SFFAS 59 does not require such a reclassification although, entities would be permitted to properly report land categories (G-PP&E Land and SL) based on changed mission requirements. Moreover, changed mission requirements or said reinterpretations could be reflected in the Statement's sub-categories reflecting the land's predominant use.

As last reported, 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 2024-2025 audits of federal entities' financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

At the June 2023 meeting members agreed to ballot the MD&A exposure draft. Staff is preparing the exposure draft for a 90 day respondent comment period.

OMNIBUS AMENDMENTS

At the June 2023 meeting members agreed to move to ballot the Omnibus Amendments exposure draft, which includes the amendments to SFFASs 38 and 49 and Technical Bulletin 2011-1. Staff is preparing the exposure draft for a 30-day comment period.

OMNIBUS CONCEPTS AMENDMENTS

At the April 2023 meeting members agreed to ballot the *Omnibus Concepts Amendments* draft exposure draft with the MD&A draft exposure draft. Therefore, staff is preparing this ED for a 90 day respondent period with the MD&A ED.

PUBLIC-PRIVATE PARTNERSHIPS

At the June meeting members agreed to move to ballot the Omnibus Amendments ED that includes 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 preparing for an October Board presentation that will review the in-process, preliminary task force results which include: (1) a decision flow diagram along with accompanying instructions to help bring consistency to preparer implementation and entity reporting formats and (2) sample questions and answers and (3) case study illustrations and related Note disclosures.

REEXAMINATION OF EXISTING STANDARDS

FASAB issued an Invitation to Comment, *Reexamination of Existing Standards*, seeking input from stakeholders on the Board’s project to reexamine existing standards in May 2023. 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 continues to promote awareness and the importance of responding to the ITC by discussing it with our stakeholders during the spring and summer. For example, staff has included the ITC as a focus topic for presentations and will continue through September to encourage respondents. Additional reminder notices will also be sent through the listserv. Responses to the ITC are due by September 15, 2023.

SOFTWARE TECHNOLOGY: CLOUD-SERVICE ARRANGEMENTS

At the June 2023 meeting, the Board agreed on a definition and scope for the cloud-service arrangement draft reporting guidance. Staff is coordinating with the working group and other stakeholders to research categories and characteristics of cloud-service expenses that would be useful as financial report disclosures. Staff plans to present reporting-requirement language at the October 2023 meeting for the Board’s consideration.