

Memorandum
Reexamination ITC
November 30, 2023

To: Members of the Board
From: Melissa L. Batchelor
Thru: Monica R. Valentine, Executive Director
Subject: **ITC Responses and Analysis** (Topic A)

INTRODUCTION

The agenda session will consider the comment letters, staff's initial analysis, and staff's recommendations based on the responses to the Invitation to Comment (ITC), *Reexamination of Existing Standards*. Staff's initial analysis and recommendations are intended to support the Board's review of the ITC responses.

REQUEST FOR FEEDBACK BY DECEMBER 7, 2023

Prior to the Board's December meeting, please review the briefing materials and respond to the staff questions no later than December 7, 2023. Please provide responses to Melissa Batchelor at batchelorm@fasab.gov with a cc to Ms. Valentine at ValentineM@fasab.gov.

NEXT STEPS

Pending Board member feedback, staff will be able to determine if additional research or information is necessary for the Board to determine the priority approach to the reexamination project. Staff believes it is important that a consistent reexamination methodology be used for all topics. If the Board agrees, staff would draft a methodology for reexamination of the topics for the Board's consideration in February.

ATTACHMENTS

1. Staff Analysis
2. Reexamianation Topic Ranking
3. Table of Responses and Staff Notes
4. Respondent Table of Content and Individual Comment Letters

Staff Analysis

Attachment 1

Reexamination ITC

November 30, 2023

CONTEXT

The Board determined it important to obtain initial input from stakeholders on the Board's project to reexamine existing standards and agreed that an Invitation to Comment (ITC) would be a great way to gather feedback. 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 issued the Invitation to Comment (ITC), *Reexamination of Existing Standards*, on May 15, 2023, with comments requested by September 15, 2023. Upon release of the ITC, 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 EDs in the past. To encourage responses, several reminder notices were provided to FASAB's listserv near throughout the comment period. Staff also promoted awareness and the importance of responding to the ITC during FASAB presentations, including a briefing to the CFO Council about the reexamination project and ITC.

Outreach

As of December 7, 2023, and received 26 responses from the following sources:

	FEDERAL	NON-FEDERAL
Associations & other		4
Auditors	1	3
Preparers and financial managers	18	

The full text of the comment letters is provided as **Attachment 4- Respondent Table of Content and Individual Comment Letters**. Attachment 2 includes a table of contents and identifies respondents in the order their responses were received. The comment letters appear as an attachment to facilitate compilation and pagination. However, staff encourages you to read the letters in their entirety before you read the staff analysis and recommendation for each question and other responses below. Comment letters are also available online at <https://fasab.gov/reexamination-of-existing-standards/>.

SUMMARY OF RECOMMENDATIONS AND ANALYSES

Staff analysis, discussion, and recommendations are summarized for each Question for Respondents below. Please see **Attachment 3, Table of Responses and Staff Notes** for a chart that contains all responses by question, including staff notes. As noted, **Attachment 4, Respondent Table of Content and Individual Comment Letters** provides the full comment letters.

As discussed in previous meetings and conveyed to respondents, the purpose of the ITC was to gain insight from stakeholders regarding the reexamination of existing standards project. No specific Board guidance will result from the information presented in the ITC or the feedback gathered from it. Instead the insights gained and information provided through the ITC will assist the Board in developing a priority¹ approach to the reexamination project.

As such, much of staff's initial analysis² focuses on the insights gained (versus a more granular analysis of responses) from respondents regarding which standards or topics stakeholders believed are most in need of reexamination. Digesting this information will help the Board prioritize issues and determine the best approach to the reexamination project going forward.

Ranking the Topics (See **Attachment 2, Reexamination Topic Ranking**)

Staff developed the Reexamination Topic Ranking excel spreadsheet as a one-page summary of responses to Question 2. With the number and diversity of ITC responses, staff determined it would be beneficial to use a weighted scoring model. A weighted scoring model is a preliminary prioritization method used to quantify respondent input. These results may be helpful when making decisions such as prioritizing actions or other matters. Staff believed this would help the Board preliminarily prioritize the topics based on the priority assessment of respondent comments.

Using this approach, each priority level is assigned a weight that was used to determine a total numerical score for each topic. Analyzing the responses in this manner ensures that all responses are considered in the final ranking of each topic.

Staff placed the following weighted scoring for each priority level:

High priority:	2 points
Medium priority:	1 point
NA with narrative:	1 point
Low priority:	0.5 points
NA w/o narrative:	0 points

Staff notes that "NA with narrative" and "NA without narrative" were not selections available to respondents in the ITC but assigning in this manner ensures that all responses are provided a weight and duly considered. Staff believes that when a respondent did not provide an answer

¹ The Board expressed in previous meetings that their approach would be to address the priority issue areas or those deemed most critical for reexamination.

² This is an initial analysis of the comments received and no research or outreach was performed.

(NA) and there was no accompanying narrative (NA without narrative), it reasonably correlates to a weight of zero, as no information was provided and no priority level was indicated. However, staff believes when respondents³ did not provide a priority level but offered a narrative explanation (NA with narrative), the responses warranted a weight because the respondents provided detailed information⁴ regarding why the area may need to be reexamined. Considering the respondent offered information for the Board's consideration, staff believed a weight of one to be reasonable⁵ for the 'NA with narrative' responses. In reviewing the "NA with narrative" responses, staff found the nature of the comments provided to be of a general nature and magnitude that was generally consistent with narrative responses provided by respondents assigning scores to topics at a medium priority.

The scoring approach applied by staff is subjective. Staff notes the numerical weight associated with each level could be considered subjective because final rankings are sensitive to the associated weights. Although different weights⁶ could have been assigned for the priority levels, staff believes that reasonable weights were designated for each response type provides a reasonable approach to ranking the topics in relation to one another. Moreover, "topic bias" is another relevant consideration for the Board. For example, certain reexamination topics may not be applicable to all reporting entities. Such topics, although they may or may not warrant reexamination, were less likely to be prioritized by respondents. Relatedly, certain reporting entities that are subject to certain topics may not have responded to the ITC.

Using the total numerical ranking provided, staff then placed the reexamination topics in three tiers for the Board's consideration. Staff believes the tiers allows for the Board to consider similarly ranked topics. Staff believes this is a reasonable approach to serve as a gauge of where the topics stand in relation to one another.

Ranking the reexamination topics provided for the following tiers and topics:

Top Tier Topics	Topic 7 (SFFAS 7), Topic 6 (SFFAS 6), Topic 15 (SFFAS 34), Topic 8 (SFFAS 10), Topic 5 (SFFAS 5)
Second Tier Topics	Topic 1 (SFFAS 1), Topic 21 (SFFAS 49), Topic 3 (SFFAS 3) Topic 9 (SFFAS 17), Topic 14 (SFFAS 33)
Lower Tier Topics	Remaining Topics 13 Topics ⁷

Staff believes the Reexamination Topic Ranking excel spreadsheet and tiers are helpful for the Board. The schedule shows a snapshot of the priority level selected for all respondents by reexamination topic area. Staff believes the results and tiers are consistent with expectations. Topics with the greatest number of high priority selections and medium priority selections are included in the top and second tier. Topics with few (or no) high priority selections and medium

³ Staff notes that certain associations chose to respond in this manner.

⁴ Detailed information may have included suggestions for improvement or explanation of an issue area for reexamination.

⁵ A weight of one seemed appropriate because the explanations provided an issue to be addressed and this is above a Low priority designation, that meant the topic and related SFFASs are not of concern and do not need to be reexamined. However, staff did not feel comfortable equating these with respondents that designated an area as a high priority.

⁶ Using different weight selections would obviously affect the total weighted score, but staff notes the final topic rankings and tiers do not vary significantly.

⁷ Staff notes that the lower tier may be further aggregated, but staff believed that the initial focus would be assessing those topics in the top tier and second tier.

priority selections are in the lower tier. It clearly shows that reexamination topics with frequent high and medium priority designations result in higher rankings. Staff also notes the majority⁸ of the high priority and medium priority selections are with the earlier pronouncements or core standards. Staff expected respondent prioritization scoring to be primarily centered on the core standards issued over 25 years ago, and the results were consistent with these expectations.

General Comments

The Table of Responses and Staff Notes is included as Attachment 3. Staff **has not** performed granular research or outreach to the respondents about the feedback, as customary with exposure draft responses. Staff notes that additional outreach, including roundtables, task forces, and other research as appropriate, will occur once the Board determines the priority topics for reexamination and approach. The goal of staff's initial analysis was to focus on the insights gained from the ITC responses to identify and summarize topics (and related SFFAS) stakeholders believed are most in need of reexamination.

Staff provided general comments on the Respondent Table of Content and throughout the initial analysis as appropriate. This initial analysis was to assist in summarizing comment letters and grouping issues within each topic area. The staff notes were to provide Board members relevant information for Board consideration, but not offer a disposition of the comment because staff did not perform outreach or detailed research. Instead, staff provided general comments and notes that might assist the Board in considering the feedback and determination of the reexamination priority approach. For example, staff offered comments that focus on Board considerations (see next topic.)

Board Considerations

Along with the comment letters, the Board will consider other factors in prioritizing issues and developing a priority approach to the reexamination project. Staff notes the following should be considered:

Strategic Objectives

In November 2006, FASAB issued the strategic directions report titled *Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting* after an evaluation of the reporting objectives. At the time, the research and report confirmed the broad federal financial reporting objectives are still valid and defined FASAB's strategic directions by clarifying its near-term role in achieving those broad objectives as the nature of the Board's involvement may vary for each objective. Defining FASAB's role in meeting each objective was not a ranking of the broad objectives. Instead, it was an assessment of which objectives there would be more opportunity to play a direct role in achieving through accounting standards developed in the near-term.

The Strategic Directions provided:

⁸ Although not part of the core standards, staff notes that topic 15 (SFFAS 34) received several high priority and medium priority designations.

Primary Near-Term Focus Objectives are objectives where there is the greatest opportunity for FASAB to play a direct role by developing standards to achieve the stated objectives. FASAB determined its Primary Near-Term Focus Objectives are the Operating Performance Objective and the Stewardship Objective.

Secondary Near-Term Focus Objectives are objectives where there is not the greatest opportunity for FASAB to play a direct role by developing standards to achieve the stated objectives. In contrast to Primary Near-Term Focus Objectives, FASAB believes that for the most part it will play a supporting role in meeting these objectives in the near-term. FASAB determined its Secondary Near-Term Focus Objectives are the Budgetary Integrity Objective and the Systems and Control Objective.

In February 2011, the Board reviewed the strategic directions established in November 2006 and provided an addendum to document the review and reaffirm the conclusions reached in 2006.⁹ The Board conveyed it will also consider factors such as recent developments, conditions, and trends likely to influence federal financial reporting. At the February 2011 Board meeting, each member identified those factors that he or she considered especially significant. Inasmuch as the Board did not vote upon, or otherwise endorse, the factors are those of individual members, not the Board collectively. For more information, see the addendum at the end of the [Strategic Directions](#) report.

FASAB Agenda Setting

The Board annually reviews its technical agenda in August and conducts a mid-year review of the technical agenda at the February meeting after receiving comments on FASAB's annual report and three-year plan.

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 objectives¹⁰ 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

⁹ The Strategic Objectives report has not been updated since 2011. The Board may wish to consider whether an update is necessary to reaffirm the near-term focus objectives are still appropriate.

¹⁰ See Strategic Objectives discussion above.

- Increased electronic reporting and availability of relevant information in sources other than financial reporting

The Board will review responses to FASAB FY 2023 Annual Report and Three-Year plan at the February 2024 Board meeting. The Board may wish to assess those comments to ensure consistent with decisions determined based on the initial analysis of ITC comments.

Accordingly, the Board may determine it appropriate to make final agenda decisions when the Board conducts a mid-year review of the technical agenda in February. Further, as explained in the previous section, the Board may also consider whether an update to the Strategic Objectives report should be done to reaffirm the near-term focus objectives are still appropriate as it considers the mid-year review of the technical agenda in February.

Current projects

The following is a list of active Board projects (with link to respective active project page) that are in varying stages of completion. Projects typically remain active until the Board either (1) issues a final document that closes the project or (2) decides to close the project in favor of committing resources towards more pressing issues.

- [Accounting and Reporting of Government Land](#)
- [Climate-Related Financial Reporting](#)
- [Intangible Assets](#)
- [Leases](#)
- [Omnibus Amendments](#)
- [Public-Private-Partnerships](#)
- [Reexamination of Existing Standards](#)
- **Reporting Model Initiative**
 - [Concepts Omnibus](#)
 - [Management's Discussion and Analysis](#)
- **Technical Clarifications of Existing Standards**
 - [SFFAS 3 Seized and Forfeited Digital Assets](#)

Staff believes it important for the Board to consider the current projects because it is where current resources are focused. As each project is in differing stages, staff availability to move on to a reexamination topic project would depend on the project stage and the Board's continued favor of the projects.¹¹

More importantly, the Board should consider whether issue areas identified through the ITC are being addressed through current projects. Feedback on areas that are being addressed by a current project demonstrates that resources are being devoted to areas important to FASAB stakeholders.

¹¹ As explained in the FASAB Agenda Setting discussion, the Board annually reviews its technical agenda in August and conducts a mid-year review of the agenda in February.

As mentioned above, the Board will consider the technical agenda at the February 2024 meetings. Accordingly, the Board may wish to finalize decisions on the reexamination priority approach after considering the comments received on the Annual Report and Three-Year plan.

Technical Inquiries

Submitting a Technical Inquiry (TI) at [Technical Inquiries – fasab.gov](https://fasab.gov/technical-inquiries) begins the process for FASAB staff to research and analyze federal technical questions about GAAP. Staff engages in extensive research to provide clarification on federal GAAP-related TIs received from preparers, auditors, inspectors general, consultants, and individuals on general and agency specific accounting issues. Staff assessments are made to determine if GAAP exists to address the technical issue or if the issue requires Board deliberation or AAPC guidance. Based on the particular circumstances surrounding the TI, staff may recommend the issue for Board deliberation.¹²

Staff believes TI submissions and related information can provide indicators that reexamination of a particular topic may be necessary. Staff notes that some areas identified by stakeholders through the ITC have been raised through previous TIs and some have not.

Staff reviewed the TI quarterly reports¹³ from 2021-2023 to assess the topics that received the most TIs. Excluding leases (SFFAS 54¹⁴), the top five SFFASs topics for the TIs received during 2021-2023 were: SFFAS 5, SFFAS 7, SFFAS 1, SFFAS 34, and SFFAS 6. Staff notes that this is generally consistent with the ranking of the topics, see [Ranking the Topics](#). With the exception of SFFAS 1, all topics were on the top tier. SFFAS 1 was the highest ranked topic on the second tier.

Management Policy vs FASAB Guidance

Based on experience with FASAB TIs and other informal guidance requests, staff recognizes that requests for guidance may involve questions that are best addressed through management policy and guidance. Staff believes this is an important point to consider. The manner and method an organization chooses for implementation of GAAP is a management decision. Further, agreements and procedures decided between management of the reporting entity and their auditor are policy decisions, and not an area that FASAB weighs in on. This type of guidance may be interpreted or viewed as management policy.

Questions regarding the application of FASAB standards or the federal GAAP hierarchy are areas that would be considered by FASAB.

SFFAS 34

[SFFAS 34](#), *The Hierarchy of Generally Accepted Accounting Principles for Federal Entities, Including the Application of Standards Issued by the Financial Accounting Standards Board*, incorporates GAAP into FASAB's authoritative literature. The GAAP Hierarchy allows entities

¹² During deliberations, the Board will assess how to proceed on the issue. For example, the Board may decide to amend a Statement or issue an Interpretation or implementation guidance.

¹³ The Executive Director provides the Board quarterly summaries of the TIs received.

¹⁴ The Board excluded SFFAS 54, *Leases*, from reexamination because it had not been implemented.

to analogize if FASAB doesn't specifically address an area. The Board may wish to consider this in prioritizing issues and developing a priority approach to the reexamination project. For example, if a particular area of concern is addressed adequately through the GAAP hierarchy, it may not rank as high as areas that are not adequately addressed the GAAP Hierarchy.

FASAB Staff Feedback

FASAB staff met to discuss “FASAB staff” observations and views regarding the reexamination topics in most need of reexamination. Most staff believed that priority should be placed on reexamination of the core standards, with highest priority being on topic 7 (SFFAS 7 and related pronouncements)¹⁵ and topic 5 (SFFAS 5 and related pronouncements.) The majority of FASAB staff also believed that topic 15 (SFFAS 34) should be a high priority area for reexamination. Staff believes that if the Board agrees that SFFAS 34 should be reexamined, it may be most practical that this be addressed as one of the first topics.

Staff believed the Board should address liabilities broadly when this topic is reexamined to include other areas such as severe financial stress, default uncertainties, and areas in other related SFFAS (depending how broadly the Board addresses the liabilities topic.) Some staff noted the need to update SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*, because actuarial practices have evolved and greatly changed.

Further, some staff also believed that topic 9 (SFFAS 17, *Accounting for Social Insurance*, and related pronouncements) and topic 16 (SFFAS 36, *Comprehensive Long-Term Projections for the U.S. Government*) should be assessed. While these topics did not rank high based on comments received, these are significant areas and integral to the Board’s federal financial reporting objectives.

In addition, some staff believed topic 2 (SFFAS 2 and related pronouncements),¹⁶ topic 1 (SFFAS 1 and related pronouncements), and topic 6 (SFFAS 6 and related pronouncements) were also important areas (staff’s ‘medium priority areas’) for reexamination and should be considered after the top tier high priority areas. Although SFFAS 1 was not in the top tier of topics based on the ranking, staff believes it should be considered as it may need to be updated for the current environment. Further, it ranks as one of the highest subject areas for TIs.

FASAB staff discussed other observations the Board may wish to consider:

¹⁵ Topic 7 includes SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles*. Staff is very supportive of reexamining this standard because there have been several technical inquiries specific to this area. The Board should consider addressing changes in reporting entity and clarify what errors are as opposed to changes in estimates, because there appears to be confusion.

¹⁶ Although staff believed Topic 2 (SFFAS 2 and related pronouncements) to be an important area for reexamination, it was ranked as a lower tier topic in [Ranking the Topics](#). Staff notes that agencies with material loans and loan guarantees¹⁶ did not responded to the ITC. For example, Department of Education did not respond to the ITC.

- The Board should be mindful of the FASAB Handbook as it determines a priority approach for reexamination. There were numerous comments from respondents regarding streamlining much of the FASAB guidance. Staff echoes the concerns offered by respondents. Staff believes a forward-thinking mindset regarding the reexamination and the FASAB Handbook to ensure FASAB provides accounting standards in a user-friendly manner. See [Common Themes](#) for discussion.
- Topic 8 (SFFAS 10 and related pronouncements) ranked high (#4), but the current Software Technology project will address most issues. Staff believes the comments demonstrate that the current project is appropriate, and resources are being directed to areas important to FASAB stakeholders.
- Staff notes that work in the climate-related financial reporting project in determining the climate-related financial disclosure framework may involve interactions with several areas, including but not limited to loan and loan guarantees, grants, liabilities, and PP&E, as noted in the [Climate Staff Paper](#) issued in 2022.
- Considering FASAB's limited resources, there are only a select number of projects that can be added to the agenda in the next few years. The Board may wish to consider ways to update the reexamination assessment in the future. For example, the Board may consider updating the priorities or a manner to reassess priorities.
- Staff notes the Board does not have a formalized post-issuance review (PIR) process. Understanding that the Board lacks sufficient resources for standing up a formalized or full PIR, the Board may want to consider an abbreviated or streamlined PIR process. Staff believes this would assist going forward in assessing pronouncements. Although PIR would not necessarily result in Board action, it would provide information on the operation of the standards and the extent to which they are meeting users' needs and their intended objectives.

Staff also encouraged Board members to provide feedback on areas that they believe should be considered for reexamination. One member suggested that FASAB undertake a project similar to the FASB's on [income statement disaggregation](#) with respect to providing more transparency into the statement of net costs.

Common Themes

While reviewing the ITC responses, staff noted that there were certain common themes or recurring references to concerns regarding intragovernmental eliminations and streamlining FASAB guidance. Staff believes this pertinent to note because these areas are not specific to one particular reexamination topic. Instead, concerns were raised and suggestions offered regarding these issue areas in several reexamination topics.

There were several comments and references from respondents regarding intragovernmental eliminations. Staff notes there is much complexity regarding intragovernmental balances between federal entities. Further, the issues the federal government faces when there are differences prevents proper elimination during the preparation of the consolidated financial statements. The Board has explained that specific guidance regarding the elimination process

and the related communications between federal agencies regarding these processes should come from central federal agencies (Treasury and the Office of Management and Budget) and not contradict FASAB standards.

There were numerous comments from respondents regarding streamlining FASAB guidance. Staff notes that many comments are attributable to a longstanding issue with how the FASAB Handbook is updated to reflect amendments. As the number of standards increases and the standards are subjected to numerous layers of amendments, it is much more complex for users to follow. Certain respondents included this in their response and indicated users need to flip through various areas to gain a full understanding of a topic. As one respondent explained, revisiting would allow for the organization of standards in a logical topical order rather than by evolution. Doing so would make standards far more accessible and user friendly.

Given the vast amount of guidance issued, the Board has considered improvements to the FASAB Handbook or developing a codification of FASAB pronouncements as a long-term goal for several years.¹⁷ Based on the number of comments specific to streamlining standards, staff believes this is a critical point for continued research and the Board's consideration. Staff believes it is logical to consider alternatives for providing standards to the community along with revisiting pronouncements for reexamination. This approach could facilitate future Board actions to simplify and streamline the FASAB Handbook (or a decision to codify) going forward. Staff would like to explore methods used by GASB and IPSASB¹⁸ for publishing their literature. Such approaches may provide useful insights to FASAB staff for identifying viable alternatives or at a minimum, potential improvements to the FASAB Handbook.

¹⁷ Staff reminds members that a section on the FASAB Handbook and Codification had been included in earlier Drafts of the ITC. However, the Board determined the section should be removed and issued as a separate ITC later because the Board was concerned with time burden on respondents and that additional education and outreach may be required for the topic. Staff notes that other avenues, such as roundtables, may be used to gather information from stakeholders.

¹⁸ IPSASB's *Handbook of International Public Sector Accounting Pronouncements* contains standards on specific topics. When IPSASB amends an existing standard it amends or replaces the old standards in the Handbook, thereby reducing the likelihood of having more than one standard on the same topic. While not a codification in the same sense as FASB, the IPSASB Handbook does have advantages because it assists users by organizing related guidance in the same place and updating amended standards. For more information, see <https://www.ifac.org/e-international-standards>

Question for the Board 1: Staff notes that much of the above commentary provides the Board with background and an understanding of the materials presented, but it also provides a summary of factors the Board should consider as it assesses the comment letters and staff's initial analysis. Do members have any questions regarding this information?

The discussion provided information beyond the reexamination, but staff believed important for the Board. For example, staff is interested if the Board would like to discuss:

- whether the Board would like to update the Strategic Objectives Report, and
- how the Board would like to consider alternatives for providing standards to the community.

Analysis of Responses to Question for Respondents #1:

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

[SFFAS 34](#), *The Hierarchy of Generally Accepted Accounting Principles for Federal Entities, Including the Application of Standards Issued by the Financial Accounting Standards Board*, incorporates the hierarchy of generally accepted accounting principles (GAAP) into FASAB's authoritative literature. SFFAS 34 provides the sources of accounting principles in descending order of authority as follows:

- Officially established accounting principles consist of FASAB Statements of Federal Financial Accounting Standards (Standards) and Interpretations. FASAB Standards and Interpretations will be periodically incorporated in a publication by the FASAB.
- FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by the FASAB, AICPA Industry Audit and Accounting Guides.
- Technical Releases of the Accounting and Auditing Policy Committee of the FASAB.
- Implementation guides published by the FASAB staff, as well as practices that are widely recognized and prevalent in the federal government.

SFFAS 34 was issued in 2009 and generally carried forward the hierarchy as set forth in Statement of Auditing Standards (SAS) 91, *Federal GAAP Hierarchy*. At that time, the Board recognized that users would be familiar with this approach, and it would not significantly affect practices.

The Board believed it important to review the hierarchy levels to assess whether the federal financial reporting environment has significantly changed so as to warrant the consideration of changes to certain aspects of the hierarchy. Given its importance, the Board determined it should also consider feedback on the effectiveness of the GAAP hierarchy, as set forth in SFFAS 34. Staff suggests Board members reference the Attachment 3, Table of Responses for Question 1 or the full comment letters at Attachment 4 for specific stakeholder comments.

Question 1.1

The majority of respondents agreed that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting. The breakdown of responses were:

Strongly agree-1 Agree-13

Disagree-2 N/A with narrative-5

N/A-4 Neither agree nor disagree (with narrative) 1

Question 1.2

Staff notes that question 1.2 asked respondents if they experienced *challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues*. Accordingly, a response of agree indicates that there are challenges and disagree means they have not encountered challenges. The responses were quite varied as follows:

Disagree-8

Agree-4 N/A with narrative-5

N/A-4 Neither agree nor disagree (with narrative)-3 Neither agree nor disagree-2

As the numbers above indicate, there was no clear majority regarding challenges in applying the GAAP hierarchy. While only 4 respondents agreed that there were challenges, staff notes that several other respondents provided detailed narrative regarding challenges but did not expressly agree. These respondents either did not provide an agreement response (indicated above as 'N/A with narrative') or indicated that they neither agreed nor disagreed (indicated above as 'Neither agree nor disagree with narrative.') Approximately half of the respondents provided a detailed explanation or suggestion for improvement in the federal GAAP hierarchy. Staff believed it important to highlight this as often the raw numbers may not provide this at first read.

Staff notes that stakeholders responded to specific questions regarding the GAAP hierarchy in Question 1¹⁹, but they also had an opportunity to provide feedback in Question 2-Topic 15 (SFFAS 34).²⁰ Staff believed it appropriate to consider the information provided in Question 2-Topic 15 along with Question 1 for one initial analysis of SFFAS 34. Topic 15 **ranked 3rd** in [Ranking the Topics](#), with 4 high priority ratings and 7 medium priority ratings. Further, one respondent that did not offer a priority level but offered feedback on areas within SFFAS 34 that should be reexamined. As such, nearly half of respondents to Question 2-Topic 15 offered feedback for improvement.

¹⁹ Staff notes that the responses for Questions 1.1 and 1.2 often overlapped, so staff believed it reasonable to prepare one initial analysis of the comments.

²⁰ Staff notes that several respondents simply referred to their response to Q1 when providing detail in Question 2 Topic 15.

When assessing the feedback, most respondent comments were centered on the following areas: simplifying the GAAP hierarchy, clarification of Level D (including the areas of “practices that are widely recognized and prevalent in the federal government” and administrative directives) and revisiting Other Accounting Literature.

Simplify the GAAP Hierarchy

Several respondents suggested that the Board consider simplifying the GAAP hierarchy. For example, several respondents suggested simplifying the hierarchy into ‘authoritative’ and ‘non-authoritative.’ Respondents suggested simplifying the GAAP hierarchy would improve the usefulness of financial statement information and to be consistent with FASB and GASB. A respondent also suggested evaluating whether simplifying the hierarchy into ‘authoritative’ and ‘nonauthoritative’ would reduce complexity and diversity in practice. It was also noted that simplification would facilitate transition to a codification of the accounting literature in the future.

One respondent suggested the Board consider two levels of authoritative GAAP. The first level would include Standards, Interpretations and Technical Bulletins (current level A and B) because the sources are authoritative and should be treated with equal weight as the highest level of GAAP. The second would include Technical Releases and Implementation Guides published by the FASAB staff (current level C and D.) The respondent explained these should be a lower level of the hierarchy due to (a) their role in providing implementation guidance and clarification for existing standards, rather than establishing new guidance and (b) being attributed to a committee or staff rather than the Board.

Two respondents suggesting removing AICPA Industry Audit and Accounting Guides from the hierarchy. It was noted that the intended purpose of AICPA audit guides is to provide audit guidance - not financial reporting guidance. It was also noted that inclusion of industry practices in the hierarchy is a departure from FASB and GASB practices. Further, AICPA audit guides represent a private source of guidance that can only be accessed for a subscription fee and generally accepted accounting principles for federal reporting entities should be publicly available, for free, and located all in one place.

There were a few other general comments about the four level GAAP hierarchy. A respondent explained there is a lack of clarity created by inclusion of Interpretations in Category (a) alongside SFFAS. The respondent noted that the inclusion seemingly elevates Interpretations to the same level as the SFFAS themselves, which many in practice would argue are not as authoritative. A respondent suggested that not enough attention is paid to technical bulletins, technical releases, and implementation guidance. A general suggestion noted by several respondents was that FASAB guidance should be streamlined.

At least two respondents noted issue when budgetary accounting treatment does not seem to align with GAAP guidance.

Level D Clarification

Several respondents suggested the Board clarify aspects of Level D of the GAAP Hierarchy. A respondent explained that gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards. In their explanations, respondents explained that lack of clarity and standardization in this area have resulted in inconsistent application.

Respondents also suggested the Board clarify “practices that are widely recognized and prevalent in the federal government” because it is vague and could allow for many interpretations. Respondents believed it would be an opportunity to be much more precise regarding “practices that are widely

recognized and prevalent” by defining further. Several respondents suggested the Board clarify where administrative directives (for example, Office of Management and Budget and Department of the Treasury guidance) would be considered in the hierarchy. Given the importance and prominence of OMB and Treasury administrative directives and guidance, several respondents believed it necessary to directly address and clarify the role of this guidance in the GAAP hierarchy. Directly addressing administrative directives and clarifying the role of this guidance in the GAAP hierarchy would be beneficial because questions regarding the place in the hierarchy leads to inconsistency in application by preparers. It would help remove opportunities for differing interpretation and disagreements between entities and their auditors. A respondent explained it would be helpful to identify the expected order of precedence of other available guidance in an accountant's assessment.

Certain respondents explained the Board should be direct and explicit where OMB Circular A-136 falls in the GAAP hierarchy. It was suggested that the Board clarify what guidance is authoritative and incorporate these directives directly into the GAAP hierarchy. Respondents identified there are difficulties when there is a perceived or actual difference between FASAB guidance and OMB or Treasury guidance.

A respondent suggested that the Board eliminate “practices that are widely recognized and prevalent in the federal government” from the GAAP hierarchy.

Other Accounting Literature Clarification

Several respondents suggested the Board clarify Other Accounting Literature and how it fits into the GAAP hierarchy. It was suggested that the Board revisit the definition of “Other Accounting Literature” and clarify what would be authoritative sources of accounting guidance. Certain respondents indicated other accounting literature should be included in the GAAP hierarchy because it helps clarify other accounting literature can be utilized when FASAB guidance does not address a particular accounting scenario. A respondent suggested an order of precedence be included for other available guidance. It was noted that this category is largely disregarded because of the difficulty of applying this vague category and the need to incorporate any relevant matters into authoritative standards.

Other

Staff notes that there were other general comments and observations provided by respondents. A respondent noted the Board should consider incorporating relevant laws and regulations into the GAAP hierarchy in SFFAS 34 to ensure there is consistency between the accounting standards and laws. A respondent suggested that the timing of pronouncements should be at the same time, to include OMB and Treasury guidance. A respondent questioned the independence of FASAB and explained why they believe that FASAB should not be a designated GAAP standard setting body.

Staff Notes and Recommendation

The Board agreed that including the GAAP Hierarchy section in the ITC was an efficient way to inform the Board if the current GAAP hierarchy needs to be updated and if the four-level hierarchy is effective.

As summarized above and detailed in the full comment letters, over half of the respondents provided comments and suggested improvements for the federal GAAP hierarchy. Based on the comments, stakeholders conveyed there are concerns and stakeholders would benefit from clarification. Respondents identified that most aspects of the federal GAAP hierarchy should be reexamined and clarified.

Based on the comments received, it appears that stakeholder concerns during the due process for SFFAS 34 remain. In its basis for conclusions to SFFAS 34, the Board acknowledged that some respondents to the exposure draft believed it would be useful to discuss the location of administrated directives within the hierarchy (such as those from OMB, GAO, and Treasury). The Board declined to do so, noting that there are multiple sources of administrative directives, many different types of directives, and varying processes for developing those directives. The basis for conclusions of SFFAS 34 explains:

A15. In addition, while some respondents believed that it would be useful to discuss the location of administrative directives within the hierarchy, the FASAB believes that incorporating the GAAP hierarchy in the accounting standards should be accomplished expeditiously due to the AICPA's planned removal of the hierarchy from the auditing standards. Since FASAB is unaware of any practice problems arising due to the absence of explicit guidance placing each type of administrative directive within the hierarchy, immediate action on this request is not warranted. FASAB also notes that there are multiple sources of administrative directives, many types of directives, and varying processes for developing directives. Resolving placement for all administrative directives may require significant study. Therefore, the Board is acting to adopt the GAAP hierarchy essentially as it currently exists in the AICPA audit literature and does not intend to change current practices.

A16. Paragraphs 6 and 7 of the Statement provide guidance to assist readers in understanding how the hierarchy should be considered when preparing general purpose financial reports in conformity with GAAP.

A17. Paragraph 7 also discusses when to consider literature not discussed in the GAAP hierarchy - Other Accounting Literature. The phrase "Other Accounting Literature" is capitalized in the Statement and included under a separate heading to indicate its distinction from the GAAP literature. Other Accounting Literature is presented separately from the hierarchy because the items in this category do not establish GAAP and cannot amend existing FASAB standards, interpretations, technical bulletins or releases, or staff implementation guidance. Other Accounting Literature may only be relied upon by financial statement preparers and auditors to resolve specific accounting issues in the absence of literature in paragraph 5 of the Statement.

A18. The Board also recognizes that other standards-setting bodies are currently considering codifying their pronouncements. As a result, listing the titles of specific pronouncements in Other Accounting Literature may cause difficulty in referencing those documents in the future. Thus, paragraph 8 of the Statement refers to pronouncements of other standards setting bodies rather than listing specific pronouncements.

Staff also notes that there have been many technical inquiries related to this topic, as well as small projects that resulted in the issuance of FASAB guidance.²¹ For example, TB 2020-1, Loss Allowance for Intragovernmental Receivables was issued after questions related to the GAAP hierarchy and clarification of SFFAS 1. The basis for conclusions of TB 2020-1 provides a summary of the issue and request:

A4.Consequently, Treasury issued a policy memo and the Bureau of the Fiscal Service made system changes to preclude agencies from reporting an allowance for losses of intragovernmental receivables to ensure consistent treatment government-wide.

²¹ Staff notes that SFFAS 34 was one of the top five SFFASs that received technical inquiries from 2021-2023.

A5. However, some auditors raised concerns that Treasury's proposed policy (and system change) was inconsistent with GAAP. Therefore, certain agencies, based on concerns raised by auditors, could not conclude that there was adequate justification to change the accounting policy as suggested by Treasury.

A6. As a result, Treasury requested FASAB to review this issue. At a minimum, Treasury believed that the intent of SFFAS 1, with respect to the accounting for and reporting of losses on intragovernmental receivables, was unclear. The Board agreed that guidance would resolve any uncertainty regarding SFFAS 1.

Staff notes the Board should also consider that practitioners may not have a thorough understanding²² with the federal GAAP hierarchy, especially as it relates to application of the different levels. While staff does not believe that practitioner's understanding resulted in the comments received on this topic, it is a factor that should be considered. Further, this observation (practitioners lacking a clear understanding) might be an indicator that practitioners believe the federal GAAP hierarchy should be simplified and clarified.

Staff notes that a goal is to make the standards more user-friendly. Staff believes that there are opportunities to make it more user-friendly by simplifying and clarifying aspects of the hierarchy. Some of these opportunities, while cost-beneficial in the long-term, would require FASAB resources that could be assigned to areas deemed a higher priority.

Based on the feedback received and staff's initial analysis, staff recommends that the current GAAP hierarchy be reexamined. Given the importance of the GAAP hierarchy, staff believes it should be one of the first SFFAS topics reexamined. Staff notes the Board must consider all factors, including the assessment of other top tier (high priority topics) to determine the reexamination priority approach.

Question for the Board 2: Do members agree with staff's recommendation that the Board reexamine SFFAS 34?

²² During FASAB trainings offered on SFFAS 34 (conducted between 2017 and 2019), students representing preparers and auditors at various levels of experience could not correctly sequence the pronouncement types in the correct a-d levels during pre-training class exercises.

Analysis of Responses to Question for Respondents #2

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review Appendix A: Reexamination Table of Pronouncements in its entirety for a full understanding. For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options: (1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide no more than five high priority topics. (2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed. (3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.

The beginning of the memo provided a discussion of [Ranking the Reexamination Topics](#) and [Board Considerations](#) that Board members may wish to reference while reviewing staff's initial analysis of topics.

The weighted ranking of stakeholder responses provided the following top tier reexamination topics:

Top Tier Topics	Topic 7 (SFFAS 7), Topic 6 (SFFAS 6), Topic 15 (SFFAS 34), Topic 8 (SFFAS 10), Topic 5 (SFFAS 5)
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- A. TOPIC #7- SFFAS 7**, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting
AS AMENDED BY: [SFFAS 20](#), [SFFAS 21](#), [SFFAS 53](#)
[Interpretation 5](#), Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7
[Interpretation 11](#), Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313
[TB 2002-2](#), Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting
[TB 2017-1](#), Intragovernmental Exchange Transactions

Topic #7 was the **highest ranked topic area** in need of reexamination. Among respondents, 4 ranked the topic as high-priority, 8 ranked the topic as medium-priority, and 2 provided narrative feedback without a rating indicating that the topic should be reexamined. These stakeholders provided a variety of examples of various topic areas, implementation issues, and other existing attributes warranting reexamination. Staff also notes that SFFAS 7 was one of the top five SFFASs that received technical inquiries from 2021-2023.

SFFAS 7 was issued in 1996. SFFAS 7 presents standards to account for inflows of resources from revenue and other financing sources. It provides standards for classifying, recognizing, and measuring resource inflows. The Statement was integral to implementing and further defining the concepts and fundamentals of the Board's federal financial reporting model outlined under SFFAC 2, *Entity and*

Display. There have been amendments to SFFAS 7 over the years. There has also been other GAAP guidance issued related to this area. This topic has been addressed in SFFASs, Interpretations, and Technical Bulletins.

Many respondents duly noted that there have been considerable changes to the government environment since 1996 that are not addressed under the current standards. Several responses noted that the standard is not sufficiently comprehensive and auditable in certain areas. Other responses noted that SFFAS 7 is no longer sufficiently responsive to the business environment of today's federal government, given the many changes across government since 1996.

Issues noted by respondents included:

- insufficient guidance on intragovernmental transactions and eliminations;²³
- insufficient guidance on contra-revenue accounts;
- transaction classes and programs that are not adequately addressed and/or auditable under the current guidance for exchange revenue, non-exchange revenue, other financing sources; and custodial activities;
- changes in accounting principles, error corrections, and changes in the reporting entity;
- non-recognition of compliance assessments under federal taxes receivables and potential effects on fair presentation due to material underreporting.
- improvements to IRS systems and processes since the issuance of SFFAS 7;
- classification of private debt collections; and
- insufficient criteria for preparation of budget-to-accrual reconciliations.

The responses, taken as a whole, indicate that SFFAS 7 reexamination would provide considerable benefits to preparers, auditors, and users of general purposes federal financial reports. Practitioners identified a variety of material and consequential topics for which additional efforts to modernize, expand, and/or address gaps in guidance would provide considerable clarify and benefit.

Staff Notes and Recommendation

Staff concurs that many reexamination activities under this topic could resolve and/or reduce preparer and audit burden. Moreover, reexamination of certain practice areas under this topic may result in considerable enhancements to reporting and improve the extent to which SFFAS 7 addresses the Board's reporting objectives, user needs, and the qualitative characteristics of useful information.

The responses to this topic are generally consistent with the institutional knowledge of FASAB staff. Staff are aware of many of the issues raised in the responses to this topic based on prior technical inquiries, technical research, monitoring of other standards setters, and other experiences in practice.

²³ Staff discussed this recurring comment, see [Common Themes](#) for additional discussion.

Based on the feedback received and staff's initial analysis, staff recommends that topic 7 be reexamined. Staff views this topic area as a top priority for reexamination. Staff notes the Board must consider all factors, including the assessment of other high-priority topics. Staff also acknowledges that the Board may wish to receive additional information on this topic or reach other technical agenda or preliminary methodological decisions prior to formally commencing reexamination of this topic. Notwithstanding, staff views this topic as top priority and recommends commencing reexamination activities on this topic area.

B. TOPIC #6- SFFAS 6, Accounting for Property, Plant, and Equipment

AS AMENDED BY: [SFFAS 23](#), [SFFAS 40](#), [SFFAS 50](#)

[Interpretation 9](#), *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6*

[TB 2006-1](#), *Recognition and Measurement of Asbestos-Related Cleanup Costs* (as amended by [TB 2009-1](#) and [TB 2011-2](#))

[TB 2017-2](#), *Assigning Assets to Component Reporting Entities*

Topic 6 (SFFAS 6 and related pronouncements) **ranked 2nd** in [Ranking the Topics](#), with 5 high priority ratings and 7 medium priority ratings. See [Table of Responses Question 2-Topic 6](#) for stakeholder comments. Staff also notes that SFFAS 6 was one of the top five SFFASs that received technical inquiries from 2021-2023.

SFFAS 6 was issued in 1995 and there have been numerous amendments over the years. Accounting for the federal government's general PP&E is complex, and this area continues to be a challenge, especially for large federal departments. This topic has been addressed in numerous SFFASs, Interpretations, Technical Bulletins as well as guidance issued by the AAPC. Although Technical Releases²⁴ will not be a part of the reexamination, it is important to know much implementation guidance has been provided through TRs.

Several respondents noted the topic should be reexamined because PP&E is significant for most federal reporting entities. Because it is significant, FASAB should review this area regularly to keep it current with advances in technology and changes in federal acquisition practices. Certain respondents noted the Board should align FASAB's treatment with FASB and GASB.

Several respondents explained that guidance should be streamlined because it is difficult to follow. A respondent explained that the amount of guidance on accounting and reporting for PP&E has increased (including standards, interpretations, technical bulletins, and technical releases) and the Board should consider streamlining and presenting the guidance for PPE in a format that is easier to reference. Similarly, a respondent noted the general difficulty of applying the FASAB guidance because it is spread among different pronouncements. It was suggested that FASAB rescind the various publications and issue one pronouncement (SFFAS 6) with current requirements. Staff discussed this recurring comment, see [Common Themes](#) for additional discussion.

²⁴ Technical Releases are not included in the reexamination project because FASAB's Rules of Procedure authorize the AAPC to issue Technical Releases related to existing federal accounting standards. The Board anticipates that the AAPC would begin a similar project to conform all TRs to be consistent with revisions to existing standards that result from the reexamination project. Proposed Technical Releases are submitted to FASAB for a 45-day review. If neither a majority of FASAB nor a member representing a FASAB sponsor objects to the proposed Technical Release during the review period, then it becomes final.

Environmental Liabilities

Several respondents identified environmental liabilities as an area that the Board should reexamine. SFFAS 6, chapter 4: Cleanup Costs provides the definition of cleanup costs and provides that cleanup costs meet the definition and criteria for recognition of liabilities included in SFFAS 5. SFFAS 6 supplements SFFAS 5 by providing additional guidance regarding cleanup costs. SFFAS 6 associates the recognition of cleanup costs with the life of the related general PP&E. Paragraph 94 provides for the estimation of cleanup costs when the associated general PP&E is placed in service. Paragraph 97 provides for the recognition of a portion of the estimated total cleanup costs as an expense during each period that the general PP&E is in operation. Staff notes that Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6* provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset.

In addition to Interpretation 9, there have been other pronouncements related to environmental liabilities, including TB 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*. In addition, there are several Technical Releases on this topic: TR 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, TR 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment* and TR 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*. Although Technical Releases will not be a part of the reexamination, it is important to know implementation guidance has been provided through TRs.

Despite the guidance that has been issued, respondents expressed the need for additional guidance. A respondent requested clarification regarding the use of contingencies in estimates of environmental liabilities and the time period for which cleanup liabilities are deemed to be reasonably estimable. A respondent indicated that Interpretation 9 may need to be clarified. It was also suggested that TB 2006-1 include examples of materials that would not be reasonably expected to include asbestos. In addition, it was suggested that TR 2 be clarified.

Alternative Methods

Certain respondents requested clarification on areas specific to the application of alternative methods²⁵ in establishing opening balances for general property, plant, and equipment. Respondents noted the Board should clarify how Construction in progress (CIP)²⁶ should be accounted for when an alternative method for establishing opening balances is applied. Specifically, the question pertains to the transition from the use of deemed cost as the opening balance for CIP to the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6. In addition, a respondent also asked for clarification in establishing opening balances for assets produced and purchased from overseas/foreign companies.

Other areas

²⁵ SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35* amended SFFAS 6 to allow a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for general PP&E.

²⁶ Staff is currently working on a Technical Inquiry on this topic, submitted by the respondents that identified this issue. While CIP is not explicitly addressed in SFFAS 6, as amended by SFFAS 50, staff believes the intent of the Board is clear that once beginning balances are established, GAAP applies.

Respondents indicated the need for additional guidance and clarification in other areas in SFFAS 6. Respondents identified the following:

- **Salvage value.** What should be included or excluded in an asset's salvage value?
- **Demolition costs.** When and how to report demolition costs?
- **Net realizable value.** What should be included in an asset's net realizable value prior to disposal?
- **Placed in service date.** When should assets be considered as placed in service?
- **Transfer of PP&E among federal entities.** Concern regarding SFFAS 6, par. 31 and elimination issues²⁷
- **Treatment of complex systems.** Acquisition of IT hardware, data management, and network systems that are comprised of individual components that may or may not work collectively to form what may be characterized as a complete asset.
- **Donated equipment** to the federal government
- **Useful life.** Provide detailed guidance on how useful life should be determined and when to update this estimate to reflect the current use and condition of assets.

Staff Notes and Recommendation

Based on feedback in Topic 6, staff notes that environmental liabilities was one of the main areas identified by respondents for reexamination. SFFAS 6 provides guidance for recognizing liabilities for cleanup costs, and SFFAS 5 provides guidance for recognizing liabilities from government-related events such as cleanup of environmental damage.²⁸ Although FASAB has provided guidance in this area through additional pronouncements and several TRs, it appears that reexamination and/or additional guidance in this area may be necessary. Staff notes the Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5. As you may recall, FASAB staff suggested that Board consider the liability topic broadly.²⁹

Beyond environmental liabilities, it was difficult to identify other significant issue areas within topic 6 that require reexamination. The feedback from respondents appeared to involve specific isolated questions and do not relate to a consistent recurring issue identified by the stakeholders to indicate the pervasiveness of the issue amongst federal entities.³⁰ While reexamination would offer the opportunity to address all issues, staff believes it important to consider along this with other factors discussed in [Board Considerations](#).

Staff also notes that several respondents identified this as a priority area because of the significance of PP&E to most reporting entities. While staff agrees that general PP&E is significant for most reporting entities and is a consideration, it does not mean that the topic should automatically be reexamined. In addition, several respondents identified difficulties applying guidance in this topic area. As noted, one respondent suggested that FASAB rescind the various publications and issue one pronouncement with

²⁷ Staff notes the recurring comment related to intragovernmental balances and eliminations, see [Common Themes](#) for additional discussion.

²⁸ Staff notes that SFFAS 6 supplements SFFAS 5 by providing additional guidance regarding cleanup costs. SFFAS 5 applies to all environmental liabilities not specifically covered in SFFAS 6, including cleanup resulting from accidents or when cleanup is an ongoing part of operations. The Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5.

²⁹ FASAB staff suggested that topic 5 (SFFAS 5 and related pronouncements) could be expanded to address "liabilities" broadly. See FASAB Feedback discussion under [Board considerations](#).

³⁰ As explained, staff has not performed outreach or other research to gain a full understanding of the feedback, so this is based on the initial analysis.

current requirements. Staff discussed this recurring comment, see [Common Themes](#) for additional discussion.

Staff notes that certain issue have been raised previously and the Board chose not to address the topic. For example, a respondent suggested that the Board provide detailed guidance on useful life, including updates for condition. Staff notes the Board has not elaborated on useful life in the past. Given the diversity of practice, specific examples from FASAB may appear to reduce the flexibility provided in the current standards. Further, preparers should consider their unique circumstances and apply materiality considerations when implementing GAAP. Staff believes similar type questions should be considered thoughtfully. See Management Policy vs FASAB Guidance discussion under [Board considerations](#). While the Board may reassess and determine that areas should be addressed, staff believed it important to consider.

Although topic 6 ranked high among respondents, staff's initial analysis and considerations explained above does not provide for immediate reexamination of Topic 6.³¹ Staff believes the Board may determine that other top tier high priority topics may need to be addressed before Topic 6. The Board should consider all factors, including the assessment of other high priority topics to determine the reexamination priority approach.

C. TOPIC #15 SFFAS 34, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board

Staff provided the initial analysis of topic 15 (SFFAS 34) in conjunction with the analysis of Question 1. See [Analysis of Responses to Questions 1](#). Staff recommended that the current GAAP hierarchy be reassessed.

D. Topic #8 SFFAS 10, Accounting for Internal Use Software

Topic 8 (SFFAS 10) **ranked 4th** in [Ranking the Topics](#), with 4 high priority ratings and 6 medium priority ratings. Further, one respondent that did not designate a priority level, offered feedback on areas within SFFAS 10 that should be reexamined. See [Question 2-Topic 8 Table of Responses](#) for stakeholder comments.

Staff Notes and Recommendation

Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The project's goal is to address inconsistencies and gaps within current reporting practices and to propose new guidance to address IT resources now prevalent throughout the federal government. The project will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. The project manager will consider the feedback provided to the ITC in the project.

³¹ Staff's recommendation for topic 6 does not imply that the topic will not be reexamined. The Board's priority approach is to address priority issue areas or those deemed most critical for reexamination.

Staff believes the feedback received for topic 8 supports continuation of the current project. It demonstrates that FASAB resources are being devoted to areas ranked as high priority and important to FASAB stakeholders.

Considering topic 8 is being addressed in a current project, this topic should not be considered for immediate reexamination.

E. TOPIC #5 SFFAS 5, Accounting for Liabilities of The Federal Government

AS AMENDED BY: [SFFAS 12](#), [SFFAS 25](#)

[Interpretation 2](#), Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

[Interpretation 4](#), Accounting for Pension Payments in Excess of Pension Expense

[TB 2002-1](#), Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government

[TB 2017-1](#), Intragovernmental Exchange Transactions

Topic 5 (SFFAS 5 and related pronouncements) **ranked 5th** in [Ranking the Topics](#), with 5 high priority ratings and 3 medium priority ratings. See [Table of Responses Question 2-Topic 5](#) for stakeholder comments. Staff notes that with the exception of leases, SFFAS 5 or topic 5 received the most technical inquiries from 2021-2023.

SFFAS 5 was issued in 1995 and there have been amendments over the years. There has also been other GAAP guidance issued related to this area. It has been addressed in numerous Interpretations, Technical Bulletins as well as guidance issued by the AAPC. Although Technical Releases³² will not be a part of the reexamination, it is important to know that much implementation guidance has been provided through TRs.

SFFAS 5 establishes accounting standards for liabilities of the federal government **not** covered in SFFAS 1, *Accounting for Selected Assets and Liabilities*, and in SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*. (SFFAS 1 addresses only those selected liabilities that routinely recur in normal operations and are due within a fiscal year.) SFFAS 5 defines “liability” and the recognition points for liabilities associated with different types of events and transactions. In addition to discussing the general liability recognition, SFFAS 5 provides specific liability accounting standards³³ for contingencies, federal debt, and pensions, other retirement benefits, and other postemployment benefits.

There were several comments related to streamlining guidance. For example, one respondent suggested that the capital lease discussion be removed from SFFAS 5 because it is addressed in SFFAS 54. Staff notes that the respondent may have not been aware of the note at the end of the capital lease discussion that explained SFFAS 5 paragraphs 43-46 will be rescinded for reporting

³² Technical Releases are not included in the reexamination project because FASAB's Rules of Procedure authorize the AAPC to issue Technical Releases related to existing federal accounting standards. The Board anticipates that the AAPC would begin a similar project to conform all TRs to be consistent with revisions to existing standards that result from the reexamination project. Proposed Technical Releases are submitted to FASAB for a 45-day review. If neither a majority of FASAB nor a member representing a FASAB sponsor objects to the proposed Technical Release during the review period, then it becomes final.

³³ Capital leases and insurance programs were previously included in SFFAS 5 but they are now covered in standalone SFFASs (SFFAS 54, *Leases* and SFFAS 51, *Insurance Programs*.) In addition, social insurance is considered a separate program type and not included within insurance and guarantee programs. See SFFAS 17, *Accounting for Social Insurance*.

periods beginning after September 30, 2023.³⁴ Staff believes that misunderstandings like this may be due to the manner the FASAB Handbook is updated as explained in [Common Themes](#).

When assessing the feedback for Topic 5, most respondent comments were centered on the following areas: principles for liability recognition, pension and other retirement benefits, environmental liabilities, and other requested guidance areas.

Principles for Liability Recognition

Staff notes that respondents offered comments about the general principles for liability recognition provided in SFFAS 5. For example, a respondent suggested that the Board clarify the standard by assisting agencies on the steps to recognize, measure, and account for liabilities accurately. In addition, it was recommended the Board include a section on what agencies should consider when estimating liabilities. Another respondent requested clarification on when the recognition of a liability should or should not impact the availability of budgetary resources, depending on the existence (or lack thereof) of a legal obligation per 31 USC 1501.³⁵

A respondent suggested the Board consider language similar to ASU-2018-08.³⁶ The ASU clarifies how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction. Staff notes the amendments in the ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Pension, other retirement benefits, and veteran benefits

There were several comments regarding the reporting of pension, other retirement benefits, and veteran benefits. A respondent suggested FASAB engage the federal government's actuarial community to discuss whether changes in FASAB standards would improve the financial reporting of pension, other retirement benefits, and veteran benefits. A respondent suggested that it may be helpful to review the guidance for recognition and disclosure of certain pension benefits; other retirement benefits; and veteran benefits, including education and training that have become more significant over time. The respondent also suggested that FASAB consider clarifying the wording in SFFAS 33 relating to the selection of discount rates. This guidance has been interpreted inconsistently, raising issues about comparability across government entities. A respondent suggested the Board consider whether additional disclosures related to pension and other retirement benefits in employer entities is appropriate. For example, FASAB may consider whether additional disclosure related to pension and other retirement benefits in employer entities is appropriate. The respondent explained that while most federal employer entities disclose the key attributes of pension and other retirement benefits provided to their employees, the accounting standards currently do not have a requirement for these entities to make such disclosures.

³⁴ The full note explained that SFFAS 54, *Leases*, as amended, will replace the requirements for lease accounting established in SFFAS 5 paragraphs 43-46 and the related footnotes, 20-21. These paragraphs will be rescinded and superseded by a new paragraph (43A), along with a new footnote (20A), for reporting periods beginning after September 30, 2023. See SFFAS 54, par. 94 and SFFAS 60, *Omnibus Amendments 2021*, par. 34.

³⁵ The respondent specifically requested a review of SFFAS 5 paragraphs 24, 28-34, and 38 and guidance take into consideration natural disasters.

³⁶ Not-For-Profit Entities (Topic 958): *Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made*

In their Topic 5 (SFFAS 5) response, the respondent referred to their comment provided on Topic 14 (SFFAS 33) that suggested that reviewing the valuation date guidance in SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* for pension benefits, other retirement benefits, and other postemployment benefits may be helpful to achieve further consistency government-wide and align with the time needed to prepare and audit the actuarial calculations. As you may recall, staff believes the Board should address “liabilities” broadly when this topic is reexamined to include other areas such as severe financial stress, default uncertainties, and areas in other related SFFAS.³⁷ In addition, a respondent explained there was difficulty with the requirements of SFFAS 5 as it related to the pension actuarial liability processes.

Environmental liabilities

Certain respondents recommend the Board clarify the appropriate reporting of environmental liabilities and legal claims when there are multiple parties involved in the responsibility for and/or resolution of the liability. A respondent explained that environmental liabilities and legal claims when there are multiple parties involved and expand guidance beyond the guidance provided in Interpretation 2, *Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5*. As you may recall, environmental liabilities³⁸ was also identified as an issue are in the responses for Topic 6 (SFFAS 6 and related pronouncements) and staff explained the Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5. Staff notes that Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6* provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset. Further, the ED for Interpretation 9 addressed contingent liabilities when multiple component reporting entities are involved. During due process, the Board determined that there was no need for guidance in the contingent liability area.

In addition to Interpretation 9, there have been other pronouncements related to environmental liabilities, including TB 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*. In addition, there are several Technical Releases on this topic: TR 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, TR 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment* and TR 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*. Despite the available guidance, respondents expressed the need for additional guidance.

Other Requested Guidance

There were also suggestions for guidance on areas not specifically addressed in the liability accounting standards. Topics identified by stakeholders, include:

- **Transactions by Others and Transaction for Others.** A respondent explained that federal agencies are moving to electronic financial interface systems which may warrant a revision of the standard to address the responsibilities and accountability of those.

³⁷ Staff also noted the need to update SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* because actuarial practices have evolved and greatly changed. See FASAB Feedback in [Board Considerations](#).

³⁸ Staff notes that SFFAS 6 supplements SFFAS 5 by providing additional guidance regarding cleanup costs. SFFAS 5 applies to all environmental liabilities not specifically covered in SFFAS 6, including cleanup resulting from accidents or when cleanup is an ongoing part of operations. The Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5.

- **Treaties and International Agreements.** A respondent explained that treaties and other international agreements establish frameworks that govern cooperative activities with other countries but leave to the discretion of the parties whether to engage in any such activities. Treaties and International Agreements are not “assigned” to a specific federal reporting entity. Therefore, there is no clear path to determining which entity is responsible for the treaty, associated claim, or any corresponding liability recognition and/or disclosures.
- **Obligations of safekeeping digital currencies and the associated risks.** A respondent noted that FASB issued official guidance (ASU 2023-04) for entities safekeeping cryptocurrency/digital assets to record a liability to reflect their obligation to safeguard the crypto-assets held for its platform users. It does not affect those agencies with the rights to crypto, but those safekeeping/providing custody services for it.
- **Risk reporting.**³⁹ A respondent explained that during the Board’s current “Climate” project, Board Members agreed that climate could serve as a “starting point” for examining other risks. The respondent explained that risk reporting in the federal government should be balanced and reference other potential risks (e.g., COVID/pandemic, foreign policy, terrorism, etc.)

Lastly, a respondent identified that with the conforming amendments published in SFFAS 54 and 60, SFFAS 5 will not include any language related to leases.⁴⁰ However, the respondent believed the definition of liability and contingent liability in SFFAS 5 are inconsistent with SFFAS 54. The project manager for leases notes that the matters were brought up and considered under the original SFFAS 54 due process. In addition, staff would envision that a reexamination of SFFAS 5, would ensure consistency with the liability definition in all respects.

Staff Notes and Recommendation

As summarized above and detailed in the full comment letters, nearly half of respondents provided comments and suggested improvements for Topic 5 (SFFAS 5 and related pronouncements.) Respondents identified that most aspects of SFFAS 5 should be reexamined and clarified. Comments were centered on the principles for liability recognition, pension and other retirement benefits, and environmental liabilities. There were also several other areas related to Topic 5 that stakeholders requested guidance.

SFFAS 5 defines “liability” and the recognition points for liabilities associated with different types of events and transactions. Respondents expressed the need for additional guidance about the general principles for liability recognition. For example, a respondent suggested that the Board clarify the standard by assisting agencies on the steps to recognize, measure, and account for liabilities accurately.

³⁹ Staff notes that there was a FASAB “Risk Reporting” project from 2016-2019, but the Board agreed that it would address risk reporting through the [MD&A](#) and [Note Disclosure](#) projects. The MD&A project has addressed risk reporting by including all risks in proposal #12 d & e of the proposed exposure draft, which is out for a 90-day comment period until December 7, 2023. Proposal 12 d & e states: “MD&A should discuss and analyze the following information about the reporting entity: d. the significant opportunities identified by management to enhance performance results, plans to leverage such opportunities, and the potential effect on financial and budgetary results of carrying out those plans; and e. the significant risks identified by management that have a potentially negative effect on performance results, plans to mitigate such risks, and the potential effect on financial and budgetary results of carrying out those plans. The Note Disclosure project was closed in 2021 because it was agreed that it could be addressed through the Reexamination project.

⁴⁰ SFFAS 54, *Leases* is excluded from reexamination.

Concern regarding the accounting for environmental liabilities was expressed in this topic, but also in feedback to Topic 6 (SFFAS 6 and related pronouncements.)⁴¹ Although FASAB has provided guidance on environmental liabilities through additional pronouncements and several TRs, it appears that reexamination and/or additional guidance in this area may be necessary. As explained, staff notes the Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5.

Stakeholders provided much feedback regarding concerns in the area of pension and other retirement benefits. As you may recall, FASAB noted concern in this area and suggested that Board consider the liability topic broadly so areas such as this may also be reexamined possibly with liabilities.⁴² As noted, this SFFAS received the most TIs from 2021-2023.

Based on the feedback received and staff's initial analysis, staff recommends that Topic 5 be reexamined. Staff noted there are certain recurring concerns (environmental liabilities and pension and other retirement benefits) that are significant areas. Stakeholders would benefit from reexamination and clarification of Topic 5. As explained, staff believes the Board may wish to consider a broader or more comprehensive view of 'liabilities' that would allow for a comprehensive reexamination of the topic. Staff notes the Board must consider all factors, including the assessment of other top tier (high priority topics) to determine the reexamination priority approach.

Question for the Board 3 -

Do members agree with staff's recommendations pertaining to the top tier (high priority) topics?

Staff provided the initial analysis of the five top tier reexamination topic areas. There are topics on the second tier that the Board may wish to consider after top tier topics as it determines the priority topics for reexamination priority approach.

Ranking the Topics provided the following second tier reexamination topics:

Second Tier	Topic 1 (SFFAS 1), Topic 21 (SFFAS 49), Topic 3 (SFFAS 3) Topic 9 (SFFAS 17), Topic 14 (SFFAS 33)
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Staff has not prepared an initial summary or analysis of the second-tier topics, but these topics should be assessed next. Further, there are even more topic areas on the lower tier.

⁴¹ Staff notes that SFFAS 6 supplements SFFAS 5 by providing additional guidance regarding cleanup costs. SFFAS 5 applies to all environmental liabilities not specifically covered in SFFAS 6, including cleanup resulting from accidents or when cleanup is an ongoing part of operations. The Board could determine it appropriate to address environmental liabilities with reexamination of SFFAS 5.

⁴² FASAB staff suggested that topic 5 (SFFAS 5 and related pronouncements) could be expanded to address "liabilities" broadly. See FASAB Feedback discussion under [Board considerations](#).

Staff believed it appropriate to assess the topics by tier so the Board could make determinations for the top tier topics at once. Staff believes it important to pause and determine if there is additional information or specific research that the Board requires to assist with prioritizing topics and determining their approach.

Staff also believes it important for the Board to consider appropriate next steps. Considering this is the first comprehensive reexamination, staff believes it important that a consistent reexamination methodology be developed and used. Staff believes it is important that a consistent reexamination methodology be used for all topics. Developing a methodology would provide a roadmap for the steps to be taken and ensure consistent procedures are performed by staff for each reexamination topic. If the Board agrees, staff would like to draft a methodology for reexamination of the topics for the Board's consideration in February.

As you may recall, certain pronouncements⁴³ were excluded from the reexamination project. Although these pronouncements were not topics for which the Board requested feedback, respondents were welcome to provide relevant feedback. Comments on these topics have been compiled and provided to the related project managers for research and follow-up. These matters are out-of-scope for the reexamination project. If Board members have questions, please contact the respective project manager.

Question for the Board 4 -

Do members agree with staff's recommendation to draft a methodology for reexamination of the topics?

⁴³ SFFAS 15, SFFAS 54, SFFAS 56, and SFFAS 59 were excluded due to their status (for example, as part of a current Board project or the SFFAS has not been implemented yet).

Letter #	Respondent	Topic 1 SFFAS 1	Topic 2 SFFAS 2	Topic 3 SFFAS 3	Topic 4 SFFAS 4	Topic 5 SFFAS 5	Topic 6 SFFAS 6	Topic 7 SFFAS 7	Topic 8 SFFAS 10	Topic 9 SFFAS 17	Topic 10 SFFAS 24	Topic 11 SFFAS 27	Topic 12 SFFAS 29	Topic 13 SFFAS 31	Topic 14 SFFAS 33	Topic 15 SFFAS 34	Topic 16 SFFAS 36	Topic 17 SFFAS 38	Topic 18 SFFAS 39	Topic 19 SFFAS 44	Topic 20 SFFAS 47	Topic 21 SFFAS 49	Topic 22 SFFAS 51	Topic 23 SFFAS 52
1	Karen Opie-Toler	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	VA	M	H	M	M	H	M	M	M	L	L	M	L	L	M	M	L	L	L	M	L	L	L	L
3	SSA	NA	NA	NA	NA	NA	NA	NA	NA	M	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	EPA	L	L	L	L	L	M	M	M	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L
5	DOT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA
6	AGA-FMSB	M	M	NA	NA	NA	H	M	NA	NA	NA	NA	L	NA	M	Narrative	NA	NA	L	NA	NA	M	NA	NA
7	GWSCPA-FISC	Narrative	NA	Narrative	NA	NA	NA	Narrative	Narrative	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
8	USDA	NA	NA	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA
9	DOD	M	L	H	L	M	H	H	M	L	L	M	L	L	L	M	L	L	L	L	M	M	L	L
10	KPMG	Narrative	Narrative	NA	Narrative	NA	NA	Narrative	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11	Deloitte	H	L	M	M	L	H	M	H	L	L	L	L	L	L	M	L	H	L	L	M	L	L	H
12	VSCPA	L	L	L	L	L	L	L	L	H	M	L	M	M	M	H	L	L	L	M	M	L	L	L
13	RRB	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
14	EY	L	L	M	L	M	H	L	M	L	L	L	L	L	L	H	L	L	L	L	M	M	L	L
15	DHS	NA	NA	L	H	H	M	L	L	NA	NA	NA	NA	NA	L	NA	NA	NA	M	NA	NA	L	NA	NA
16	Treasury	H	L	L	L	L	L	H	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L
17	HHS	M	L	M	L	L	M	M	M	H	L	L	L	L	L	M	L	L	L	L	L	H	L	L
18	DOI	L	L	L	L	L	M	M	M	L	L	L	L	L	L	M	L	L	L	L	L	M	L	L
19	DOJ	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
20	DOC	L	L	L	L	L	M	L	H	NA	NA	L	L	L	L	L	NA	NA	L	M	L	L	NA	NA
21	NASA	M	NA	L	L	H	M	M	L	NA	M	NA	M	M	L	M	L	L	M	M	M	H	NA	NA
22	Fiscal Service	L	L	L	L	H	L	H	H	L	H	L	L	L	L	M	L	L	L	L	H	H	L	L
23	DOL	NA	NA	NA	NA	NA	NA	NA	NA	H	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA	NA
24	DOE	L	L	L	L	L	H	L	H	L	L	H	L	L	L	H	L	L	L	L	L	L	L	L
25	TIA	NA	NA	NA	NA	NA	NA	NA	NA	H	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	H
26	GAO	L	M	L	NA	M	L	M	L	NA	L	NA	NA	L	L	NA	NA	NA	NA	NA	NA	M	NA	NA

Number of each ranking by TOPIC

H (High priority)	2	1	2	1	5	5	4	4	4	4	1	1	0	0	1	4	0	2	0	0	1	3	0	2
M (Medium priority)	5	2	4	2	3	7	8	6	1	2	2	2	2	2	3	7	0	0	2	4	5	5	0	0
NA w narrative	2	1	1	1	0	0	2	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
L (Low priority)	8	11	10	11	8	4	5	5	9	10	9	12	12	12	13	3	12	11	13	9	7	8	11	10
NA	9	11	9	11	10	10	7	10	12	13	14	12	12	12	9	11	14	13	11	13	13	10	15	14
Total check	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26

Determination of Weighted Rankings:

(Multiplier)																								
H	2	4	2	4	2	10	10	8	8	8	2	2	0	0	2	8	0	4	0	0	2	6	0	4
M	1	5	2	4	2	3	7	8	6	1	2	2	2	2	3	7	0	0	2	4	5	5	0	0
NA w/narrat	1	2	1	1	1	0	0	2	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
L	0.5	3.5	5.5	5	5	4	2	2.5	2.5	4.5	5	4.5	6	6	6.5	1.5	6	5.5	6.5	4.5	3.5	4	5.5	5
NA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Weighted		14.5	10.5	14	10	17	19	20.5	17.5	13.5	9	8.5	8	8	11.5	17.5	6	9.5	8.5	8.5	10.5	15	5.5	9
						#5	#2	#1	#4							#3								

Top Tier Topics	greater than 15	5
Second Tier	between 11-15	5
Lower tier	below 11	13
Total check		23

Table of Responses and Staff Notes
Question 1.1 & 1.2

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	1.1 Agree 1.2 Disagree	No additional comments.	-
3	SSA	1.1 Agree 1.2 Disagree	<p>1.1 SSA is satisfied with the SFFAS 34 explanation of the GAAP hierarchy and its role in federal financial reporting.</p> <p>1.2 SSA has not experienced challenges applying the GAAP hierarchy to accounting or reporting issues, nor have we experienced difficulties integrating guidance from other sources as applicable.</p> <p>We would like to note, however, that it would be beneficial if the reexamination project combines and streamlines interconnected guidance as much as possible. When guidance on a given topic is spread over multiple documents that in turn reference other documents, it creates a rather choppy reading and researching experience.</p>	Streamline interconnected guidance. See staff discussion of this in Common Themes .
4	EPA	1.1 Agree	1.1 We did not identify any issues with SFFAS34.	-

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QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
		1.2 Neither Agree nor Disagree	1.2 We did not identify any issues with SFFAS34.	
5	DOT	1.1 Agree	1.1 No additional comments.	Budgetary accounting treatment conflicts with GAAP guidance.
		1.2 Agree	<p>1.2 DOT Example of Recording Grant Program Expense Accruals</p> <p>49 U.S. Code § 24319 (e)(2) and (e)(3) requires the grantee in the DOT Amtrak grant program to receive its grant funding on an “advance payment” or “prepayment” basis. Under this statute, cash is provided to the grantee at the time of the award obligation. The below illustrates the transactions used to record the advance, expense accrual (estimates), recording actual expenses. In accordance with generally accepted accounting principles (GAAP), DOT records estimated expenses in the month in which they are incurred (accrual accounting), rather than allowing the processing time to calculate actual final expenses (cash basis accounting). This accounting treatment aligns with accrual accounting where expenses are recorded when a transaction occurs rather than when payment is received or made. The purpose of accrual accounting is to match revenues and expenses to the time periods during which they were incurred (consistent with the matching principle), as opposed to the timing of the actual cash flows related to them. In order to record the expense accrual estimate at year-end Treasury Financial Manual (TFM) prescribes Transaction Code (TC) B604: Proprietary transaction of USSGL 6100/1410; and a budgetary transaction of</p>	

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KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>USSGL 4802/4902. Although the requirement to record these expenses is rooted in proprietary accounting in accordance with GAAP, it is the budgetary side of this transaction that causes the issue explained below. The DOT position is to keep the budgetary and proprietary transactions in alignment as prescribed by the TFM transaction code accounting flow outlined in below tables. DOT is not certain of an alternative option given the transaction codes that are currently available in the TFM. OMB A11, Appendix F, Section 4. Status of Budgetary Resources provides guidance that for reclassifications of unpaid obligations and prepayments for year-end financial statement accruals (i.e. TC B604), federal entities do not reclassify an undelivered unpaid obligation (USSGL 4801) to a delivered unpaid obligation (USSGL 4901) or reclassify an undelivered paid obligation (USSGL 4802) to a delivered paid obligation (USSGL 4902) unless you have received the goods or services. The DOT position is that the goods and services have been received at the time of year-end expense accrual but the actual amounts are not known (invoice/bill not yet received).</p> <p>What should federal entities do when budgetary accounting treatment or guidance does not seem to align with GAAP guidance? How should the FASAB standards address budgetary accounting treatment when there are inconsistencies with GAAP guidance?</p>	

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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues																																																																																																
			<p>Fiscal Year 2020</p> <p>Treasury Code: B308 -Entry to Record the Advance to Grantee (Amtrak).</p> <table><tr><th>SGL</th><th>Entered Dr</th><th>Entered Cr</th><th></th></tr><tr><td>141000</td><td>50,000,000.00</td><td>0.00</td><td></td></tr><tr><td>101000</td><td>0.00</td><td>50,000,000.00</td><td></td></tr><tr><td>461000</td><td>50,000,000.00</td><td>0.00</td><td></td></tr><tr><td>480200</td><td>0.00</td><td>50,000,000.00</td><td></td></tr></table> <p>Treasury Code: B604 -Entry to Record the Expense Accrual Estimate as of September 30, 2020.</p> <table><tr><th>SGL</th><th>Entered Dr</th><th>Entered Cr</th><th>Period Name</th></tr><tr><td>610000</td><td>23,500,000.00</td><td>0.00</td><td>SEP-20_FY-20</td></tr><tr><td>140000</td><td>0.00</td><td>23,500,000.00</td><td>SEP-20_FY-20</td></tr><tr><td>490200</td><td>0.00</td><td>23,500,000.00</td><td>SEP-20_FY-20</td></tr><tr><td>480200</td><td>23,500,000.00</td><td>0.00</td><td>SEP-20_FY-20</td></tr><tr><td>310700</td><td>23,500,000.00</td><td>0.00</td><td>SEP-20_FY-20</td></tr><tr><td>570000</td><td>0.00</td><td>23,500,000.00</td><td>SEP-20_FY-20</td></tr></table> <p>Fiscal Year 2021</p> <p>1) Treasury B604 Reversal: Reversal Entry of September 30, 2020 Expense Accrual in October 2021:</p> <table><tr><th>SGL</th><th>Entered Dr</th><th>Entered Cr</th><th>Period Name</th></tr><tr><td>141000</td><td>23,500,000.00</td><td>0.00</td><td>OCT-20_FY-21</td></tr><tr><td>610000</td><td>0.00</td><td>23,500,000.00</td><td>OCT-20_FY-21</td></tr><tr><td>480200</td><td>0.00</td><td>23,500,000.00</td><td>OCT-20_FY-21</td></tr><tr><td>490200</td><td>23,500,000.00</td><td>0.00</td><td>OCT-20_FY-21</td></tr><tr><td>570000</td><td>23,500,000.00</td><td>0.00</td><td>OCT-20_FY-21</td></tr><tr><td>310700</td><td>0.00</td><td>23,500,000.00</td><td>OCT-20_FY-21</td></tr></table> <p>2) Entry to Record Actual September 2020 Expenses. Treasury Code B604</p> <table><tr><th>SGL</th><th>Entered Dr</th><th>Entered Cr</th><th>Period Name</th></tr><tr><td>610000</td><td>22,514,013.00</td><td>0.00</td><td>OCT-20_FY-21</td></tr><tr><td>140000</td><td>0.00</td><td>22,514,013.00</td><td>OCT-20_FY-21</td></tr><tr><td>490200</td><td>0.00</td><td>22,514,013.00</td><td>OCT-20_FY-21</td></tr><tr><td>480200</td><td>22,514,013.00</td><td>0.00</td><td>OCT-20_FY-21</td></tr></table>	SGL	Entered Dr	Entered Cr		141000	50,000,000.00	0.00		101000	0.00	50,000,000.00		461000	50,000,000.00	0.00		480200	0.00	50,000,000.00		SGL	Entered Dr	Entered Cr	Period Name	610000	23,500,000.00	0.00	SEP-20_FY-20	140000	0.00	23,500,000.00	SEP-20_FY-20	490200	0.00	23,500,000.00	SEP-20_FY-20	480200	23,500,000.00	0.00	SEP-20_FY-20	310700	23,500,000.00	0.00	SEP-20_FY-20	570000	0.00	23,500,000.00	SEP-20_FY-20	SGL	Entered Dr	Entered Cr	Period Name	141000	23,500,000.00	0.00	OCT-20_FY-21	610000	0.00	23,500,000.00	OCT-20_FY-21	480200	0.00	23,500,000.00	OCT-20_FY-21	490200	23,500,000.00	0.00	OCT-20_FY-21	570000	23,500,000.00	0.00	OCT-20_FY-21	310700	0.00	23,500,000.00	OCT-20_FY-21	SGL	Entered Dr	Entered Cr	Period Name	610000	22,514,013.00	0.00	OCT-20_FY-21	140000	0.00	22,514,013.00	OCT-20_FY-21	490200	0.00	22,514,013.00	OCT-20_FY-21	480200	22,514,013.00	0.00	OCT-20_FY-21	
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480200	23,500,000.00	0.00	SEP-20_FY-20																																																																																																	
310700	23,500,000.00	0.00	SEP-20_FY-20																																																																																																	
570000	0.00	23,500,000.00	SEP-20_FY-20																																																																																																	
SGL	Entered Dr	Entered Cr	Period Name																																																																																																	
141000	23,500,000.00	0.00	OCT-20_FY-21																																																																																																	
610000	0.00	23,500,000.00	OCT-20_FY-21																																																																																																	
480200	0.00	23,500,000.00	OCT-20_FY-21																																																																																																	
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480200	22,514,013.00	0.00	OCT-20_FY-21																																																																																																	
6	AGA-FMSB	1.1 NA 1.2 NA	<p>1.1 We think the federal GAAP hierarchy could be simplified and improved similar to GASB 76, as mentioned in the Invitation to Comment paragraph 3.</p> <p>We therefore suggest the Board consider two levels of authoritative GAAP as follows:</p> <p>a. FASAB Statements of Federal Financial Accounting Standards, FASAB Interpretations of Standards, and FASAB Technical Bulletins (currently level A and B).</p> <p>We think these sources are authoritative and should be treated with equal weight as the highest level of GAAP.</p>	<p>Simplify like GASB 76.</p> <																																																																																																

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

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			<p>b. Technical Releases of the Accounting and Auditing Policy Committee of the FASAB and Implementation Guides published by the FASAB staff (currently level C and D).</p> <p>In practice, we find these sources to be important for interpreting and implementing standards. We think these sources are both authoritative and should be treated with equal weight. We view these sources as authoritative due to (a) their intended purpose, (b) inclusion in the FASAB Handbook of Federal Accounting Standards and Other Pronouncements, and (c) their issuance under the oversight and authority of the FASAB. However, we think these sources should be a lower level of the hierarchy due to (a) their role in providing implementation guidance and clarification for existing standards, rather than establishing new guidance and (b) being attributed to a committee or staff rather than the Board.</p> <p>Currently, level B includes AICPA Audit and Accounting Guides specifically cleared by the FASAB, and further defines “specifically cleared” as meaning the FASAB does not object to the pronouncement’s issuance. We suggest removing this source from the hierarchy. We are not aware of any such AICPA Audit and Accounting Guides, or how a person could conclusively determine whether or not there is any such applicable guidance, or where to look to determine whether the FASAB has objected to them or not. Moreover, the intended purpose of AICPA audit guides is to provide audit guidance - not financial reporting guidance. And finally, AICPA audit guides represent a private source of guidance that can only be accessed for a subscription fee. We strongly believe that generally accepted accounting principles for federal reporting entities</p>	Remove AICPA Audit and Accounting Guides from the hierarchy.

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

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			<p>should be publicly available, for free, and located all in one place. If there's something in the AICPA audit guides that the Board considers necessary for federal general purpose financial reporting, then we think the FASAB should simply incorporate it into its own standards.</p> <p>1.2 We have not observed much use of the hierarchy in practice. Instead, we sometimes observe that not enough attention is paid to technical bulletins, technical releases and implementation guidance.</p> <p>We also observe that the Other Accounting Literature category specified in SFFAS 34 paragraph 8 is largely disregarded. For example, reporting for investments when the entity is unable to hold investments to maturity and has to sell them effective October 1 of the subsequent year. Or reporting for barter transactions, which can go unaccounted for. We believe this reflects the difficulty of applying this vague category and the need to incorporate any relevant matters into authoritative standards.</p> <p>Furthermore, we observe occasional difficulties when there is a perceived or actual difference between FASAB guidance and OMB or Treasury guidance. For example, if an agency uses USSGL titles for financial statement line item captions even when these may not be entirely appropriate for general purpose financial reporting, or if there is a difference between accounting for budgetary purposes and accounting to support historical financial reporting.</p> <p>Given the importance and prominence of OMB and Department of Treasury administrative directives and guidance (such as Circular A-136</p>	<p>Observations:</p> <ul style="list-style-type: none"> -not enough attention is paid to technical bulletins, technical releases and implementation guidance -Other Accounting Literature category is largely disregarded -perceived or actual difference between FASAB guidance and OMB or Treasury guidance <p>Address administrative directives and clarify the role</p>

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

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			<p>and the Treasury Financial Manual, including the United States Standard General Ledger), we think it is necessary to directly address and clarify the role of this guidance in the GAAP hierarchy. Many of our members felt that it would be best for the hierarchy to be parallel with GASB's version - with FASAB sources identified as authoritative and OMB and Treasury guidance identified as nonauthoritative for purposes of defining GAAP for general purpose financial reporting. These members emphasized the need for one clear source of authority for GAAP. However, other members were uncomfortable with the "non-authoritative" label, given that this guidance is rooted in legal authority. For example, legal authority for OMB to specify the form and content of agency financial statements is described in the footnote to SFFAC Concepts 2, paragraph 29.</p> <p>In any case, our group was unanimous in believing that in the federal environment (in contrast with FASB and GASB, which contemplate a wide variety of entities and industries), there is an opportunity to be much more precise regarding "practices that are widely recognized and prevalent" by defining this as OMB and Department of Treasury guidance, rather than referring to accounting textbooks, etc.</p>	<p>of this guidance in the GAAP hierarchy.</p> <p>Provide guidance on the hierarchy of administrative directives.</p>
7	GWSCPA-FISC	<p>1.1 NA</p> <p>1.2 NA</p>	As recognized by the Board, the Office of Management and Budget (OMB) prescribes the form and content of covered executive agency financial statements under title 31, U.S. Code, section 3515 through issuance of Bulletins and Circulars, including Circular A-136, <i>Financial Reporting Requirements</i> (Circular A-136). However, it is not clear in the Statement of Federal Financial Accounting Standards (SFFAS) No. 34, <i>The Hierarchy of Generally Accepted Accounting Principles</i> ,	Clarify which level of GAAP hierarchy Circular A-136 falls under.

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

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			<i>Including the Application of Standards Issued by the Financial Accounting Standards Board (SFFAS 34) which level of Generally Accepted Accounting Principles (GAAP) hierarchy Circular A-136 falls under. This could lead to inconsistency in application by preparers of executive agency financial statements. The FISC recommends that the Board amends SFFAS 34 to address Circular A-136. The FISC also recommends that the Board consider simplifying the hierarchy into 'authoritative' and 'non-authoritative' to improve the usefulness of financial statement information and consistent with the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).</i>	Simplify the hierarchy into 'authoritative' and 'non-authoritative'.
8	USDA	NA		
9	DOD	1.1 Agree 1.2 Agree	<p>1.1 DoD has experienced challenges in cases where SFFAS 34 does not provide guidance on the hierarchy of administrative directives such as OMB circulars and the US Treasury Financial Manual (TFM). If FASAB is unable to issue guidance on the hierarchy of administrative directives in general, covering at least OMB circulars and TFM specifically would help remove many opportunities for interpretation and disagreements between entities and their auditors.</p> <p>When FASAB guidance is absent on a topic, it would be helpful to identify the expected order of precedence of other available guidance in an accountant's assessment. Additionally, there is a lack of clarity created by inclusion of Interpretations in Category (a) alongside SFFAS. This inclusion seemingly elevates Interpretations to the same level as the SFFAS themselves, which many in practice would argue are not as authoritative. For example, in the absence of FASAB guidance, is one expected to look for guidance from OMB, then Treasury, then FASB/AICPA GAAP? If OMB and Treasury are silent, is FASB/AICPA</p>	<p>Provide guidance on the hierarchy of administrative directives.</p> <p>Provide expected order of precedence of other available guidance.</p> <p>Interpretations in Category (a) results in lack of clarity.</p>

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			GAAP the default expectation? In addition, if an OMB directive is listed as authoritative, does it take precedence over non-authoritative FASAB guidance?	
			1.2 Clarifying authoritative vs. non-authoritative guidance is vital to ensure preparers and auditors are clear on what is mandatory vs. what is a preference when evaluating transactions and financial statement compliance with GAAP.	Clarify authoritative vs. non-authoritative guidance.
			Given the breadth of activities and historical practices in the federal government, there could be several different methods that are "widely recognized and prevalent" which could lead to a lack of standardization and clarity.	"Widely recognized and prevalent" leads to a lack of standardization and clarity.
			DoD has encountered inconsistent interpretations of the relevance or weight of the TFM and OMB circulars across the audit community and other stakeholders. For example, in one instance, DoD auditors stated it is more appropriate to follow recognition principles in SFFAS 1, rather than follow OMB circular guidance which states that the published AFR (Agency Financial Report) must be based on the trial balance submitted to OMB through GTAS (Governmentwide Treasury Account Symbol Adjusted Trial Balance System). This ambiguity led to the interpretation that adjustments to AFR that occur too late to be submitted to OMB, but prior to November 15, are acceptable under the GAAP hierarchy.	Inconsistent interpretations of the relevance or weight of the TFM and OMB circulars.
			Other DoD components experienced situations where management has utilized SFFAS to evaluate and report financial transactions, while the auditors insisted on utilizing the TFM, leading to disagreement and impacting the audit opinion.	Develop guidance on the hierarchy of administrative directives.

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			DoD strongly suggests that FASAB develop guidance on the hierarchy of administrative directives such as OMB circulars and TFM.	
10	KPMG	1.1 NA 1.2 NA	<p>We recognize the importance of consistency in the application of accounting principles and believe it is important that the Board reexamine SFFAS 34 to consider where improvements could be made. We encourage the Board to revisit the need for four levels of the GAAP hierarchy and evaluate whether simplifying the hierarchy into 'authoritative' and 'nonauthoritative', as used by the FASB and GASB, would reduce complexity and diversity in practice. In addition, we believe simplification would facilitate transition to a codification of the accounting literature in the future. We emphasize the need for the level of authority to be based on the rigor of due process. If the Board instead decides to maintain the extant hierarchy, we suggest the Board eliminate "practices that are widely recognized and prevalent in the federal government" from Level D of the GAAP hierarchy. Currently, such practices do not go through the necessary due process and set measurement criteria do not exist to identify when a practice is considered widely recognized and prevalent. Consequently, there is diversity in the views of preparers and auditors about which practices are part of the extant hierarchy.</p> <p>OMB historically publishes an annual update to its Circular No. A-136, <i>Financial Reporting Requirements</i> (OMB A-136) as part of its responsibilities for prescribing the form and content of financial statements of executive agencies under 31 U.S. Code §3515, <i>Financial statements of agencies</i>. We recognize that the Board defers to OMB for form and content of financial statements as stated in Statement of Federal Financial Accounting Concepts (SFFAC) 2, <i>Entity and Display</i>. We suggest the Board collaborate with OMB to incorporate the form and content requirements of OMB A-136 into the accounting standards, following the necessary due process. Centralization of all accounting and form and</p>	<p>Evaluate whether simplifying the hierarchy into 'authoritative' and 'nonauthoritative' would reduce complexity and diversity in practice.</p> <p>Suggest the Board eliminate "practices that are widely recognized and prevalent in the federal government" from the GAAP hierarchy.</p> <p>Collaborate with OMB to incorporate A-136 into the accounting standards.</p>

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

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			content guidance would facilitate ease of use by preparers and auditors, and improve the clarity of the guidance.	
11	Deloitte & Touche	1.1 Agree 1.2 Disagree	1.1 Explanation: SFFAS 34 is clear in establishing the hierarchy that federal agencies should follow in applying accounting principles.	-
12	VA Society of CPAs	1.1 Agree 1.2 Agree	<p>1.1 In general, SFFAS 34 is sufficiently clear for selecting the principles for the preparation of general purpose financial statements. However, it would be helpful to know how many and which types of federal entities have been permitted to follow FASB instead of FASAB.</p> <p>1.2 Our experience is primarily related to the Department of Defense. As you know, the DoD has been unable to issue general purpose financial statements with an unqualified opinion from independent accountants or the Office of the Inspector General. Since fiscal year 2018 and through 2022 the DoD has received a disclaimer of opinion and between 20 and 28 material weaknesses each year.</p> <p>The financial reporting issues relating to beginning balances for inventory, fixed assets, and related liabilities, expenses, revenues continue to impact this situation (GAO-23-105784 highlights of report to congressional committees). It would be useful to the general public and to Congress its oversight responsibilities to work with the DoD to resolve any of the financial reporting requirements unique to the DoD and to close those gaps.</p>	Assist the DoD to resolve any of the financial reporting requirements.

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
13	RRB	NA	Railroad Retirement Board doesn't have any comments.	-
14	Ernst & Young	1.1 Agree 1.2 Disagree	<p>1.1 We generally agree that SFFAS 34 clearly explains the federal GAAP hierarchy. However, we believe there are several areas that the Board should clarify or update.</p> <p>We agree with the Board's interest, stated in paragraph 6 of the Invitation to Comment, in clarifying how administrative directives should be considered in the hierarchy and clarifying the phrase "practices that are widely recognized and prevalent in the federal government."</p> <p>Administrative directives, such as guidance from the Office of Management and Budget (OMB) and the Department of the Treasury, are widely used by federal entities. We recommend that the Board incorporate these directives directly into the GAAP hierarchy to prevent any confusion or diversity in practice.</p> <p>We also agree with the Board that clarifying SFFAS 34 paragraph 5(d) would be beneficial. This paragraph includes the phrase "practices that are widely recognized and prevalent in the federal government," which is vague and could allow for many interpretations. We believe the Board should clarify what guidance is authoritative. The inclusion of industry practices in the hierarchy of authoritative literature is a departure from Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) practices. We also recommend the Board revisit the definition of "Other Accounting Literature" as defined in SFFAS 34 paragraph 8 and clarify what would be authoritative sources of accounting guidance.</p>	<p>Clarify how administrative directives should be considered in the hierarchy and clarifying the phrase "practices that are widely recognized and prevalent in the federal government."</p> <p>Clarify what guidance is authoritative & incorporate these directives directly into the GAAP hierarchy.</p> <p>Inclusion of industry practices in the hierarchy is a departure from FASB.</p> <p>Revisit the definition of "Other Accounting Literature" and clarify what would be authoritative sources of accounting guidance.</p>

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			<p>1.2 We generally do not experience challenges in applying and using the federal GAAP hierarchy in SFFAS 34, other than those noted in our response to Question 1.1 above. However, we believe there is confusing or contradictory language in some of the FASAB's publications. For example, in Federal Financial Accounting and Auditing Technical Release 2, the summary states:</p> <p>“Agencies that must deal with environmental contamination should first refer to the hierarchy of accounting standards contained in the current Office of Management and Budget (OMB) Bulletin on “Form and Content of Agency Financial Statements” for guidance. Standards issued by Government Accountability Office (GAO) and OMB have precedence over other authoritative guidance for federal entities. This technical release supplements the relevant federal standards, but is not a substitute for and does not take precedence over the standards.”</p> <p>The reference to the OMB hierarchy above could result in confusion, and, therefore, we recommend that the Board consider removing this reference.</p> <p>We have also noted contradictions in other guidance in the hierarchy that could result in confusion. For instance, the guidance for government corporations provided in paragraphs 9 through 12 of SFFAS 34 may contradict the CFO Act and Title 31, Chapter 91 of US Code, Subsection 9106. A government corporation named in Subsection 9101 is required, as stated in Subsection 9106, to report a statement of cash flows in its Annual Management Report, as well as other statements typical of FASB reporters. However, SFFAS 34 requires federal entities to apply FASAB standards except in certain circumstances. This inconsistency in requirements can make it challenging to apply the accounting guidance and laws appropriately. We recommend the Board consider incorporating</p>	<p>Contradictory language in some of FASAB's publications.</p> <p>Consider incorporating relevant laws and regulations into the hierarchy.</p>

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			relevant laws and regulations into the hierarchy in SFFAS 34 and make sure there is consistency between the accounting standards and laws.	
15	DHS	1.1 Agree 1.2 Disagree	1.1 DHS agrees that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting. 1.2 DHS has not experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues.	-
16	Treasury	1.1 Strongly Agree 1.2 Neither Agree nor Disagree	1.1 Treasury believes that the SFFAS 34 standard adequately explains the federal GAAP hierarchy. 1.2 NA	-
17	HHS	1.1 Agree 1.2 Neither Agree nor Disagree	1.1 HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. As currently presented, SFFAS 34 aligns with appropriate principles and guidance and can be reliably consulted as various accounting and reporting scenarios arise. 1.2 HHS generally supports that the federal GAAP hierarchy presented in SFFAS 34 is a reliable source to resolve accounting and/or reporting discrepancies. HHS is unaware of any challenges directly relating to the inconsistent application of SFFAS 34 or examples where SFFAS	-

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			34 guidance lacks transparency. With this in mind, HHS also recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies	
18	DOI	1.1 Agree 1.2 Disagree	<p>1.2 The timing of SFFAS and Technical Bulletins/Releases should be at the same time, to include OMB and Treasury guidance. The OMB and Treasury guidance should include proposed changes to circulars (OMB) and Treasury (posting models, guidance, reporting system changes, ie – CARS, GTAS, etc). Agencies need time to implement all of the above factors, which in most cases includes updates to accounting systems, internal guidance/standard operating procedures, etc.</p> <p>SFFAS 34 clearly explains the FASAB hierarchy. If FASAB guidance is silent, the administrative directives usually address the issue. There have not been discrepancies between FASAB guidance and the administrative directives nor among the various administrative directives. Do not need to clarify authoritative vs non-authoritative guidance. Practices that are widely recognized and prevalent in the federal government is somewhat unclear, but it allows agencies to adopt common practices and guidance for further consistencies (e.g., Reclamation, Western Area Power Administration, Bonneville Power Administration and US Army Corps of Engineers jointly publish a “Replacements” book to identify units of property vs maintenance, useful lives, etc. on complex property with multiple components such as dams and powerplants.)</p>	<p>Timing of pronouncements to include OMB and Treasury guidance.</p> <p>Practices that are widely recognized and prevalent in the federal government is somewhat unclear, but it allows agencies to adopt common practices and guidance for further consistencies.</p>
19	DOJ	NA		-

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20	DOC	1.1 Agree 1.2 Disagree	1.1 The Department agrees that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting. 1.2 The Department believes that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.	-
21	NASA	1.1 Agree 1.2 Disagree	NASA doesn't have any specific updates or concerns with the GAAP hierarchy.	-
22	Fiscal Service	1.1 Disagree 1.2 Neither Agree nor Disagree	Gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards. – See response to SFFAS 34 recommendations for re-examination.	Gray areas exist.
23	DOL	1.1 Disagree 1.2 Agree	1.1 Agree with respect to Levels A—C; disagree with respect to Level D for “practices that are widely recognized and prevalent in the federal government.” 1.2 Level D for “practices that are widely recognized and prevalent in the federal government” is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:	Disagree with respect to Level D for “practices that are widely recognized and prevalent in the federal government.” Level D for “practices that are widely recognized and

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			<p>The FY 2022 A-136, Page 17, states:</p> <p>Accounting principles included in requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:</p> <ul style="list-style-type: none"> • Budgetary reporting requirements, including disclosures, • Note 38: Reclassification of Financial Statement Line Items, • Non-Federal investments reporting requirements, including valuation and disclosures, and; • Commitments. <p>Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.</p> <p>FY 2023 A-136, Page 18, states:</p> <p>Lastly, the following is not a GAAP reporting requirement, but is necessary for the preparation of the Financial Report:</p> <ul style="list-style-type: none"> • Note 37: Reclassification of Financial Statement Line Items. <p>Refer to the green highlighting. In FY 2022, DOL's Note 24 (Reclassification of FS Line Items for Financial Report Compilation Process) was part of Level D GAAP; but, in FY 2023, DOL's Note 24 is not part of Level D GAAP. This is inconsistent.</p>	<p>prevalent in the federal government" is inconsistent.</p>

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Refer to the yellow highlighting. In FY 2022, DOL's Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.</p> <p>Level D for "practices that are widely recognized and prevalent in the federal government" is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:</p> <p>The FY 2022 A-136, Page 17, states:</p> <p>Accounting principles included in requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:</p> <ul style="list-style-type: none"> • Budgetary reporting requirements, including disclosures, • Note 38: Reclassification of Financial Statement Line Items, • Non-Federal investments reporting requirements, including valuation and disclosures, and; • Commitments. <p>Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.</p> <p>FY 2023 A-136, Page 18, states:</p>	

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Lastly, the following is not a GAAP reporting requirement, but is necessary for the preparation of the Financial Report:</p> <ul style="list-style-type: none"> • Note 37: Reclassification of Financial Statement Line Items. <p>Refer to the green highlighting. In FY 2022, DOL's Note 24 (Reclassification of FS Line Items for Financial Report Compilation Process) was part of Level D GAAP; but, in FY 2023, DOL's Note 24 is not part of Level D GAAP. This is inconsistent.</p> <p>Refer to the yellow highlighting. In FY 2022, DOL's Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.</p>	
24	DOE	<p>1.1 Neither Agree nor Disagree</p> <p>1.2 Neither Agree nor Disagree</p>	<p>1.1 DOE suggests that other accounting literature, as described in paragraph 8, be included in the primary hierarchy listed in paragraph 5 as subparagraph 5(e). This will help clarify other accounting literature can be utilized when FASAB guidance does not address a particular accounting scenario. For example, DOE utilizes FASB standards for reporting the assets and liabilities associated with private-sector pension and benefits plans that are included as DOE assets and liabilities for the purposes of financial reporting.</p> <p>1.2 See response to question 1.1 regarding the explicit integration of other accounting literature into the hierarchy.</p>	Other accounting literature should be included in the hierarchy.

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
25	Truth in Accounting	NA	<p>A GENERAL COMMENT ABOUT FASAB GAAP</p> <p>Truth in Accounting questions the validity of FASAB GAAP.</p> <p>On October 19, 1999, AICPA Council designated FASAB as the body which sets GAAP for Federal government entities under Rule 203 of the AICPA's Code of Professional Conduct. The council's decision worried some observers. Among them were Manuel Johnson, chair of the Financial Accounting Foundation, and the heads of the other two GAAP standard setting bodies; Edmund L. Jenkins, chair of the Financial Accounting Standards Board (FASB); and Tom Allen, chair of the Government Accounting Standards Board (GASB). They objected to the fact that FASAB contains several members who clearly lack independence. Jenkins stated, "The Treasury is subject to the standards promulgated by FASAB, yet it has veto power over those same standards." He added that the Treasury, the GAO or the OMB can unilaterally terminate FASAB's authority with 120 days notice. "Where is the independence under this veto power and termination arrangement?" he asked. Some objections were made that if the standards generated by the non-independent FASAB were considered GAAP, then the stature and credibility of all GAAP would be in jeopardy.</p> <p>Government officials use the GAAP recognition as evidence of the credibility of government accounting practices. OMB noted in its Analytical Perspectives of 2004 Budget that, "Under Generally Accepted Accounting Principles (GAAP), Social Security is not considered to be a liability, so not counting it as such in this chapter is consistent with proper accounting standards." When answering the question "Why can't the government keep a proper set of books?" OMB asserted, "The federal government</p>	Questions regarding FASAB's independence.

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>does follow generally accepted principles (GAAP) just as businesses and state and local governments do for their activities.”</p> <p>In a Journal of Government Financial Management piece titled "Can the Federal Accounting Standards Advisory Board Be More Independent?", Former FASAB chair David Mosso and former FASAB member James Patton questioned the FASAB's ability to set independent standards. Their article concluded:</p> <p>Unless changes are made to make FASAB more independent, the federal government should not continue to assert that FASAB is independent in the AICPA sense. If FASAB is not going to be a more independent body, perhaps it would be better to save the government some money and revert to federal government employees setting federal reporting standards as they see fit. Or, if nonfederal board members are to be retained as advisers, it would be appropriate to explicitly acknowledge that their role is strictly advisory, and that the board is not an independent standards-setter. This would be equivalent to reverting to FASAB's standing in its first 10 years of operation.</p> <p>As mentioned in the cover letter to this document, Truth in Accounting questions the independence of FASAB and believes that FASAB should not be a designated GAAP standard setting body.</p>	
25	GAO	NA	1.1 We believe that Statement of Federal Financial Accounting Standards (SFFAS) 34 clearly and sufficiently explains the federal generally accepted accounting principles (GAAP) hierarchy and its application to federal accounting and reporting.	

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

KEY: Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree, NA (unspecified agreement or no answer)

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			1.2 We have not experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34, including applying administrative directives from the Office of Management and Budget (OMB) and the Department of the Treasury, to resolve accounting and reporting issues.	

Question 2 in ITC provided the 23 reexamination topic areas, so staff has developed summaries by topic area. Question 2 is provided below, the header box on the schedules provides the specific topic area and related pronouncements.

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Table of Responses and Staff Notes
Question 2-Topic 1

TOPIC #1				
SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FWBT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	To assist federal agencies with reporting and disclosure requirements, FASAB Board should provide or discuss scenarios when the agency's FWBT does not balance with Treasury.	Provide guidance on FWBT reconciliation.
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	Medium Priority	Medium – intragovernmental balances remain a common and significant challenge in financial reporting. While Technical Bulletin 2020-1 clarifies that SFFAS 1 applies to both intragovernmental and nonfederal receivables, it would be helpful and appropriate to have expanded prescriptive guidance for intragovernmental balances.	Expand guidance for intragovernmental balances.
7	GWSCPA-FISC	NA	The FISC recognizes that Federal entities refer to standards issued by the FASB and GASB for accounting and reporting of transactions or events not addressed by the FASAB standards, such as investments in assets other than Treasury securities, crypto assets, and derivatives. The FISC recommends that the Board consider whether reporting of such information in accordance	Provide guidance on investments in assets other

TOPIC #1				
SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			with the FASB and GASB achieves the objectives of Federal financial reporting or FASAB standards need to be updated to address these topics.	than Treasury securities, crypto assets, and derivatives.
8	USDA	NA		
9	DOD	Medium Priority	DoD components indicated that accounting for contingent assets and associated gains is not covered in SFFAS 1. Components also indicated they would benefit from increased clarity on guidance for loss allowance for intragovernmental receivables as these accounts are material to their financial statements.	Provide guidance on contingent assets and associated gains. Clarify guidance for loss allowance for intragovernmental receivables.
10	KPMG	NA	Investments in other than Treasury securities As the role of Federal entities has evolved in the past several years to respond to significant economic events and the pandemic, there has been an increase in investments reported on entities' balance sheets. However, extant standards do not address the accounting for such investments – SFFAS 1 only addresses investments in Treasury securities. We understand that Federal entities use the hierarchy in SFFAS 34 to recognize and report such investments and, in practice, entities elect to follow FASB standards. However, we believe the Board could improve SFFAS 1 to provide guidance that meets the specific needs of the users on accounting and reporting for investments in other than Treasury securities.	Provide guidance on investments in other than Treasury securities.
11	Deloitte & Touche	High Priority	(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met (2) Potential Improvement:	Provide guidance on FWBT reconciliation.

TOPIC #1				
SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			Clarifying the standards (including addressing areas where the standards are difficult to apply Explanation: Paragraph 39; does not address investigating and supporting differences in Fund Balance with Treasury (FBWT). Providing additional guidance may direct agencies as to how to adequately support differences particularly in preparation for external audits where a lack of support has sometimes resulted in a material weakness.	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	High Priority	Technical Bulletin 2020-1: Loss Allowance for Intragovernmental Receivables states that it clarifies existing standards regarding accounts receivable and related recognition standards and reporting, and includes references to paragraphs 40-52 of SFFAS No. 1, Accounting for Selected Assets and Liabilities. FASAB should consider further clarifying whether this Technical Bulletin also applies to Loans Receivable; specifically, whether Intra-governmental Loans Receivable should be subject to the same allowance measurement and recognition criteria as Intra-governmental Accounts Receivable.	Provide guidance & clarify Intra-governmental Loans Receivable and loss allowance.

TOPIC #1				
SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
17	HHS	Medium Priority	FBwT and Intragovernmental Receivables tend to be material accounts. As such, both are areas that could benefit from further clarification. The proposed changes and expanded non-federal non-entity FBwT definition will help alleviate/avoid future misunderstanding, allowing agencies to more clearly classify and consistently present FBwT and Intragovernmental Receivable activity.	Provide guidance on FWBT reconciliation.
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 1	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Medium Priority	From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.	
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	Low Priority	-

TOPIC #1				
SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
25	Truth in Accounting	NA		-
25	GAO	Low	The Federal Accounting Standards Advisory Board (FASAB) should consider whether updates are needed to reflect the current environment. For example, FASAB may revisit the discussion of “other current liabilities” and the definition of “intragovernmental.” We also note that SFFAS 1 lacks guidance for nonfederal investments. However, we believe that current OMB guidance referring to relevant standards issued by the Financial Accounting Standards Board adequately addresses this area. Accordingly, we do not believe FASAB needs to address this relatively complex area.	Revisit Other Current Liabilities. Definition of intragovernmental. Lack guidance on Nonfederal Investments.

Table of Responses and Staff Notes
Question 2-Topic 2

TOPIC #2				
SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19				
Ref Number	Respondent	Agreement type	Response	Staff Notes/ Identification of issues
1	Karen Opie-Toler	NA		-

TOPIC #2 SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19				
Ref Number	Respondent	Agreement type	Response	Staff Notes/ Identification of issues
2	VA	High Priority	The standard can be expanded to provide guidance on the disclosure requirements for Credit Reform. The current guidance is complex and should be simplified.	Provide guidance on disclosure requirements for Credit Reform.
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	Medium Priority	Medium – many federal agencies are subject to Credit Reform accounting, but do not appear to be consistent in how they develop their cash flow models. We think it would be helpful for FASAB to reexamine its guidance and to work with OMB and Treasury to ensure guidance is properly and clearly aligned between these three sources.	Inconsistent cash flow models. Align guidance.
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA	We do not have concerns about the auditability of the extant standards for recognizing direct loans and loan guarantees; however, given this is a	Improve clarity and readability of the standard by streamlining. <i>See staff</i>

TOPIC #2 SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19				
Ref Number	Respondent	Agreement type	Response	Staff Notes/ Identification of issues
			<p>complex accounting area, improvement could be made by consolidating the guidance into a single standard.</p> <p>The guidance in SFFAS 2 alternates between types of accounting transactions to include pre-1992 and post-1991, as well as direct loans and loan guarantees. For example, paragraphs 24-29 of SFFAS 2 address post-1991 direct loans and loan guarantees, whereas paragraphs 45-48 subsequently address both pre-1992 and post-1991 loans. For clarity and to improve the readability of the standard, we suggest the Board reorganize the standard into a combination of higher-level and lower-level categories – such as higher-level categories of pre-1992 direct loans, post-1991 direct loans, pre-1992 loan guarantees, and post-1991 loan guarantees, further disaggregated into lower-level categories of initial recognition and measurement, as well as subsequent recognition and measurement.</p> <p>In addition, we believe the Board should address overlaps in guidance between the standards for direct loans and loan guarantees and the requirements of OMB A-11, Preparation, Submission and Execution of the Budget. The standards prescribe that an entity develops a factor (e.g. a data element or assumption) for the estimate of allowance for subsidy costs. In practice, OMB requires entities to use the Credit Subsidy Calculator, which includes this pre-determined factor.</p>	<p><i>discussion of this in Common Themes.</i></p> <p>Overlaps in guidance between the standards and the requirements of OMB A-11.</p>
11	Deloitte & Touche	Low	(1) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns (2) Potential Improvement: Eliminating or revising unclear requirements	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-

TOPIC #2 SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19				
Ref Number	Respondent	Agreement type	Response	Staff Notes/ Identification of issues
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed (Not material to HHS).	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 2	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	NA		-
22	Fiscal Service	Low		-
23	DOL	NA		-

TOPIC #2 SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19				
Ref Number	Respondent	Agreement type	Response	Staff Notes/ Identification of issues
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Medium Priority	The disclosure requirements in SFFAS 2, as amended, may benefit from FASAB reexamination, considering changes that have occurred since the standard was last updated. For example, “pre-1992” activity has become less relevant and income-driven repayment plans have become an important component of education-related loans.	Disclosure requirements. <i>Staff notes that there was a FASAB Note Disclosure project that was closed in 2021 because it was agreed that it could be addressed through the Reexamination project.</i>

Table of Responses and Staff Notes

Question 2-Topic 3**TOPIC #3**

SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48
Interpretation 7, Items Held for Manufacture

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	High Priority	<p>Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met.</p> <p>Subject: Accounting for Impairment of Inventory</p> <p>The SFFASs are currently lacking a federal accounting standard framework for the impairment of inventory or stockpile material. The SFFASs are silent as it relates to impairment outside of general, property, plant, and equipment (GPP&E); goodwill; internal use software, and other similar assets. Research of other applicable standards, to include the Financial Accounting Standards Board (FASB) standards for the public sector, also contained limited information in their publications in accounting for these type of impairments (i.e., FASB Topic 350, Intangibles – Goodwill and Other: Accounting Alternative for Evaluating Triggering Events, and Securities (Accounting Standards Codification (ASC) 320, Debt Security)). As part of this research, the factors below were identified as a potential trigger for an impairment review of inventory and stockpile material:</p> <ul style="list-style-type: none"> • Unsellable inventory – inventory not able or unlikely to be sold (in the open market). • Lack of recoverability – asset value will not likely be recovered in the future (future cash flows less than book value). • Reduced demand – decrease in market demand (adverse change in regulatory, economic, technological environment or general market conditions (geographical, industry or cash flows). • Decline in market value – the asset suffered a significant loss in market value. • Obsolete inventory - material no longer needed due to changes in technology, laws, customs, or operations. 	Accounting for Impairment of Inventory.

TOPIC #3 SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<ul style="list-style-type: none"> Permanent vs. temporary decline – permanent reduction in asset value below the market value not expected to recover vs. temporary decline in asset value, expected to recover. <p>Whether these triggering factors can be used as possible options for impairment is subjective because the Standards do not specifically identify the application of impairment to inventory or stockpile material. The lack of FASAB guidance may impact materiality as it relates to the valuation and reporting of inventory and stockpile material.</p>	
2	VA	Medium Priority	It would be helpful to expand on guidance for disclosure requirements for opening balances and valuation methods.	Disclosure requirements for opening balances and valuation methods.
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA	The FISC recommends that the Board consider whether the non-financial information related to seized and forfeited property, currently included in the notes disclosure to the financial statements, would be more appropriately reported as Required Supplementary Information because of its nature.	Consider whether non-financial information related to seized and forfeited property would be more appropriately reported as RSI.

<p style="text-align: center;">TOPIC #3</p> <p>SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
8	USDA	NA		-
9	DOD	High Priority	<p>DoD components identified multiple areas for improvement of the standard:</p> <ul style="list-style-type: none"> - Across DoD there are multiple weapon systems that have high dollar, complex operating materials and supplies that undergo repair/remanufacture on a regular and recurring basis. For example, aircraft engines, rocket engines, sub-launched ballistic missile, and ground-based interceptors. These assets frequently mimic general equipment in every basis except for being expended upon issuance or use. Missiles that are shot cannot be recovered and rebuilt but in many cases these assets are held long-term and essentially never used outside of test events. Currently, SFFAS 3 and Interpretation 7 do not specifically address if entities should account for these costs as either period costs or capital costs. These repair events perform and 'look' most like capital improvements to general equipment since they increase the useful life and often add additional capability. These assets also carry material balances to the entities. For example, the Navy reports \$10.2 billion in sub-launched ballistic missiles and the MDA reports \$3.9 billion in ground-based interceptors. This is an area that could be reviewed for better clarification. - Department of Defense assets include the construction in progress (CIP) and operating materials and supplies (OM&S) in development (OID). SFFAS 50 does not specifically address the transition from (1) the use of deemed cost as the opening balance for CIP to (2) the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6, par. 26, after an unreserved assertion is made. Similarly, SFFAS 48 does not specifically address the transition from (1) the use of deemed cost as the opening balance for OID to (2) the capitalization of acquisition costs consistent with SFFAS 3, par. 43. DoD believes that once opening balances are established using deemed cost, we should begin using acquisition cost consistent with SFFAS 6, par. 26, and SFFAS 3, par. 43. We have proposed a method we consider consistent with the guidance in SFFAS 50 and 48 to assign a value to such assets, however, 	<p>Clarify accounting for operating materials and supplies that undergo repair/remanufacture on a regular and recurring basis.</p> <p>Clarify operating materials and supplies (OM&S) in development regarding transition from (1) the use of deemed cost as the opening balance for OM&S in development to (2) the subsequent capitalization of acquisition costs consistent with SFFAS 3.</p> <p><i>Staff is currently working on a Technical Inquiry submitted by</i></p>

TOPIC #3

**SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48
 Interpretation 7, Items Held for Manufacture**

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>we are unable to satisfy our IPA as to a specific reference within the existing standards to support our proposed accounting treatment because the relevant standards are silent regarding CIP and OID. We have referred to SFFAS 6, par. 40.g. and h.i and SFFAS 3, par. 26.a.v. to demonstrate that the standards do not require a distinction between deemed cost and acquisition cost once opening balances have been established. However, we have not located explicit guidance on the transition from a deemed cost opening balance for CIP and OID and to the post-opening balance recording of acquisition cost for CIP and OID and the subsequent transfer of completed CIP and OID to another general PP&E or OM&S line item. Our IPA is concerned that there is no specific FASAB standard that allows for the acquisition value of a long-lead time asset (e.g., vessel) to be made up of methods that are in compliance with two different standards. (i.e., partially through an alternative method and partially through historical cost). Please note this issue has also been submitted to FASAB via a Technical Inquiry by the Department of the Navy.</p> <p>- SFFAS 3 defines as follows: “Stockpile materials’ are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. They are not held with the intent of selling in the ordinary course of business.”</p> <p>It is unclear if the first sentence is saying “held for use in national defense” or “held for use in national defense emergencies.” If it’s “held for use in national defense,” then one could argue that the entire Department of Defense is a stockpile. If it’s “held for use in national defense emergencies,” then does it mean that the “users” of the materials are the country/general public or the users are the agency holding the materials?</p> <p>SFFAS 3 further describes the specific exclusions to what classifies as a stockpile: “The following items are specifically excluded from stockpile materials: (1) items that are held by an agency for sale or use in normal operations (see proposed standards for inventory and operating materials and supplies), (2) items that are held for use in the event of an agency’s operating</p>	<p><i>DoD on this topic. While (OM&S) in development is not explicitly addressed in SFFAS 3, as amended by SFFAS 48, staff believes the intent of the Board is clear that once beginning balances are established, GAAP applies.</i></p> <p>Clarify stockpile materials.</p>

TOPIC #3

SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48
Interpretation 7, Items Held for Manufacture

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>emergency or contingency (see proposed standard for operating materials and supplies), and (3) materials acquired to support market prices (see proposed standard for goods held under price support and stabilization programs)."</p> <p>It is unclear if exclusion #2 is specific to what triggers the event (agency vs. national emergency) rather than the population that would use the stockpile? For e.g., one of the DoD components maintains items that would be used specifically by the communities that is their mission to serve (military service members and their families) in times of national emergencies such as a pandemic, but the items would not be used to respond to the national crisis in order to help the general public, as that is CDC, HHS, ASPR etc. responsibility. Therefore, would these items be excluded from stockpile reporting based on exclusion #2? It would be helpful to clarify if stockpile materials are held by the agency in order to be used by the public or they are held by the agency to be used by the agency itself in cases that are outside of the ordinary course of business such as a national health emergency.</p> <p>Other areas that Components identified for clarification or where the standard is difficult to apply are:</p> <ul style="list-style-type: none"> - Clarify definition of "Held in Reserve for Future Use." Clarify the concept of "may be" or "should be" maintained because items are not readily available in the market. In the case of "may be", clarify what other situations may constitute a "Held in Reserve for Future Use" status. - Clarify how "Interpretation 7" affects SFFAS 3 similar to how other "Affected by" items are described in other standards. - Add a definition of cost flow assumption either as a footnote or in the glossary <p>One DoD Component indicated a need for the standard to account for extraordinary items such as the supply chain issues post-COVID.</p>	<p>Clarify "Held in Reserve for Future Use"</p> <p>Clarify how "Interpretation 7" affects SFFAS 3</p> <p>Provide a definition of cost flow assumption.</p> <p>Provide guidance on extraordinary items such as the supply chain issues.</p>

TOPIC #3 SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			Specifically, guidance on partial delivery on manufactured goods, when to account for them, and what is considered a reasonable delay time for recording items impacted by the supply chain.	
10	KPMG	NA		-
11	Deloitte & Touche	Medium Priority	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Medium Priority	Overall, we believe Topic #3 is understandable and clear to apply. However, we recommend the Board consider clarifying criterion 3 in SFFAS 3 paragraph 40, which allows the purchases method of accounting to be applied when it is not cost-beneficial to apply the consumption method. This criterion is very broad and could allow the purchases method to be used in many circumstances when it may not be appropriate to do so. We believe this could lead to diversity in practice in accounting for operating materials and supplies. If it was not the Board's intention in providing this criterion, we encourage the Board to clarify the wording in the standard.	Consider clarifying criterion 3 in SFFAS 3 paragraph 40, which allows the purchases method of accounting to be applied when it is not cost-beneficial to apply the consumption method.
15	DHS	Low	Paragraph 12 contains a reference to the Yellow Book Chapter 3, paragraph 33 that is no longer valid in the current Yellow Book.	Update for current yellow book.

TOPIC #3 SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Medium Priority	HHS believes this is an area of medium priority as inventory and related property accounts/balances are becoming more commonly identified/used for federal entities mission-related purposes.	Inventory and related property accounts/balances are becoming more common for mission.
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 3	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Low	NASA Property: There are no comments and no issues applying the existing guidance	-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-

TOPIC #3 SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
25	Truth in Accounting	NA		-
26	GAO	Low	We acknowledge and support FASAB's current work on a proposal concerning digital assets to clarify certain issues relating cryptocurrency. Otherwise, we have no specific issues to raise.	

Table of Responses and Staff Notes

Question 2- Topic 4

TOPIC #4 SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	One DoD Component noted that this area impacts their financial statement audit and said they would benefit if the standard could further clarify the relationship between cost accounting and financial/budgetary accounting.	Clarify relationship between cost accounting and financial/budgetary accounting.

<div>TOPIC #4</div> <div>SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55</div>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
10	KPMG	NA	We acknowledge the Board's position on the relationship of managerial cost accounting and financial accounting as described in paragraphs 46-48 of SFFAS 4; however, we believe a reexamination of this standard is warranted to give more prominence to the financial accounting standards contained therein (e.g. paragraphs 89 and 105-113A). An alternative is for the Board to issue a separate standard with financial accounting guidance addressing costs. We also suggest the Board streamline SFFAS 4, given the inclusion of the lengthy discussion of managerial cost accounting concepts, which may be more appropriate as a separate Concepts Statement.	Reexamination to give more prominence to the financial accounting standards.
11	Deloitte & Touche	Medium Priority	(1) Potential Improvement: Eliminating or revising unclear requirements (2) Potential Improvement: Streamlining authoritative guidance	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	High Priority	This standard was effective in 1997 which was only seven years after the CFO Act. This standard is aimed at achieving three general objectives: 1) provide program managers with relevant and reliable information relating costs to outputs and activities; 2) provide relevant and reliable cost information to assist the Congress and executives in making decisions about allocating federal resources, authorizing and modifying programs, and evaluating program performance; and 3) ensure consistency between costs	Given the burden on the preparer of this standard, has FASAB conducted outreach- <i>Staff notes that outreach was performed during research for SFFAS 55, Amending Inter-entity Cost Provisions.</i>

TOPIC #4 SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>reported in general purpose financial reports and costs reported to program managers.</p> <p>Given the burden on the preparer of this standard, has FASAB conducted any outreach or research to determine if the Users of Federal Cost Information are using the information that results from the application of this standard? If the users are using the information, have they suggested any modifications to the standard to achieve more relevant cost information?</p>	
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 4	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Low		-
22	Fiscal Service	Low		-
23	DOL	NA		-

TOPIC #4 SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
25	GAO	NA		-

Table of Responses and Staff Notes
Question 2- Topic 5

TOPIC #5 SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense

TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
2	VA	High Priority	<p>Expand on standard to assist agencies on the steps to recognize, measure, and account for liabilities accurately. Within the existing standard, it is recommended to include a section on what agencies should consider when estimating liabilities.</p> <p>It is recommended to remove information on capital leases from SFFAS 5 since it is discussed in depth in SFFAS 54. FASAB can briefly mention capital leases then refer the reader to SFFAS 54.</p>	<p>Provide guidance on liability recognition and estimating liabilities.</p> <p>Remove lease discussion. <i>Staff notes this will be done with the upcoming HB update.</i></p>
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense

TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
9	DOD	Medium Priority	<p>DoD components submitted the following areas for improvement of this standard:</p> <ul style="list-style-type: none"> - The definition of "client" is important to lawyers in responding to audit legal request letters. Some attorneys have a difficult time delineating who their client is in situations where the entity that may be considered the liability source differs from the entity assigned to provide legal counsel (and the cost thereof) and/or ultimate funding of any loss from adjudication. For example, the spills at Red Hill and Camp Lejeune where the cause of the spills may be one entity but the responsibility for cleanup and damages to the community have been assigned to other entities. It may be helpful to expand guidance beyond the Judgement Fund to address any other funding source so that one doesn't have to site a parallel example in the standards vs. a more direct accounting assignment related to liability source regardless of funding source. - The AICPA clarified exchange vs non-exchange transactions for non-profit accounting. Consider adding language similar to ASU-2018-08 clarifying that if the benefit is received by the general public and not the government entity itself, it is a non-exchange transaction. - Many federal agencies are moving to electronic financial interface systems which may warrant a revision of the standard to address the responsibilities and accountability of those Transactions by Others (TBO) and Transaction for Others (TFO). 	<p>Expand guidance beyond the Judgement Fund to address any other funding source. <i>Staff notes the ED for Interpretation 9 addressed contingent liabilities when multiple component reporting entities are involved. During due process, the Board determined that there was no need for guidance in the contingent liability area.</i></p> <p>Consider language similar to ASU-2018-08 (exchange vs non-exchange transactions.)</p> <p>Expand to address Transactions by Others and Transaction for Others.</p>
10	KPMG	NA		-

<p style="text-align: center;">TOPIC #5</p> <p>SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25</p> <p>Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</p> <p>Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense</p> <p>TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</p> <p>TB 2017-1, Intragovernmental Exchange Transactions</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Eliminating or revising unclear requirements	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Medium Priority	<p>Overall, we believe Topic #5 is understandable and clear to apply. However, we recommend the Board clarify the appropriate reporting of environmental liabilities and legal claims when there are multiple parties involved in the responsibility for and/or resolution of the liability.</p> <p>For instance, when the agency that triggered the liability/legal claim isn't the same one that manages the liability/legal claim or funds the liability/legal claim, there can be diversity in practice when determining which entity reports the liability and when the liability is reported. We believe additional guidance on this topic would help reduce that diversity and provide useful information to the users of the financial reports.</p>	<p>Clarify environmental liabilities and legal claims when there are multiple parties involved because there is diversity. <i>Staff notes that Interpretation 9 addresses environmental liabilities when there are multiple parties involved. The ED included contingent liabilities when multiple component reporting entities are involved. During due process, the Board determined that there was no need for guidance in the contingent liability area.</i></p>

<p style="text-align: center;">TOPIC #5</p> <p>SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
15	DHS	High Priority	DHS is seeking clarification on when the recognition of a liability should or should not impact the availability of budgetary resources, depending on the existence (or lack thereof) of a legal obligation per 31 USC 1501. Specifically, DHS is requesting a review of paragraphs 24, 28-34, and 38 taking into consideration natural disasters.	Clarify liability recognition & impact on budgetary resources.
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI has been able to accommodate the requirements of SFFAS 5 with some difficulty and audit scrutiny; in particular the USPP Pension Actuarial Liability processes.	USPP Pension Actuarial Liability
19	DOJ	High Priority	<p>With the conforming amendments published in SFFAS 54 and 60, SFFAS 5 will not include any language related to leases. Without a section or paragraph related to leases, the definition of liability and contingent liability in SFFAS 5 are inconsistent with SFFAS 54 and the lease liabilities required to be recognized under SFFAS 54.</p> <p>SFFAS 5 defines the standards for recognizing liabilities, including contingent liabilities.</p>	<p>Definition of liability and contingent liability in SFFAS 5 are inconsistent with SFFAS 54.</p> <p><i>Staff notes that the matters were brought up and considered under the original SFFAS 54 due process.</i></p>

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense

TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>1. For general liabilities: para 19 – “A liability for federal accounting purposes is a probable future outflow or other sacrifice of resources as a result of past transactions or events. General purpose federal financial reports should recognize probable and measurable future outflows or other sacrifices of resources arising from (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date.”</p> <p>Leases are exchange transactions (SFFAS 5 para 22 - each party to the transaction sacrifices value and receives value in return. There is a two-way flow of resources or of promises to provide resources) as the use of the underlying asset must be compensated with measurable consideration for it to be recognized as a lease in SFFAS 54 (definition of a lease, para 6).</p> <p>SFFAS 5 para 22 states that “In an exchange transaction, a liability is recognized when one party receives goods or services in return for a promise to provide money or other resources in the future.” The inconsistency with SFFAS 54 arises related to measurement of the lease term and lease liability in SFFAS 54, and the requirement in SFFAS 5 that the liability must be based on past events in an exchange transaction. Paragraph 20 of SFFAS 5 states that “The existence of a past event (which includes transactions) is essential for liability recognition. An event is a happening of financial consequence to an entity...An event may also be an external event that involves interaction between an entity and its environment, such as a transaction with another entity.” SFFAS 54 requires the lease term (defined in paragraph 14-16) to include all probable periods, including option periods in the measurement of the lease liability for lessees. Option periods for contracts and agreements are not “past” events as they have not yet been executed – they have no financial consequence to the entity until they are executed. We do not currently</p>	

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense

TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>recognize probable, and measurable liabilities for options periods on standard non-lease procurement contracts under SFFAS 5.</p> <p>2. Contingent liability definition – lease liability measurement related to option periods could be considered a contingent liability of the agency as they are probable and measurable but are contingent on a future event (execution of an option period) to become an obligation and liability of the agency. That being said, the definition of contingent liability in SFFAS 5 does not fit with the recognition of the liability for probable unexercised option periods for leases (or any other procurement contract).</p> <p>SFFAS 5 defines a contingency as “an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity.” (paragraph 35). An option period for a lease or contract is not a possible loss for an entity as if it is executed, it will be an exchange transaction without gain or loss recognition. Contingent liability are also only recognized if a “past event or exchange transaction has occurred” and the contingency is probable and measurable (paragraph 38). With the requirement for a past event or transaction, and the requirement to involve the possible loss to an entity, the definition of contingent liability does not match the recognition criteria of liabilities for option periods for leases in SFFAS 54.</p> <p>3. Footnote 19 states “In the case of government-acknowledged events giving rise to nonexchange or exchange transactions, there must be a formal acceptance of financial responsibility by the federal government, as when the Congress has appropriated or authorized (i.e., through authorization legislation) resources. Furthermore, exchange transactions that arise from government-acknowledged events would be recognized as a liability when goods or services are provided.” This further emphasizes that liabilities result from a formal acceptance of financial responsibility – which has not yet occurred for lease option periods until the option period is exercised. Absent</p>	

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>specific statutory authority, agencies of the Federal government cannot enter a binding contract that exceeds the period of availability of the underlying appropriation unless the contract is for non-severable services or for severable services that do not exceed the period of obligation by more than 12 months under the Federal Acquisition Streamlining Act of 1994 (FASA).</p> <p>FASA was in part addressing the Leiter Supreme Court decision. In <i>Leiter v. United States</i>, 271 U.S. 204 (1926), an agency had entered a long-term lease for office space with 1-year (i.e., fiscal year) funds, but its contract specifically provided that payment for periods after the first year was subject to the availability of future appropriations. The Court held that the lease was binding on the government only for one fiscal year, and it ceased to exist at the end of the fiscal year in which the obligation was incurred. It takes affirmative action to bring the obligation back to life.</p> <p>Absent specific statutory authority to enter a contract in advance of appropriations, the Government does not have a legal liability associated with unexercised options until both an appropriation is enacted and the Government's duly authorized officers affirmatively continue the lease (exercise the option). Until these two events occur no legal liability exists that can be recorded.</p>	
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	High Priority	The standard is clear on what a Contingent Liability is and when it should be recorded. However, the interpretation provides scenarios as to how to handle when a contingent liability is incurred, no longer pending, and paid by Judgment Fund, and when Treasury pays the contingency. The issue is the scenario is referring to how the Agency records the transaction, but it used the	Update and expand Interpretation 2

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			SGL logic for what Treasury would record based on the definition of the Imputed Financing Source account. FASAB/Treasury need to update the SGL logic to show what the federal agencies should post; given that the scenario is related to the agencies. From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.	
22	Fiscal Service	High Priority	<p>1) SFFAS 5 does not specifically address treaties and other international agreements, which establish frameworks that govern cooperative activities with other countries, but leave to the discretion of the parties whether to engage in any such activities. Treaties and International Agreements are not “assigned” to a specific federal reporting entity. Therefore, there is no clear path to determining which entity is responsible for the treaty, associated claim, or any corresponding liability recognition and/or disclosures.</p> <p>2) SFFAS 5 does not address the obligations of safekeeping digital currencies to provide services and the associated risks. FASB issued official guidance (ASU 2023-04) for entities safekeeping cryptocurrency/digital assets to record a liability to reflect their obligation to safeguard the crypto-assets held for its platform users. It does not affect those agencies with the rights to crypto, but those safekeeping/providing custody services for it.</p> <p>A) The ability of an entity’s platform users to obtain future benefits from crypto-assets in digital wallets in which the safekeeping entity holds the cryptographic key information is dependent on the actions of that entity to safeguard those assets, including an increased risk of financial loss. (Technological, Legal, & Regulatory Risks)</p>	<p>Provide guidance on treaties and other international agreements. <i>Staff notes that SFFAS 47 provides that organizations created through treaties or trade agreements where the U.S. role in governing and financing the organizations is not significant generally would not be considered a related party. However, SFFAS 47 provides that judgment will be required to determine whether risks warrant disclosure.</i></p> <p>Provide guidance on obligations of safekeeping digital currencies.</p>

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5

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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>B) Those actions include securing the crypto-assets and the associated cryptographic key information and protecting them from loss, theft, or other misuse.</p> <p>3) During the Board's current "Climate" project, Board Members agreed that climate could serve as a "starting point" for examining observational risks, and other risks could be examined at a later date. Two sponsor-agency Board members advised the Board to exercise caution about considering relevance to GAAP and the broader picture of risk.</p> <p>Fiscal notes that the Terrorism Risk Insurance Program Reauthorization Act of 2019 and the related the Terrorism Risk Insurance Program is disclosed under the "Contingencies" note of the Financial Report of the U.S. Government. Risk reporting in the federal government should be balanced and reference other potential risks (e.g., COVID/pandemic, foreign policy, terrorism, etc.)</p>	<p>Clarify risk reporting in federal government. <i>Staff notes that there was a FASAB "Risk Reporting" project from 2016-2019, but the Board agreed that it would address risk reporting through the MD&A and Note Disclosure projects. The MD&A project has addressed risk reporting by including all risks in proposal #12 d & e of the proposed exposure draft, which is out for a 90-day comment period until December 7, 2023. The Note Disclosure project was closed in 2021 because it was agreed that it could be addressed through the Reexamination project.</i></p>
23	DOL	NA		-
24	DOE	Low	No comment	-

TOPIC #5

SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25

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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
25	Truth in Accounting	NA		-
26	GAO	Medium Priority	<p>We suggest engaging the federal government’s actuarial community to discuss whether changes in FASAB standards would improve the financial reporting of pension, other retirement benefits, and veteran benefits. For example, FASAB might consider whether the Aggregate Entry Age Normal (AEAN) actuarial cost method is the most appropriate method for valuing related liabilities and costs. AEAN includes certain complexities and may limit comparability with the more commonly used Projected Unit Credit method.</p> <p>In addition, it may be helpful to review the guidance for recognition and disclosure of certain pension benefits; other retirement benefits; and veteran benefits, including education and training that have become more significant over time. (Also see related discussion in topic 14 below.)</p> <p>Also, FASAB may consider whether additional disclosure related to pension and other retirement benefits in employer entities is appropriate. While most federal employer entities disclose the key attributes of pension and other retirement benefits provided to their employees, the accounting standards currently do not have a requirement for these entities to make such disclosures.</p>	<p>Consider whether changes in standards would improve financial reporting of pension, other retirement benefits, and veteran benefits.</p> <p>Review the guidance for recognition and disclosure of certain pension benefits; other retirement benefits; and veteran benefits.</p> <p>Consider whether additional disclosures related to pension and other retirement benefits in employer entities is appropriate.</p>

Table of Responses and Staff Notes
Question 2-Topic 6

<p style="text-align: center;">TOPIC #6 SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Medium Priority	This topic is on our radar and should be considered for review after high priority items.	
5	DOT	NA		-

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50
Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6
TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2)
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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
6	AGA-FMSB	High Priority	High – property, plant and equipment is a significant balance for many agencies. To promote more accurate and consistent reporting, it would be helpful if standards were expanded to provide more detailed guidance on how useful life should be determined and when to update this estimate to reflect the current use and condition of assets.	Detailed guidance on useful life, including updates for condition – <i>Staff notes that the Board has not elaborated on useful life in the past. It is a management decision on the manner of GAAP implementation consider their unique circumstances and materiality considerations.</i>
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	High Priority	Property, Plant, and Equipment (PP&E) is a material line item for many DoD components' financial statements as well as the overall DoD financial statements. The components have identified several areas of the standard for revision and/or clarification: - Department of Defense assets include the construction in progress (CIP) and operating materials and supplies (OM&S) in development (OID). SFFAS 50 does not specifically address the transition from (1) the use of deemed cost as the opening balance for CIP to (2) the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6, par. 26, after an unreserved	Provide clarification for Construction in progress (CIP) regarding transition from (1) the use of deemed cost as the opening balance for CIP to (2) the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6.

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SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>assertion is made. Similarly, SFFAS 48 does not specifically address the transition from (1) the use of deemed cost as the opening balance for OID to (2) the capitalization of acquisition costs consistent with SFFAS 3, par. 43. DoD believes that once opening balances are established using deemed cost, we should begin using acquisition cost consistent with SFFAS 6, par. 26, and SFFAS 3, par. 43. We have proposed a method we consider consistent with the guidance in SFFAS 50 and 48 to assign a value to such assets, however, we are unable to satisfy our IPA as to a specific reference within the existing standards to support our proposed accounting treatment because the relevant standards are silent regarding CIP and OID. We have referred to SFFAS 6, par. 40.g. and h.i and SFFAS 3, par. 26.a.v. to demonstrate that the standards do not require a distinction between deemed cost and acquisition cost once opening balances have been established. However, we have not located explicit guidance on the transition from a deemed cost opening balance for CIP and OID and to the post-opening balance recording of acquisition cost for CIP and OID and the subsequent transfer of completed CIP and OID to another general PP&E or OM&S line item. Our IPA is concerned that there is no specific FASAB standard that allows for the acquisition value of a long-lead time asset (e.g., vessel) to be made up of methods that are in compliance with two different standards. (i.e., partially through an alternative method and partially through historical cost). Please note this issue has also been submitted to FASAB via a Technical Inquiry by the Department of the Navy.</p> <p>- Paragraph 13.d.ii (p-8) does not establish guidance to define "reasonable" with enough clarity to appropriately value the estimated historical cost of an asset. In particular, paragraphs 13.d.ii.b and c do not provide sufficient level of detail to determine the value of an initial cost when considering assets that were produced and purchased from overseas/foreign companies. SFFAS 50 does not mention which foreign conversion rate should be used if the Key Supporting Documents (e.g., the purchase invoice) is in foreign currency (i.e.,</p>	<p><i>Staff is currently working on a Technical Inquiry submitted by DoD on this topic. While CIP is not explicitly addressed in SFFAS 6, as amended by SFFAS 50, staff believes the intent of the Board is clear that once beginning balances are established, GAAP applies.</i></p> <p>Establishing opening balances for assets produced and purchased from overseas/foreign companies and currency conversion rate.</p> <p>Clarification on what should be included or excluded in an asset's salvage value.</p>

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50
Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6
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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>if purchase invoice is in foreign currency, should currency conversion rate be used as of the date the asset was purchased or placed-in service).</p> <p>- SFFAS 6 states, "Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage/residual value." It would be helpful if the standard provided further clarification on what should be included or excluded in an asset's salvage value considering that some DoD components do not realize sales proceeds from the transfer/sale of retired assets and only reclaim used parts from retired assets to be refurbished and utilized on other assets in operation.</p> <p>- According to SFFAS 6, if an asset, prior to disposal, no longer provides service in the operations of the entity, it should be recorded at its expected net realizable value. Technical Release 14 further defines net realizable value as "the estimated amount that can be recovered from selling, or any other method of disposing of an item less estimated costs of completion, holding and disposal." Some DoD components reclaim parts of retired aircraft, place them back into inventory, refurbish them, and then use them on other assets. It would be helpful if the standard provided further clarification on what should be included in an asset's net realizable value and if these parts reclamations should be included.</p> <p>- TB 2017-2 states, "Assets may be assigned by a reporting entity to its component reporting entities on a rational and consistent basis." It would be beneficial to clarify if this applies to liabilities as well or only assets be assigned to a component reporting entity.</p> <p>- Throughout SFFAS 6 and other standards, materiality and material changes are mentioned. Statement of Federal Financial Accounting Concepts (SFFAC) 1, as amended through SFFAC 9, provides qualitative considerations for the entity to consider, when determining if a transaction or omission is material to a reasonable user. It would be helpful if the board provided a quantitative</p>	<p>Clarification on what should be included in an asset's net realizable value for assets prior to disposal.</p> <p>Clarification regarding assigning liabilities. <i>Staff notes Interpretation 9, provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset.</i></p> <p>Provide quantitative calculation or considerations for materiality.</p> <p>Environmental Liabilities-- <i>Staff notes that Technical Release 9, Implementation</i></p>

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50

Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6

TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2)

TB 2017-2, Assigning Assets to Component Reporting Entities

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>calculation or considerations, to assist the reporting entity with determining material transactions or omissions.</p> <p>-Technical Release 9 does not appear to address or take into account the issues of funding responsibility vs. liability recognition when considering Environmental Closure and Corrective Actions. Assets owned by one entity may be the responsibility of another entity for the future funding of the closure or future environmental remediation requirements (e.g. on a Navy installation, all capitalized fuel assets are the closure and environmental remediation responsibility of the Defense Logistics Agency (DLA)). If a partial closure or an environmental release occurs, it is the responsibility of DLA to fund this activity, however, due to current standards, the installation that the asset resides upon (i.e. Navy) must account for this property and as such, must also account for the closure liability, as no transfer of the asset occurs. This results in a disconnect associated with future funding requirements and liability recognition. There is no clear guidance associated with how corrective action liabilities should be reported and by whom, if one entity is responsible for the remediation, yet the remediation is occurring on another entity's installation. The guidance is not clear if the liability should follow the funding responsibility.</p>	<p><i>Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land does not pertain to the issue discussed. Staff notes that Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset.</i></p>
10	KPMG	NA		-

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
11	Deloitte & Touche	High Priority	(1) Potential Improvement: Streamlining authoritative guidance (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply Explanation: As the amount of guidance on accounting and reporting for Property, Plant and Equipment (PPE) has continued to increase over the last few years to include standards, interpretations and Technical Bulletins, the Board may consider streamlining and presenting the guidance for PPE in a format that is easier to reference.	Streamline guidance. See <i>staff discussion of this in Common Themes</i> .
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	High Priority	Overall, we believe Topic #6 is understandable and clear to apply. However, we believe the Board should clarify how construction in process (CIP) should be accounted for when an alternative method for establishing opening balances (SFFAS 6 paragraph 40) is applied. The standard currently does not address the subsequent accounting for CIP, and this may result in diversity in practice.	Clarify how construction in process (CIP) should be accounted for when an alternative method for establishing opening balances is applied. <i>Staff is currently working on a Technical Inquiry submitted by DoD on this topic. While CIP is not explicitly addressed in SFFAS 6, as amended by SFFAS 50, staff believes the intent of the Board is clear that once</i>

<p style="text-align: center;">TOPIC #6</p> <p>SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>beginning balances are established, GAAP applies.</i>
15	DHS	Medium Priority	DHS is looking for clarification on when an asset should be considered as placed in service. Should a constructed piece of equipment which is functionally able to perform the intended task, but lacking specific certifications continue to be accounted for as construction in progress (CIP) or be considered as a completed asset that's placed in service? In this scenario, if the constructed equipment is considered to have been placed in service, how would any additional costs (e.g., enhancements) be treated?	Clarification on when an asset should be considered as placed in service.
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Medium Priority	HHS supports the Federal Accounting Standards Advisory Board's (FASAB) proposed reexamination of this topic area. Requirements under Topic #6 should facilitate the consistent reporting of Property, Plant, and Equipment and Cleanup Cost Liabilities among Federal agencies. Additionally, PP&E tends to be a material account for most federal entities, including HHS. HHS recommends that any changes to Topic #6 subject matter areas be made with the intention of aligning FASAB's treatment of Property, Plant, and Equipment and Cleanup Cost Liabilities with other accounting regulatory bodies such as the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB).	PP&E is significant. Align FASAB's treatment with FASB and GASB.
18	DOI	Medium Priority	1) It would be helpful to clarify Paragraph 31, general PP&E transferred from other Federal entities to address various capitalization thresholds. For example, the original entity may have expensed the costs for not meeting their	Clarify SFFAS 6, par. 31 regarding the transfer of PP&E among federal entities

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50
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Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>capitalization threshold, but the PP&E meets the receiving entity's threshold. If the receiving entity uses the fair value at the time transferred, it will cause elimination issues. This would not apply to entities who erroneously expense general PP&E instead of capitalizing.</p> <p>2) Potential Improvement Topic: Recommendation to Revise Asset Recognition: Paragraph 26: For example, the cost of acquiring property, plant, and equipment may include...</p> <p>--fair value of facilities and equipment donated to the government (recommendation that "if known and material" or "if estimable and material" be added – donated value is generally left to the donor for income tax purposes, e.g., when an individual donates to a thrift store a receipt can be given; however, the thrift store does not provide a value for the donated items, the same should be true for donations to federal entities – there isn't any income tax benefit for declaring a value) also see Paragraph 30 "...shall be estimated fair value at the time acquired by the government..."</p> <p>Potential Improvement Topic: Filling gaps in the standards where the guidance either does not address or does not adequately address areas... --clarification requested for when and how to report "demolition" costs</p>	<p>to address capitalization thresholds & elimination issues.</p> <p>Consider revising "fair value of facilities and equipment donated to the government."</p> <p>Clarify when and how to report demolition costs.</p>
19	DOJ	NA		-
20	DOC	Medium Priority	<p>This standard has a material impact on the Department's financial statements and the Department further believes to many federal reporting entities. Therefore, the Department recommends that FASAB review this standard regularly to keep it current with advances in technology and changes in federal acquisition practices.</p>	<p>PP&E is significant so keep current.</p>

TOPIC #6

SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50
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TB 2017-2, Assigning Assets to Component Reporting Entities

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
21	NASA	Medium Priority	NASA Property: SFFAS 6: FASAB should consider providing clarifying guidance on treatment of complex systems; for example, acquisition of IT hardware, data management, and network systems that are comprised of individual components that may or may not work collectively to form what may be characterized as a complete asset. SFFAS 6, paragraph 22 discusses base unit to categorize what constitutes a category of PP&E, providing illustrations such as a large building or a small computer. However, unlike building systems that support a particular facility or similar supporting systems for a given item of personal property, large networks and data management system hardware arrangements are often constructed with large arrays of servers, routers, and other components that can make determining what should be defined as the individual asset challenging. This is further complicated by the fact that the individual components or a varying array of components upon which a system (asset) may or may not rely can be introduced to or taken from the system incrementally without a meaningful way to describe when the system is placed into service or impacts to system capacity. Additional clarity on the treatment of complex systems (e.g., IT hardware and similar networked system) would be helpful in application of the standard to this category of PP&E and help ensure accurate recognition and measurement. TB 2006: FASAB should consider including an appendix that list examples of materials that would not be reasonably expected to include asbestos.	Treatment of complex systems. Provide examples of materials that would not be reasonably expected to include asbestos in TB 2006-1.
22	Fiscal Service	Low		-
23	DOL	NA		-

<p style="text-align: center;">TOPIC #6 SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities</p>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
24	DOE	High Priority	<p>DOE requests changes to or clarifications of FASAB's guidance regarding environmental liabilities, including Technical Release 2, Determining Probably and Reasonably Estimable for Environmental Liabilities in the Federal Government. Specifically, DOE requests:</p> <p>a) Clarifications regarding the use of contingencies in estimates of environmental liabilities, and</p> <p>b) Clarifications on time period for which cleanup liabilities are deemed to be reasonably estimable.</p> <p>Additionally, DOE offices noted the general difficulty of applying the FASAB guidance on this topic that is spread among nine different publications. FASAB should rescind all of them and issue a revised SFFAS 6 with current requirements.</p>	<p>Clarify Environmental Liabilities, including TR 2.</p> <p>Streamline guidance. See <i>staff discussion of this in Common Themes</i>.</p>
25	Truth in Accounting	NA		-
26	GAO	Low	<p>We believe that SFFAS 6, as amended, and related guidance could benefit from a review for consistency and clarity. Currently, the standards include the term “general property plant and equipment” (PP&E). FASAB should consider updating the term to reflect the current environment. Also, FASAB may consider whether the terms “depreciation” and “amortization” are used consistently in SFFAS 6, and whether the definition of PP&E should be broadened.</p>	Review for consistency and clarity.

Table of Responses and Staff Notes

Question 2-Topic 7**TOPIC #7**

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313

TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	The terms exchange and nonexchange revenue should be elaborated to help agencies consistently recognize, measure, and report revenue on the financial statement. Recommend this standard includes scenarios/examples.	Exchange and nonexchange revenue.
3	SSA	NA		-
4	EPA	Medium Priority	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	Medium Priority	Medium – similar to our comment on topic #1, we think it would be helpful and appropriate to provide expanded prescriptive guidance for intragovernmental transactions. For example, SFFAS 7 paragraph 41 consists of two sentences regarding sales credits and returns. However, it would be useful if standards	Intragovernmental transactions. Contra-revenue accounts.

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			could address methodologies for developing contra revenue accounts, in particular for those related to intragovernmental transactions.	
7	GWSCPA-FISC	NA	Considering the changes that occurred in the business environment since SFFAS 7 was issued, Federal agencies could be inconsistently reporting certain transactions that are not specifically addressed by the standard. The FISC recommends that the Board consider updating the standard to provide accounting and reporting treatment for exchange and non-exchange revenue and other financing sources transactions that are not currently addressed. The FISC also recommends that the Board reexamines the disclosure requirements to ensure that it provides useful information for the decision makers.	Exchange and non-exchange revenue. Disclosure requirements. <i>Staff notes that there was a FASAB Note Disclosure project that was closed in 2021 because it was agreed that it could be addressed through the Reexamination project.</i>
8	USDA	High Priority	Page 38-SFFAS 7, Factor 110. Current Wording: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for grazing rights). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).	Clarification of grazing rights in SFFAS 7, page 38 par. 110.

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor 110 as follows:</p> <p>Suggested Revision to Language: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for authorized grazing use). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).</p> <p>Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (see 16 U.S.C. §5801). Further, courts have consistently found no property rights associated with grazing permits. See <i>Diamond Bar Cattle Co. v. United States</i>, 168 F.3d 1209, 1215 (10th Cir. 1999); see also <i>Oregon Nat. Desert Ass’n v. U.S. Forest Serv.</i>, 465 F.3d 977, 979–80 (9th Cir. 2006).</p> <p>36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.</p>	Staff notes SFFAS 7, page 38 par. 110 is part of the Basis for Conclusions.
9	DOD	High Priority	<p>DoD components identified the following areas of the standard for revision:</p> <ul style="list-style-type: none"> - Unclear requirements around reporting of revenue allowance. Paragraph 41 states that such an allowance should be reflected as a revenue adjustment and separately shown. Some DoD components believe this provision is met by 	Reporting of revenue allowance.

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>a note disclosure, yet paragraphs 46 and 47 (disclosure requirements) do not indicate that the amounts should be included in a note disclosure. Current TFM mapping of the Statement of Net Cost (SNC) does not show GLAC 510900 as a separately shown item on the face of the SNC. DoD auditors have issued findings regarding this financial statement presentation. In addition to Treasury changing the mapping of the SNC, clearer guidance from FASAB would significantly assist in remediating the types of audit findings and preventing them in the future.</p> <p>- Part II: Concepts for Reconciling Budgetary and Financial Accounting (and also SFFAS 53). DoD continues to struggle with the Budget and Accrual (BAR) reconciliation/footnote. According to OMB Circular A-136, Agencies are to use the TFM Crosswalk to reconcile their footnote. However, this crosswalk is not all-encompassing and has not been updated since 2021 causing disagreements upon the correct reconciliation methods, and ultimately causing off-line adjustments in order to reconcile the footnote in the audited/published statements. It would be beneficial to preparers if FASAB included more extensive information on each section of the BAR, what's expected to be under each section, etc.</p> <p>Overall, DoD components said that the standard can be confusing and difficult to follow because of the numerous amendments from subsequent SFFASs.</p>	<p>Budget and Accrual (BAR) reconciliation/footnote.</p> <p>Difficult to follow due to amendments. See staff discussion of this in Common Themes.</p>
10	KPMG	NA	<p>Accounting for revenue and other financing sources</p> <p>We do not have concerns about the auditability of the extant standards for recognizing revenue and other financing sources. That said, we suggest the</p>	Exchange and non-exchange revenue.

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS
AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>Board reexamine SFFAS 7 and consider whether clarity could be provided with lower-level organizational categories within exchange and non-exchange revenue to clearly differentiate the accounting guidance when the entity retains the revenue versus when the entity collects and transfers the revenue to other entities. Further, we suggest the Board undertake outreach with the preparers of the Financial Report of the United States Government and, based on that outreach, clarify and/or fill gaps in guidance that result in diversity in application of guidance and, ultimately, intra-governmental differences that do not eliminate within the Financial Report of the United States Government.</p> <p>Appendix B to SFFAS 7, Guidance for the Classification of Transactions, provides guidance for classifying various transactions as exchange or nonexchange revenue, or other financing source, based on the accounting standards. Given the amount of time that has elapsed since this Appendix was first effective and the limited subsequent revisions, we suggest the Board also reexamine the Appendix and assess whether additional types of transactions should be incorporated into this guidance based on the nature of transactions occurring in today's government.</p> <p>Changes in accounting estimates</p> <p>Currently SFFAS 21, Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources, does not provide specific guidance on changes in accounting estimates and changes in the reporting entity. Given that both the FASB and GASB prescribe guidance on these topics, we recommend that the Board develop guidance to eliminate the gap in extant standards.</p>	<p>Diversity in practice leads to intra-governmental differences.</p> <p>Update Appendix B.</p> <p>Provide guidance on changes in accounting estimates and changes in the reporting entity.</p>

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11	Deloitte & Touche	Medium Priority	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	Low	DHS is requesting clarification of the term “true up” used in Interpretation Number 5. Guidance on the budgetary accounting should be provided in Interpretation 11.	Guidance on the budgetary accounting.
16	Treasury	High Priority	Treasury (and the IRS) selects SFFAS No. 7 as a high priority for reexamination and seeks both an accounting change for the treatment of compliance assessments that it believes will lead to a fuller application of accrual accounting and further guidance related to exchange and nonexchange transactions. Below are the two separate areas for consideration.	Request for accounting change--accounting change for the treatment of compliance assessments.

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			<p>1. Compliance Assessments vs. Federal Taxes Receivables</p> <p>BACKGROUND</p> <p>Treasury's reporting of federal taxes receivables is currently in compliance with Federal Generally Accepted Accounting Principles (GAAP) that was established in 1996. This is primarily addressed under the standard for Statement of Federal Financial Accounting Standards (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting. The Federal Accounting Standards Advisory Board (FASAB) wrote this standard in close collaboration with the IRS who was the primary stakeholder in this standard's origination. SFFAS No. 7 requires unpaid assessments to be categorized as either taxes receivable, compliance assessment, or write-off. Assessments are primarily categorized as taxes receivable (and recorded on the balance sheet) when the receivable is supported by a taxpayer's agreement, such as filing of a tax return without sufficient payment, or a court ruling in favor of the IRS. Assessments are categorized as compliance assessments if the taxpayer has not agreed, nor a court has affirmed the assessment is owed to the Federal Government. Examples include assessments resulting from an IRS audit or examination in which the taxpayer does not agree with the results. In accordance with SFFAS No. 7, compliance assessments are currently not reported as federal taxes receivables on the balance sheet unless there is a taxpayer's agreement or favorable court ruling. Write-offs are assessments for which the IRS does not expect further collections due to factors such as taxpayers' bankruptcy, insolvency, or death.</p>	

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			<p>Currently, SFFAS No. 7 forces Treasury (and the IRS) to materially underreport its federal taxes receivables by not allowing the reporting of compliance assessments in its Federal Taxes Receivable, Net. The IRS submitted a Technical Inquiry to the FASAB on April 1, 2021, requesting a change to SFFAS No. 7 to allow it to include compliance assessments to Federal Taxes Receivables on its financial statements. It was decided not to pursue a change at that time due to the upcoming standards reexamination project.</p> <p>SFFAS No. 7 RECOGNITION OF RECEIVABLES</p> <p>Recognition of Receivables, SFFAS No. 1, Paragraph 41 states, “A receivable should be recognized when a federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date (e.g., taxes not received by the date they are due), or goods or services provided. If the amount is unknown, a reasonable estimate should be made.”</p> <p>SFFAS No. 7, Paragraph 48 states, “Nonexchange revenues are inflows of resources that the Government demands or receives by donation. Such revenue should be recognized when a specifically identifiable, legally enforceable claim to resources arises to the extent that collection is probable (more likely than not), and the amount is reasonably estimable. Nonexchange revenue should be measured by the collecting entities but should be recognized by the entities legally entitled to the revenue (the recipient entities). Paragraphs 49 through 63 describe the application of this general standard.”</p>	

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			<p>SFFAS No. 7, Paragraph 53 states, “Accounts receivable should be recognized when a collecting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable.</p> <p>This definition of accounts receivable from nonexchange transactions requires the standard for recognition of accounts receivable to be amended so that such receivables are not recognized on the basis of payment due dates but rather on the basis of the completion of the assessment processes. Under such processes, assessments are enforceable claims for which specific amounts due have been determined and the person(s) or entities from whom the tax or duty is due have been identified. Assessments include both self-assessments made by persons filing tax returns or entry documents and assessments made by the collecting entities.” FASAB wrote SFFAS No. 7 in close collaboration with the IRS because it recognized the IRS was the primary federal entity affected by accounting for taxes receivable addressed in the standard. When SFFAS No. 7 was originally drafted, the IRS did not have the ability to accurately estimate future collections of its reported compliance assessments. Though the IRS was able to state the amounts of total taxpayer compliance assessments in its records, it had no ability to determine if the dollar amount of the compliance assessments would be collected. Therefore, the IRS historically has been unable to meet the specific requirements of SFFAS No. 7, Paragraphs 48 and 53 that would allow it to recognize billions of dollars of compliance assessments as federal taxes receivables on its financial statements. The IRS can currently meet the specific requirements of SFFAS No. 7, Paragraphs 48 and 53 for recognizing compliance assessments as federal taxes receivables.</p>	

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			<p>THE EFFECT OF SFFAS No. 7, PARAGRAPHS 54 AND 55 ON THE RECOGNITION OF COMPLIANCE ASSESSMENTS AS FEDERAL TAXES RECEIVABLES</p> <p>SFFAS No. 7, Paragraph 53 defines the proper recognition of accounts receivables. Based on the SFFAS No. 7, Paragraph 53 specific and detailed requirements, the IRS should be able to include the amount of compliance assessments that meet the standard as federal taxes receivables on its financial statements as detailed above. However, the additional language in SFFAS No. 7, Paragraphs 54 and 55 prohibit including compliance assessments as federal taxes receivables on IRS's financial statements.</p> <p>SFFAS No. 7, Paragraph 54 states, "Assessments recognized as accounts receivable include tax returns filed by the taxpayer (or customs documents filed by the importer) without sufficient payments, taxpayer agreements to assessments at the conclusion of an audit or to a substitute for a return (or importer agreements to supplemental assessments), court actions determining an assessment, and taxpayer (or importer) agreements to pay through an installment agreement or through accepted offers in compromise. Receivables determined to be currently not collectable are included, but assessments where there is no future collection potential such as where the taxpayer (or importer) has been either insolvent or deceased for specified periods are not included. Accounts receivable, therefore, include only unpaid assessments made through the end of the period plus related fines, penalties, and interest. Accounts receivable do not include amounts received or due with tax returns received after the close of the reporting period or amounts that are compliance assessments or pre-assessment work in process."</p>	

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			<p>SFFAS No. 7, Paragraph 55 states, "Compliance assessments and pre-assessment work in process may or may not be legally assessed depending on the resolution of subsequent events. A. Compliance assessments are proposed assessments by the collecting entity in definitive amounts, but the taxpayer (or importer) still has the right to disagree or object, such as in the case of assessments made at the conclusion of an audit (or at the conclusion of a review by an import specialist or when a violation of applicable law is discovered), or the issuance by the IRS of a substitute for a return, or where assessment is in appeals or in the tax court. These compliance assessments may become accounts receivable if the taxpayer files an amended return (or Customs' protest/retention period lapses), or an appeal or court action finally determines the assessment, or the taxpayer (importer) agrees to pay currently or through an installment agreement, or an offer in compromise is accepted."</p> <p>Compliance assessments did not meet the specific recognition requirements of SFFAS No. 7, Paragraphs 48 and 53 when issued on May 10, 1996. FASAB and the IRS concurred that the IRS did not have the financial information or financial systems to meet the requirements of the SFFAS standards as it relates to recognizing compliance assessments as federal taxes receivables on its financial statements. The IRS position is that SFFAS No. 7, Paragraphs 54 and 55 were written to state in fact that at that time compliance assessments did not meet the requirements of SFFAS No. 7, Paragraphs 48 and 53, and allowed for the IRS to exclude these compliance assessments from its federal taxes receivable balance. It was never the intention to forever exclude compliance assessments from recognition as federal taxes receivables once they met the requirements of SFFAS No. 7, Paragraphs 48 and 53. The specific language in SFFAS No. 7, Paragraph 175 makes it clear</p>	

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			<p>once the IRS establishes that compliance assessments became probable and reasonably estimable, they should be recognized as federal taxes receivables.</p> <p>Potential Changes. SFFAS No. 7, Paragraph 175 states, "Requirements for disclosures, supplementary information, and other accompanying information compensate to some extent for the modified cash basis of accounting for taxes and duties being approved at this time. In the future, the Board plans to evaluate users' satisfaction with reports prepared on the basis of the standard and to give consideration to improvements being made in IRS's processes and related management information systems. Based on this evaluation and consideration, it may propose to extend the degree of application of accrual accounting in several years' time. In the interim, the Board will permit changes in accounting made at the initiative of a collecting entity if the changes represent a fuller application of accrual accounting than that prescribed by the standard. For example, compliance assessments for taxes or unasserted claims for drawbacks may be recognized rather than shown as supplementary information if the amounts are both probable and reasonably estimable."</p> <p>It is generally understood that the intent of SFFAS No. 7, Paragraphs 48, 53, 54, 55, and 175 was to assure the IRS did not include compliance assessments in federal taxes receivable until it met the overall requirements of the SFFAS standards. However, the actual language of Paragraphs 54 and 55 prohibits the IRS from including compliance assessments as federal taxes receivables in perpetuity even though the IRS is currently able to meet the requirements of Paragraphs 48 and 53.</p> <p>IMPACT OF COMPLIANCE ASSESSMENTS ON TAXES RECEIVABLES</p>	

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			<p>For accounting financial reporting purposes, the IRS has implemented a collectability model which can now reasonably estimate the collection value of compliance assessments. The collectability model uses econometric measures to assess collectability at the module level for each specific taxpayer. At the end of fiscal year 2022, the collectability model estimated the current collectible value of all compliance assessments to be over \$16.5 billion from a total gross compliance assessment balance of \$88.4 billion (approximately 18% collectable). Following the current SFFAS standards, the IRS did not report the \$88.4 billion in gross compliance assessments on its financial statements in the current displayed category “Federal Taxes Receivables”. The \$16.5 billion dollars the IRS can establish as collectable out of the \$88.4 billion gross compliance assessments is not reported on the financial statements as “Federal Taxes Receivable, Net”; even though the \$88.4 billion gross compliance amount has cleared the legal taxpayer demand process, and the IRS has a legal right to collect these amounts subject to the 10-year collection statute. The IRS can empirically support that the \$88.4 billion gross compliance assessments have a collection value of \$16.5 billion. If the IRS continues to follow the SFFAS standards, it can expect to underreport its net federal taxes receivable going forward. Thus, the IRS believes not reporting compliance assessments as federal taxes receivables annually will lead to financial statements that are materially misleading.</p> <p>CONCLUSION</p> <p>It is Treasury’s (and IRS’s) position that SFFAS No. 7 should be reexamined and rewritten in a manner that allows it to include compliance assessments as federal taxes receivables on its financial statements if they meet the account receivable recognition definitions of SFFAS No. 7, Paragraphs 48 and 53. The</p>	

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			<p>IRS has compliance assessments that meet SFFAS No. 7, Paragraph 53 which states, "Accounts receivable should be recognized when a collecting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable." Specifically, the current language in SFFAS No. 7, Paragraphs 54 and 55 that prohibits the IRS from recognizing compliance assessments in its federal tax receivables should be changed.</p> <p>The IRS agrees there are distinct criteria stated in SFFAS No. 7, Paragraph 53 that must be met for non-exchange revenue to be recognized. These criteria are that the revenue must be identifiable and legally enforceable, collection is probable, and the amounts are reasonably estimable. The IRS can meet each of these criteria. The IRS proposes to include as an accounts receivable (taxes receivable) only the compliance assessment amounts that can be historically and empirically demonstrated to be collectible. Also, compliance assessments will be included as taxes receivable only at the point in the process that a legally enforceable action can or has been taken to collect such assessments. It is only at the point the IRS has sent the required demand notices that the assessment becomes an enforceable claim that the IRS includes in the population of a compliance assessment. All unpaid assessments are the result of the completed assessment process. Compliance assessments are legally enforceable and with its collectability model, the IRS can now reasonably estimate their value. Under SFFAS No. 7, the IRS has the authority to recognize compliance assessments as a receivable if they can support the amounts are both probable and reasonably estimable. The proposed change in reporting methodology would more accurately reflect the economic collection value of compliance assessments. This reporting change will not result in a change to the lines currently presented on any of the financial</p>	

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			<p>statements but will result in an increase in value presented for each line. The required supplemental information would remove the line for compliance assessments and be included in Federal Taxes Receivable, Net</p> <p>2. Exchange/Nonexchange Revenue</p> <p>BACKGROUND</p> <p>The IRS is seeking further guidance related to exchange and nonexchange revenue transactions as described in SFFAS No. 7. This standard has not been revised in more than 25 years. The paragraphs below discuss the challenges faced by the IRS in reporting revenue on the financial statements which is being reported on different financial statements depending on whether the revenue is considered exchange or nonexchange.</p> <p>SFFAS 7 EXCHANGE/NONEXCHANGE REVENUE INTERPRETATION BY THE IRS AS IT RELATED TO THE QUALIFIED TAX COLLECTION CONTRACTS</p> <p>The IRS currently accounts for taxes received from the public as nonexchange revenue on the Statement of Custodial Activity in accordance with SFFAS No. 7. Tax collections are collected on behalf of the U.S. Government and are swept to the General Fund of the U.S. Government to be used by Congress to fund the Federal government or transferred to legislatively authorized special funds to fund specific programs directly.</p> <p>The program that is currently creating an interpretation issue for the IRS is the Private Debt Collection program. Per 26 U.S. Code § 6306, qualified tax</p>	Exchange/Nonexchange Revenue.

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			<p>collection contracts, provides that the IRS may retain up to 50% of collections from Private Collection Agents as further described below:</p> <p>“(e) FEES The Secretary may retain and use (1) an amount not in excess of 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract, and (2) an amount not in excess of 25 percent of such amount collected to fund the special compliance personnel program account under section 6307.”</p> <p>To fund this program, the IRS reports the tax revenue collected via the qualified tax collection agents to the appropriate general fund receipt account per its appropriate tax class as nonexchange revenue. The IRS then transfers up to 50 percent of the amounts collected to a special fund receipt account via a financing transfer to create a special appropriation to create budget authority for the IRS to fund its corresponding expenditures per the law.</p> <p>Prior to a finding from the GAO, the IRS reported the amounts collected and transferred to the special fund receipt account (up to 50 percent of the original tax revenue) via a financing source transfer as nonexchange revenue since the original source of the revenue is tax revenue and per SFFAS No. 7 tax revenue is nonexchange. This retained revenue was thus reported on the Statement of Changes in Net Position due to it being nonexchange. However, per the GAO, they interpreted SFFAS No. 7 to state the IRS should report this financing source transfer of revenue retained as exchange revenue per SFFAS No. 7, Paragraph 60.3 and that it be reported on the Statement of Net Cost.</p> <p>SFFAS No. 7, Paragraph 60.3 states, “When legally retained by the collecting entity as a reimbursement of the cost of collection, revenue should be</p>	

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			<p>recognized as an exchange revenue and deducted in determining the collecting entity's net cost of operations."</p> <p>The IRS disagreed with GAO's interpretation of SFFAS No. 7 as it applied to this program and argued per Paragraph 2, "Nonexchange revenues arise primarily from exercise of the Government's power to demand payments from the public (e.g., taxes, duties, fines, and penalties) ..." and therefore should remain as nonexchange. Further, Paragraph 245 states the following:</p> <p>"245. Tax receipts are generally collected from the public by the IRS (Internal Revenue Service) and, to a lesser extent, by the Customs Service and other entities acting as agents for the recipient entities rather than on their own behalf. The collecting entity receives the cash and then transfers it to the General Fund, trust fund, or special fund on whose behalf it was collected. The amount so collected should be accounted for as a custodial activity by the collecting entity. The tax is recognized as a nonexchange revenue by the entity that is legally entitled to the amount. This would be a trust fund or special fund in the case of an earmarked (i.e., dedicated) tax. If collected on behalf of the Government as a whole, it would be recognized in the Government-wide consolidated financial statements."</p> <p>GAO's interpretation still differed from the IRS for the revenue retained for the Private Debt Collection program. The GAO interprets Paragraph 60.3 to apply to the retained revenues. Due to this continued disagreement on the proper interpretation and treatment of this revenue, the IRS requested a technical inquiry with the FASAB. The FASAB concluded that they agreed with the GAO only to the extent that the 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such</p>	

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			<p>contract should be reported as exchange revenue per the current interpretation of Paragraph 60.3. However, the FASAB concluded that the 25 percent of such amount collected to fund the special compliance personnel program account under section 6307 does “not meet the definition of exchange revenue, nor do they meet the definition of nonexchange revenue”.</p> <p>The GAO disagreed with FASAB’s interpretation in their response to the technical inquiry from the IRS and the IRS has thus posted the 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract as exchange and the 25 percent of such amount collected to fund the special compliance personnel program account under section 6307 as nonexchange.</p> <p>However, the IRS concludes that tax revenue collected on behalf of the Federal government should be specifically excluded from the requirements of Paragraph 60.3. because there was nothing of value given to or received by another party in relation to the amounts transferred to legislatively authorized special funds.</p> <p>SFFAS No. 7, Paragraph 353 provides additional guidance on custodial transfers, as follows:</p> <p>“353. Disposition of revenue to other entities: custodial transfers. Revenue, primarily nonexchange revenue, may be collected by an entity acting on behalf of the General Fund or another entity within the Government on whose behalf it was collected. The collecting entity accounts for the disposition of revenue as part of its custodial activity. These custodial transfers, by definition, do not affect the collecting entity’s net cost of operations or operating results, nor are</p>	

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			<p>they part of the reconciliation between its obligations and net cost of operations. (The receiving entity recognizes the revenue as nonexchange or exchange revenue, depending on its nature, according to the applicable revenue standards.)“</p> <p>CONCLUSION</p> <p>An interpretation of SFFAS No. 7, Paragraph 60.3 leads to a position that nonexchange revenue transferred to a special funds or trust funds for the purposes of collection and compliance programs should be classified as exchange revenue. Reporting tax collections as exchange revenue is contrary to the preponderance of guidance for the recognition of tax revenue. Taxes collected from the public and subsequently retained by the IRS for the Private Debt Collection programs should be presented on the Statement of Changes in Net Position as nonexchange and not on the Statement of Net Cost. The IRS requests that FASAB edits language to SFFAS No. 7, Paragraph 60.3 to clarify the proper categorization of exchange versus nonexchange revenues when an entity has the legal authority to retain revenues.</p>	
17	HHS	Medium Priority	HHS supports the proposed interpretations, especially those that will facilitate the consistent accounting for and reporting of other financing sources and debt cancellation among Federal agencies, and efforts that will allow proposed SCNP form and content changes to align with OMB and GAAP accounting standards.	Accounting for and reporting of other financing sources and debt cancellation.

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313

TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
18	DOI	Medium Priority	<p>1) Potential Improvement Topic: Resolving inconsistencies in current practice</p> <p>With the exception of the elimination issue created by the transfer of assets from one federal entity which reports it as capitalized general plant, property and equipment to one that reflects it as heritage, NPS does not have any other reporting issues or concerns with this topic.</p> <p>During this past fiscal year NPS encountered an issue where BLM transferred capitalized GPPE to NPS. The asset would have been expensed as heritage on NPS' books. As a result, the transfer accounting resulted in an elimination's imbalance between the two bureaus. SFFAS 7 Par 346 and Par 359 implies there would be an elimination issue, but doesn't provide sufficient guidance for how it should be handled or potentially resolved. NPS suggests FASAB provide some additional guidance on how this type of transaction should be accounted for with the goal of removing the elimination imbalance</p>	Transfer of assets.
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Medium Priority	From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.	

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313

TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting

TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
22	Fiscal Service	High Priority	<p>Fiscal appreciates the organization of the “Table of Transactions” within SFFAS 7 and the clarification it offers in differentiating transactions between exchange revenue, nonexchange revenue, and financing sources. Fiscal also appreciates the efforts of FASAB Staff to effectively answer wide-ranging agency questions from a principles-based document.</p> <p>Fiscal recommends the following:</p> <p>1) Shortly after the publish of Interpretation 11, OMB’s Circular No. A-136 and Treasury’s Treasury Financial Manual modified reporting instructions of the Statement of Operations and Changes in Net Position to streamline “Budgetary Financing Sources” and “Other Financing Sources” into simply “Financing Sources.” Significant confusion remains within SFFAS 7 on perceived differences between “Financing Sources” and “Other Financing Sources.”</p> <p>The confusion appears to stem from the presentation of SFFAS 7, Par. 70, in which a header is titled “Other Financing Sources”, but the paragraph provides guidance on “Financing sources, other than exchange and nonexchange revenues, that provide inflows of resources that increase results of operations during the reporting period include appropriations used, transfers of assets from other Government entities, and financing imputed with respect to any cost subsidies.” The Board may consider language for the most meaningful term, in order for financial statement users to understand the nature of these financing sources to the federal government.</p>	Confusion remains with “Financing Sources” and “Other Financing Sources.”

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>2) Fiscal realizes the SFFAS 7 “Table of Transactions” and other references are not intended to be all-inclusive and are principles-based. However, the nature of activities within the federal government continues to evolve based on statutory authorities, budgetary constraints/the availability of budgetary resources, etc. The Board should consider what types of activities are currently not captured, and the underlying principles of activities in the future of the federal government. These might include:</p> <p>A) The increasing use of “Pooled” funding, “pass-the-hat funding”, with related repayments, etc, to fund projects and increase efficiency, such as the Technology Modernization Fund (TMF) Public Law 115-141 (132 STAT. 571).</p> <p>B) Differences between “Cancellation of debt”, “borrowing authority with no repayment required”, “forgiveness”, and/or “elimination of debt” can lead to confusion over the nature of debt cancellation and the applicability of SFFAS 7, Par. 313 and Interpretation 11. See CARES Act (Public Law No. 116-136 March 27, 2020), as amended by the Consolidated Appropriations Act, 2021 (Public Law 116-260 December 27, 2020).</p> <p>C) Energy Saving Performance Contracts (ESPCs) under the National Energy Conservation Policy Act (42 U.S.C. § 8287), are partnerships between an agency and an energy service company which assist agencies with upgrading PP&E. The non-federal energy company guarantees that the PP&E improvements will generate sufficient energy cost savings to pay for the project over the term of the contract.</p> <p>3) SFFAS 53 Budget and Accrual Reconciliation requires agencies to explain the relationship between their budgetary net outlays and their net cost of</p>	<p>Update Appendix B.</p> <p>Budget and Accrual Reconciliation</p>

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>operations. The standard requires information to be presented in a way that clarifies the relationship between the outlays reported through budgetary accounting and proprietary accounting.</p> <p>SFFAS 53 did not outline explicit steps to lead agencies towards implementation. Rather, the standard mentions in several areas that Treasury-issued guidance would facilitate implementation, and that OMB/Treasury have the flexibility to determine specific reconciliation requirements in the future.</p> <p>A) “Treasury has collaborated with the task force representatives in developing guidance that could be used to prepare the BAR. Such guidance will facilitate implementation and reduce costs.” (SFFAS 53, Par. A12, Basis of Conclusions.)</p> <p>B) “OMB and Treasury have the option to establish more or less detailed requirements upon implementation or in the future.” (SFFAS 53, Par. A23, Basis of Conclusions.)</p> <p>Consequently, the lack of clarification and inconsistencies amongst agencies contributed to implementation challenges throughout the first year of implementation. For example:</p> <p>A) The BAR reconciles the governmentwide Net Cost of Operations to the Budget Deficit on the Treasury-produced Monthly Treasury Statement (MTS.) The calculation of the MTS’s Budget Deficit for each agency and their SBR Net Outlays calculation rarely (if ever) match.</p>	

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			<p>B) The MTS excludes various proprietary and budgetary elements and does not easily correspond to the balances found in the agency BAR reconciliations.</p> <p>C) Reconciliation is dependent upon unique agency activities, making standardization across the government a challenge.</p> <p>Deferrals to OMB and Treasury for implementation guidance offer agencies flexibility to meet reporting requirements. However, authoritative guidance within the GAAP Hierarchy should stand alone, without external references to administrative directives. It's important to note that in establishing a GAAP hierarchy for agencies with SFFAS 34, FASAB declined to include administrative directives within the hierarchy.</p>	
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Medium Priority	FASAB may consider clarifying the accounting and reporting requirements relating to when a collecting entity retains a portion of the collections. There have been some conflicting views about the application of the current standard in this area. The Board may also consider clarifying the accounting and	Clarify the accounting and reporting requirements: -when a collecting entity retains a portion of the collections

TOPIC #7

SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS

AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53

Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7

Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313

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TB 2017-1, Intragovernmental Exchange Transactions

Ref Number	Respondent Name/Organization	Agreement type	Response	Staff Notes / Identification of issues
			reporting requirements relating to custodial activity, including custodial distributions.	-related to custodial activity, including custodial distributions

Table of Responses and Staff Notes
Question 2-Topic 8

TOPIC #8

SFFAS 10, Accounting for Internal Use Software

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Medium Priority	This topic is on our radar and should be considered for review after high priority items.	-

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA	In recent years Federal agencies have been expanding the use of technology and automated tools to meet its mission objectives more efficiently. The FISC recommends that the Board consider the need to update SFFAS 10 or other existing standards to address topics such as cloud computing arrangements, indefinite software licenses, and shared service centers.	Update SFFAS 10 to address cloud computing arrangements, indefinite software licenses, and shared service centers. <i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i>
8	USDA	NA		-
9	DOD	Medium Priority	DoD components identified the following areas of the standard for revision: - Consider providing clarity on term licenses of capitalized IUS while in the interim reporting entities may continue to use SSFAS 5 - Leases or adopt	

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Governmental Accounting Standards Board (GASB) Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs) guidance.</p> <ul style="list-style-type: none"> - Provide greater clarity for identification of IUS in a cloud-based arrangement which is an emerging trend. Also, include guidance for cloud-based items which are not considered IUS. - SFFAS 10 does not provide sufficient guidance on "IUS In Development" cost allocation when software is developed by/for multiple entities. - Clarify the accounting for tracking/usage and allocation of software licenses. - SFFAS 10, Section 8 defines IUS, and Section 22 defines integrated software and requires integrated software to be capitalized as part of the PP&E it is integrated in. TR 16, section 10 further allows that computer software could be developed separately and installed on several general PP&E assets at different times can be treated as a separate IUS asset. Further clarification could be given as to whether that type of software could also be recorded as a standalone General Equipment asset. <p>Overall, DoD components said that SFFAS 10 warrants reexamination given that the standard was published in 1998, and it needs to be updated to consider the current reporting and technological environment.</p>	<p>Provide guidance on term-based software licenses.</p> <p>Provide general accounting guidance for cloud-based arrangements.</p> <p>Provide guidance on how to allocate IUS In Development" cost for software developed by multiple entities.</p> <p>Provide guidance for identifying, tracking usage, and allocating software licenses</p> <p>Provide clarifying guidance for capitalized software that is separately installed on multiple standalone PP&E assets.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance</i></p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>as needed. Staff will note these suggestions for the Board to address.</i>
10	KPMG	NA		-
11	Deloitte & Touche	High Priority	(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met Explanation: The Board may consider providing updated guidance for accounting and reporting on Internal Use Software given major changes in how internal use software is developed, procured, and maintained since SFFAS 10 was issued. Development methodologies have become more agile making it more challenging to follow the capitalization and expense recognition guidance in SFFAS 10. The Board may also consider providing more clear guidance on whether software-in - development costs should be reported separately from or together with the cost of internal use software.	<p>Provide updated accounting guidance for IUS capitalization addressing agile development processes.</p> <p>Provide guidance on whether software-in -development costs should be reported separately from or together with capitalized cost of internal use software.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Medium Priority	<p>Overall, we believe Topic #8 is understandable and clear to apply. However, there will be no guidance on accounting for cloud computing arrangements, which is currently included in Technical Release 16, paragraphs 28 and 29, after the adoption of SFFAS 54, Leases.</p> <p>Cloud computing arrangements (e.g., software as a service, platform as a service, infrastructure as a service) frequently include software licenses. Technical Release 16 currently states “the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses in accordance with the lease criteria stated in SFFAS 5 and SFFAS 6.” Since Technical Release 20 rescinds this guidance, there will be no discussion in the standards about the appropriate accounting for the software license element of a cloud computing arrangement. Since these arrangements are widely used, we recommend the Board consider addressing how to appropriately account for them.</p>	<p>Provide accounting guidance for cloud computing arrangements.</p> <p>Provide accounting guidance for the software license element of a cloud-computing arrangement.</p> <p><i>Staff notes there is an active project on the Board’s technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
15	DHS	Low	DHS is requesting better examples for differences between software that should be expensed or capitalized. Better examples would aid in consistent distinction between expensing and capitalizing.	<p>Provide examples of software scenarios to help asses what costs should be expensed vs. capitalized.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Medium Priority	HHS believes this is an area of medium priority considering the significant research and efforts taken by FASAB over software technology and clouding arrangements. Upon completion of FASAB's research, SFFAS 10 and Technical Releases related to this SFFAS (TR 16), FASAB should provide further clarification into what constitutes IUS for financial reporting accounting treatment purposes.	<p>Provide updated guidance on what constitutes internal use software for financial reporting purposes.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will</i></p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i>
18	DOI	Medium Priority	SFFAS 54 removed any guidance related to software licenses. Believe software licenses needs to be addressed in SFFAS 10 and clearly defined how to handle. Most software licenses for public software (ie – Microsoft office, any other software where purchaser cannot make enhancements/changes, etc) should be considered 'subscriptions' as they are usually purchases on an annual year basis.	<p>Provide accounting and reporting guidance software licenses purchased on an annual subscription basis.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>
19	DOJ	NA		-

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
20	DOC	High Priority	Internal Use Software (IUS) practices are rapidly changing as technology advances (e.g., cloud services). While TR16, Implementation Guidance for Internal Use Software, provides additional guidance related to the treatment for various types of IUS software development, it appears to the Department that FASAB guidance may be able to be improved, at a minimum, regarding (a) the treatment of implementation costs associated with software hosting agreements; and (b) the treatment of software licenses containing option periods.	<p>Provide guidance on implementation costs for software hosting (cloud) agreements; and how to account for software licenses containing option periods.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>
21	NASA	Low		-
22	Fiscal Service	High Priority	<p>Fiscal agrees with the direction of the Board towards addressing Cloud Computing Arrangements (CSAs). In addition, Fiscal appreciates the Board's respect for the evolving nature of new technology, along with its impact on accounting and reporting.</p> <p>Leases (licenses) of IUS are excluded from SFFAS 54 lease guidance (SFFAS 54, Par. 5b)</p>	<p>Agrees with Board approach with addressing cloud-service arrangements.</p> <p>Notes that leases (licenses) of IUS are specifically excluded from SFFAS 54.</p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Further, “Internally developed or purchased commercial off-the-shelf software” and “licensed software that allows the federal entity to possess and control the underlying software resource on its own hardware or systems” are out of the scope of the Board’s “Cloud-Service Arrangements” working draft.</p> <p>Fiscal submits the following for consideration:</p> <ol style="list-style-type: none"> 1) IUS is increasingly sold within subscriptions rather than licenses. Subscriptions include the right to use the software with included maintenance and support, while licenses are only for the right to use the software. 2) IUS licensees/users often do not only pay for and use the software, but also purchase other bundled services, maintenance and support, version updates, etc. The big difference here is that users are paying for a full service, rather than strictly software. 3) Newer software licenses have conceptual similarities to right-to-use lease assets, along with service contracts. 4) Initial implementation costs and other expenses for services generally not included in the license fees raise questions on accounting/reporting. The Board should look to ensure the completeness of the implementation cost definition, as well as give an idea of what expenses are not part of implementation costs- are agencies still responsible for using their own professional judgement (Per Technical Release 16, Paragraph 27.) <p>In December 2021, the Board agreed to four buckets of software types for research, definition, and future recognition/measurement guidance: (1) IUS, (2) CSAs, (3) Shared Services, and (4) Other types.</p> <p>Fiscal believes guidance for IUS should be looked at within re-examination, or a consideration given to implement any new guidance the Board approves within this existing software project before the conclusion of the entire project.</p>	<p>Notes that internally developed or purchased commercial off-the-shelf software & licensed software that allows the federal entity to possess and control the underlying software resource on its own hardware or systems is not in the scope of the current cloud-service arrangement working draft.</p> <p>Provide guidance on how to account for software subscriptions vs software licenses. Suggests that newer software licenses have similarities to right-to-use lease assets and service contracts because they provide a right-to-use the software along with bundled services.</p> <p>Provide updated guidance on how to account for implementation and other service costs not generally included in software license fees.</p> <p>Recommends publishing new guidance which would amend</p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			(i.e., Publish any new guidance which would amend SFFAS 10 before the completion of the Shared Services/Other projects.)	<p>SFFAS 10 before the completion of the Shared Services/Other projects.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>
23	DOL	NA		-
24	DOE	High Priority	<p>DOE offices noted the general difficulty of applying the standard as written and recommended that the standard be reevaluated to simplify requirements and thus promote a consistent interpretation. The standard can expand more upon cloud computing arrangements and shared services.</p> <p>DOE offices also noted the general difficulty of applying FASAB guidance when it consists of multiple, overlapping standards, bulletins, and interpretations. For this topic, FASAB should rescind SFFAS 10 and reissue a standard that updates and simplifies the internal use software guidance while providing clarity on requirements relating to cloud computing arrangements and shared services.</p>	<p>Notes that current IUS guidance is difficult to apply. Recommends simplifying reporting requirements and promoting consistent interpretations.</p> <p>Recommends updating guidance to expand on cloud-computing arrangements and shared services.</p>

TOPIC #8				
SFFAS 10, Accounting for Internal Use Software				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<p>Recommends that the Board rescind SFFAS 10 and reissue a standard that simplifies IUS guidance and provides clarity on guidance for cloud computing arrangements and shared services.</p> <p><i>Staff notes there is an active project on the Board's technical agenda to update software-related guidance in SFFAS 10. The Board will address cloud-computing arrangements, software licenses, shared services, and consider updating existing SFFAS 10 guidance as needed. Staff will note these suggestions for the Board to address.</i></p>
25	Truth in Accounting	NA		-
26	GAO	Low	We acknowledge and support FASAB's current project on revisiting intangible assets that includes this software topic.	Support for current project.

Table of Responses and Staff Notes

Question 2-Topic 9

TOPIC #9 SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26, SFFAS 37				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	Medium Priority	<p>SSA has two suggestions pertaining to the Statement of Social Insurance (SOSI) and related materials:</p> <p>(1) In the SOSI table, include additional line items reporting the actuarial balance as a percent of taxable payroll or GDP on both an open and closed group. Including such metrics would put the large present value (PV) numbers in context so readers can better understand their magnitude.</p> <p>(2) Consider reopening discussions about whether much of the Social Insurance information could be linked to other sources where it is already available (e.g., the Social Security Trustees Report). This could streamline agency processes and reduce the amount of information required to be included in AFRs. This change would likely require adjustments to requirements that do not match how information is calculated and presented in the other sources.</p>	<p>Suggestions for SOSI:</p> <p>include additional line items reporting the actuarial balance as a percent of taxable payroll or GDP on both an open and closed group.</p> <p>Consider whether Social Insurance information could be linked to other available sources (e.g., the Social Security Trustees Report.)</p>
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-

TOPIC #9 SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26, SFFAS 37				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Streamlining authoritative guidance (2) Potential Improvement: Considering overlaps or redundancy in requirements	
12	VA Society of CPAs	High Priority	Social programs comprise the single most material component of the federal budget. Social security alone was projected in 2022 to have approximately \$23 trillion in net future cash flows over the next 75 years. Despite the poor-funded status of social programs, funding solutions are rarely proposed or addressed. The Board may consider whether recognition and disclosure requirements are sufficient to promote long-term financial stewardship over social insurance trust funds. A parallel could be drawn to state and local public pension funds, which were chronically underfunded across the United States. In response to awareness generated through new requirements to recognize true liabilities on the face of the financial statements for the first time (due to GASB Statements 67, 68, 74, and 75), funding levels appear to be beginning to improve.	Consider whether recognition and disclosure requirements are sufficient to promote long-term financial stewardship over social insurance trust funds.
13	RRB	NA		-
14	Ernst & Young	Low		-

TOPIC #9 SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26, SFFAS 37				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	High Priority	<p>HHS sustainability statements have received a disclaimer of opinion from the Office of Inspector General (OIG) and the independent auditors since 2010. Each year, the audit report states that due to uncertainty brought by the passing of the Patient Protection and Affordable Care Act of 2010 and Medicare Access and CHIP Reauthorization Act of 2015, they are unable to obtain sufficient audit evidence for the amounts presented in the SOSI. HHS hopes the review of these standards would potentially help with this disclaimer.</p> <p>Staff at HHS are raising the following for the Board to consider when reexamining the existing standards for SOSI:</p> <ol style="list-style-type: none"> 1. Provide clarification what is meant by "reasonable estimates..." and allow for the departure from currently law to be in line with the language used in SSFAS 38, paragraph 28 when preparing the SOSI/SCISA and assumptions used. 2. Current law projections may be misleading given that such projections potentially understate the cost of Medicare. <ol style="list-style-type: none"> a. What, if any, disclosures and/or measurement assumptions should be required by GAAP when current law projections may mislead readers by presenting cost savings or receipts unlikely to be realized? b. Would it be appropriate to integrate the current law and alternative projections? If so, how: <ol style="list-style-type: none"> i. Presentation of current law projections with an adjustment to arrive at reasonable estimates on the face of the SOSI (so that both alternatives are highlighted on the SOSI)? 	<p>Clarify what is meant by "reasonable estimates..."</p> <p>Current law projections may be misleading – what disclosures or assumptions are required and would it be appropriate to integrate the current law and alternative projections.</p>

TOPIC #9 SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26, SFFAS 37				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>ii. Use of the alternative projections in lieu of current law projections on the face of the SOSI with coverage of both current law and alternative projections in an integrated note?</p> <p>iii. Continued presentation of current law projections on the face of the SOSI but an integrated presentation of the two projections in the notes?</p> <p>3. The alternative projections are not discussed in MD&A. Further, current law provides for a “funding warning” notification process when there are certain shortfalls in funding. The fact that this warning has been triggered is not discussed in MD&A. Should alternative projections and/or such a warning be discussed in MD&A?</p>	MD&A discussion
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 17	-
19	DOJ	NA		-
20	DOC	NA		-
21	NASA	NA		-
22	Fiscal Service	Low		-
23	DOL	High Priority	Change the reporting requirement for the Black Lung Disability Trust Fund (BLDTF) so that it is solely Required Supplementary Information (RSI) instead of the current reporting that requires SOSI, SCSIA, related notes, MD&A, and RSI. For example, report BLDTF in a similar manner to the current reporting for Unemployment Insurance, which is RSI. The BLDTF has future outflows in the form of	Change the reporting requirement for the Black Lung Disability Trust Fund (BLDTF) so that it is solely Required Supplementary Information (RSI)

TOPIC #9				
SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26, SFFAS 37				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>-- long-term actuarial liabilities for medical and compensation benefits, -- administrative expenses, and -- debt service.</p> <p>The BLDTF has future inflows of funds from dedicated collections in the form of excise taxes on domestic coal sales.</p>	
24	DOE	Low	No comment	-
25	Truth in Accounting	High Priority	<p>FASAB Statement of Federal Financial Accounting Concepts 1 includes stewardship as one of the major objectives of the federal financial report. The statement indicates the following:</p> <p>Federal financial reporting should provide information that helps the reader to determine:</p> <p>Assessing whether the government's financial position improved or deteriorated over the period is important not only because it has financial implications but also because it has social and political implications. This is because analysis of why financial position improved or deteriorated helps to explain whether financial burdens were passed on by current-year taxpayers to future-year taxpayers without related benefits. The latter notion is sometimes referred to as "interperiod equity."</p> <p>The current federal financial report does not provide adequate and transparent information needed to determine if the social insurance programs have passed a financial burden onto future taxpayers without related benefits.</p>	Current reporting does not provide adequate and transparent information needed to determine if the social insurance programs have passed a financial burden onto future taxpayers without related benefits.
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 10

TOPIC #10				
SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-

TOPIC #10

SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government

SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Streamlining authoritative guidance (2) Potential Improvement: Considering overlaps or redundancy in requirements	
12	VA Society of CPAs	Medium Priority	Establishing which standards to apply to the US CFR is subjective and impactful. We have no specific comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-

TOPIC #10				
SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
18	DOI	Low	<p>ITC_Release_05_15_23.pdf – SFFAS 26 in the note’s column should be to topic 9 and not topic 10</p> <p>DOI does not have any reporting concerns related to SFFAS 24 & 32</p>	-
19	DOJ	NA		-
20	DOC	NA		-
21	NASA	Medium Priority	<p>This Standard affects the United States Government. Treasury should keep exploring characteristics of the Governmentwide Financials. It has been helpful over the years to update the financial statement line items as needed. Appendix E – Statement of Financing should be removed, and any reference pointed to it in the Standard. Agencies no longer report on the Statement of Financing.</p>	<p>Treasury should keep exploring characteristics of the Governmentwide Financials.</p> <p>Appendix E – Statement of Financing should be removed.</p>
22	Fiscal Service	High Priority	<p>SFFAS 32 modifies some disclosure requirements contained in previously issued standards to reduce detail for government-wide reporting and eliminates others because of excessive detailed information required that is inappropriate for a government-wide report.</p> <p>The “Omnibus Concepts Amendments” Exposure Draft exposed to the federal community in 2023 proposes expanded concepts to include the types of information that may be presented in note disclosures and the role of note disclosures as an integral part of the basic financial statements.</p>	<p>SFFASs 24 & 32 should be re-examined for consistency with expanded concepts in <i>Omnibus Concepts Amendments</i>, if approved.</p>

TOPIC #10

SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government

SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Should this Exposure Draft be adopted and published by the Board, SFFASs 24 & 32 should be re-examined for consistency with those expanded concepts.</p> <p>As preparers of the Financial Report of the U.S. Government, Fiscal agrees with the conceptual guidance of SFFAC 2 & SFFAC 4, along with objectives of SFFAS 32:</p> <p>1) “If information relevant to assessing operating performance for individual programs were included in the CFR it would not be concise. A concise CFR will be more appealing and therefore more accessible to citizens and citizen intermediaries. The Board believes that including references to other sources of information appropriately balances the appeal of a concise CFR with the disaggregated information necessary to assess operating performance.” (SFFAS 32, Par. 38)</p> <p>2) “To be relevant, a logical relationship must exist between the information provided and the purpose for which it is needed... Information is relevant if it is capable of making a difference in a user’s assessment of a problem, condition, or event.” (SFFAC 2, Par. 161, Relevance)</p> <p>3) “Information should be expressed as simply as possible... To be fully intelligible, financial information in general purpose reports may need to be presented in relation to the goals, service efforts, and accomplishments of the reporting entity.” (SFFAC 2, Pars. 157-159, Understandability)</p> <p>Fiscal believes disclosures within the Financial Report of the U.S. Government should:</p> <p>1) Aide users in understanding and assessing the government’s performance and accountability;</p>	

TOPIC #10

SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government

SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>2) Provide the most meaningful information to users and appropriately match the presentation of data/information with the significance of the accounting event(s); and</p> <p>3) Be cost-justifiable based on benefits to the user.</p> <p>Further, Fiscal notes that Governmental reports, not just financial and budgetary reports, are voluminous and users often times may need reporting guidance to find the data they need. The Board may consider where links to other sources of similar information are most appropriate for certain types of data. Fiscal believes disclosure requirements for broad descriptions of asset/liabilities, general references to agency reports, and succinct descriptions of significant accounting policies offer users the most concise and meaningful data. Specifically, Fiscal notes:</p> <p>1) Opportunities for data reduction have already been noted in the Geospatial Data Act (FAA Reauthorization Act of 2018 (H.R. Con. Res. 302, 2018)) to modernize the collection of data across agencies and prevent duplicative data purchases.</p> <p>2) Opportunities may exist to leverage identified findings of the Digital Accountability and Transparency (DATA) Act's work in eliminating unnecessary duplication in financial reporting.</p> <p>3) Opportunities exist to enhance timeliness: Certain budgetary reports are published annually, but users have access to USASpending.gov in which they can access quarterly budgetary data. “Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.” (SFFAC 2, Par. 162)</p>	<p>Consider where links to other sources of similar information are most appropriate for certain types of data. Consider opportunities for data reduction and leveraging work to eliminate duplicative reporting.</p> <p>Consider opportunities to enhance the timeliness.</p>

TOPIC #10				
SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Low	We support the guidance in SFFAS 32 that requires the government-wide financial statements to describe the reporting entity and to disclose the significant accounting policies. FASAB may consider requiring component entities to also include such disclosures. Component entities generally include such disclosures consistent with OMB guidance.	Consider requiring component entities to describe the reporting entity and to disclose the significant accounting policies.

Table of Responses and Staff Notes

Question 2-Topic 11

TOPIC# 11 SFFAS 27, Identifying and Reporting Funds from Dedicated Collections AS AMENDED BY: SFFAS 43				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Medium Priority	One DoD component requested further review of the mixed or co-mingled funds to identify a mechanism to reflect this activity more clearly in the financial statements.	Review mixed or co-mingled funds.

TOPIC# 11

SFFAS 27, Identifying and Reporting Funds from Dedicated Collections AS AMENDED BY: SFFAS 43

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			Consider the following scenario: US Army Corps of Engineers (USACE) has the authority to receive reimbursement from the Harbor Maintenance Trust Fund and Inland Waterways Trust Fund to cover the costs of approved projects that are initially expended from the General Fund appropriations (3112, 3122, and 3123). Essentially, projects are executed in the General Fund (operating accounts) and reimbursed via dis-investments and transfers from the Trust Funds. These funds are transferred from the Parent accounts (8863_X and 8861_X), to the child accounts (8863_XT and 8861_XT), and then ultimately transferred from the child accounts to the operating accounts. There is not a question that while in the trust fund, these are Funds from Dedicated Collections (FDC), as they represent excise tax collections and other tax collections. However, once transferred to the operating accounts, it is unclear whether these funds have met the definition of FDC while in the child account, and are no longer considered FDC once in the operating accounts (to reimburse the expenditures). SFFAS standards and OMB Circular A-136 address mixed or co-mingled funds, and express that the fund as a whole only meet the FDC definition if the fund is predominately sourced from the FDCs. USACE's general fund operating accounts are not predominately funded by the FDC totals, as they receive appropriated funds yearly that serve as the majority of the source of funds. However, we question if this results in correct and transparent reporting because the funds received are FDC by definition, as they came from the trust funds, even though they ended up in a predominantly operating account.	
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Streamlining authoritative guidance	

TOPIC# 11				
SFFAS 27, <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
12	VA Society of CPAs	Low	We have no specific comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 27	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	NA		-
22	Fiscal Service	Low		-

TOPIC# 11				
SFFAS 27, Identifying and Reporting Funds from Dedicated Collections AS AMENDED BY: SFFAS 43				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
23	DOL	NA		-
24	DOE	High Priority	No comment as of 10/13/23. DOE plans to submit a revised response for this topic once a consensus has been reached internally.	
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 12

TOPIC# 12				
SFFAS 29, Heritage Assets and Stewardship Land				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-

TOPIC# 12				
SFFAS 29, Heritage Assets and Stewardship Land				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	Low	Low – we would encourage the Board to wait on reexamination of this topic until SFFAS 59 has been fully implemented, at which time reexamination may benefit from actual experience with reporting under the new standard.	reexamination of this topic after SFFAS 59 has been fully implemented
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Streamlining authoritative guidance	

TOPIC# 12				
SFFAS 29, <i>Heritage Assets and Stewardship Land</i>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
12	VA Society of CPAs	Medium Priority	This topic has not been revisited since 2005. At that time the Board clarified that it did not reconsider recognition and measurement, but that it may reconsider the recognition and measurement issues for heritage assets and stewardship land (para. 53). It seems inconsistent with FASB and GASB standards to classify these as assets (a resource that embodies economic benefits or services under the government's control) while fully recognizing the cost of acquisition, improvement, reconstruction, or renovation in the period of the cost.	Inconsistent with FASB and GASB standards to classify these as assets.
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 29	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-

TOPIC# 12				
SFFAS 29, <i>Heritage Assets and Stewardship Land</i>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
21	NASA	Medium Priority	FASAB should consider providing clarification on what qualifies as a collection type heritage asset vs a non-collection type. Instead of only listing examples, consider adding criteria. Agencies may also benefit from a clarification on the term "meaningful" in paragraph 25c and 25d.	Clarification on what qualifies as a collection type heritage asset vs a non-collection type. Clarification on the term "meaningful" in paragraph 25c and 25d
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 13

TOPIC# 13				
SFFAS 31, Accounting for Fiduciary Activities				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-

TOPIC# 13				
SFFAS 31, Accounting for Fiduciary Activities				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Streamlining authoritative guidance	
12	VA Society of CPAs	Medium Priority	In 2008 when this standard became effective, there was disagreement about the basis of accounting and placement of the fiduciary information within the basic notes. With 15 years of experience using the information, it may be a good time to re-evaluate the definition of fiduciary activities, basis of accounting, and placement within the financial statements.	Re-evaluate the definition of fiduciary activities, basis of accounting, and placement within the financial statements.
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-

TOPIC# 13				
SFFAS 31, Accounting for Fiduciary Activities				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 31	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Medium Priority	The servicing Agencies should ensure more timely submission of fiduciary reports at quarter-end.	-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Low	We suggest that FASAB research whether the standard is achieving its intended objectives.	Research if SFFAS is achieving objectives.

Table of Responses and Staff Notes
Question 2-Topic 14

TOPIC# 14				
SFFAS 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-

TOPIC# 14

SFFAS 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
5	DOT	NA		-
6	AGA-FMSB	Medium Priority	Medium – we observe that pension & OPEB standards do not directly address contractual obligations that an agency may have to contribute to contractor pension & OPEB plans. We think this should be addressed since we are aware of instances where this is occurring.	Address contractual obligations that an agency may have to contribute to contractor pension & OPEB plans.
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Considering overlaps or redundancy in requirements (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply	
12	VA Society of CPAs	Medium Priority	Post-implementation of GASB Statement 68 found that some users appreciated the discount rate sensitivity disclosure and 10-year contribution and net pension liability information, which is also consistent with FASB requirements, but not currently included in federal disclosures	Consider other disclosures. <i>Staff notes that there was a FASAB Note Disclosure project that was closed in 2021 because it was agreed</i>

TOPIC# 14				
SFFAS 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>that it could be addressed through the Reexamination project.</i>
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	Low	Is the statement in paragraph 2.a, “there is currently uncertainty in practice regarding the selection of discount rates in some situations.” still valid?	Validity of par. 2a regarding discount rates.
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 33	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Low		-

TOPIC# 14

SFFAS 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
22	Fiscal Service	Low		-
23	DOL	High Priority	<p>Issue 1: Federal Employees' Compensation Act (FECA) Exemption. FECA workers' compensation is considered an Other Postemployment Benefit. Currently SFFAS 33 exempts the FECA program from the accounting standard:</p> <p>FASAB Handbook, v. 21 (06/22), SFFAS 33, paragraph 14 states: "14. This Statement applies exclusively to entities that report liabilities for federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation,⁴ in general purpose financial reports prepared pursuant to Federal Accounting Standard Advisory Board (FASAB) standards. This Statement does not apply to the Federal Employees Compensation Act (FECA) program."</p> <p>The Board's reasoning is provided in the Basis for Conclusions, but the Basis for Conclusions paragraphs are not authoritative as GAAP:</p> <p>"A19. The Board considered the applicability of this standard to the Federal Employees Compensation Act program. The Board concluded that it was not appropriate or necessary for the Department of Labor to provide the information concerning gains and losses from changes in assumptions to the employer agencies, nor for the employer agencies to separately report or disclose such information. Under the particular circumstances of FECA accounting and reporting, the Board decided that the value of the FECA information provided pursuant to this standard would not offset the burden and cost of providing it."</p> <p>DOL believes the cost still exceeds the benefit. DOL requests the Board to clarify that SFFAS 33 in its entirety should not apply to the FECA program and that SFFAS 33 should not be applied selectively, e.g., discount rates.</p>	SFFAS 33 exempts the FECA program. DOL requests the Board to clarify that SFFAS 33 in its entirety should not apply to the FECA program and that SFFAS 33 should not be applied selectively, e.g., discount rates.

TOPIC# 14

SFFAS 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Issue 2: Energy Employees Occupational Illness Compensation Benefits (the Energy program), Federal employee vs. non-Federal employee (contractors) benefits. The Energy program's benefits paid to former Federal employees (but not benefits paid to former Federal contractors) are workers' compensation/other postemployment benefits; this means that SFFAS 33 could be applied to the Federal employees portion of benefits.</p> <p>DOL's Office of Workers' Compensation Programs performs Q3 and Q4 analyses of Federal employee vs. non-Federal employee benefits expenses; DOL considers benefits payments to be a proxy for future actuarial liability. Benefits paid to former Federal employees are a low percentage (less than 1.0 percent) of total benefits. DOL requests the Board to clarify that SFFAS 33 applies to those programs/funds that are predominantly pensions, ORB, and OPEB (these are benefits for former Federal employees) and that DOL does not have to split out the small portion for Federal employee benefits from the Energy program/fund and apply SFFAS 33 to that portion</p>	DOL requests the Board to clarify that SFFAS 33 applies to programs/funds that are predominantly pensions, ORB, and OPEB and that DOL does not have to split out the small portion for Federal employee benefits from the Energy program/fund and apply SFFAS 33 to that portion.
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Low	<p>We suggest that FASAB consider clarifying the wording in SFFAS 33 relating to the selection of discount rates. This guidance has been interpreted inconsistently, raising issues about comparability across government entities. Also, reviewing the valuation date guidance in SFFAS 33 for pension benefits, other retirement benefits, and other postemployment benefits may be helpful to achieve further consistency government-wide and align with the time needed to prepare and audit the actuarial calculations.</p>	<p>Clarify selection of discount rates.</p> <p>Review valuation date guidance for pension benefits, other retirement benefits, and other postemployment benefits.</p>

Table of Responses and Staff Notes
Question 2-Topic 15

TOPIC# 15				
SFFAS 34, <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-

TOPIC# 15				
SFFAS 34, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
5	DOT	High Priority	FASAB guidance does not seem to address budgetary accounting treatment or guidance that is inconsistent or incongruent with GAAP for financial reporting purposes.	Address budgetary accounting and guidance that is inconsistent with GAAP.
6	AGA-FMSB	NA	See responses to Questions 1.1 and 1.2 for our views on this topic.	See Q1
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Medium Priority	See responses above in Section I of the ITC.	See Q1
10	KPMG	NA		-
11	Deloitte & Touche	Medium Priority	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns	
12	VA Society of CPAs	High Priority	Please see our responses to questions number one and two above.	See Q1

TOPIC# 15				
SFFAS 34, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
13	RRB	NA		-
14	Ernst & Young	High Priority	Please see our response to Questions 1.1 and 1.2 above.	See Q1
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Medium Priority	HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. However, HHS recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies.	Continuous review and improvement of standards is essential.
18	DOI	Medium Priority	See above Q1.1 and 1.2 for DOI's items for SFFAS 34	See Q1
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Medium Priority	FASAB has improved communication over the years; however, the updates to standards should also be communicated in a clearer (with examples of what's acceptable and what is not acceptable) manner governmentwide.	Updates to standards should be communicated in a clearer manner.

TOPIC# 15

SFFAS 34, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
22	Fiscal Service	Medium Priority	<p>Gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards.</p> <p>The SFFAS 47 Exposure Draft originally stated that “any component reporting entity that publishes financial reports pursuant to the accounting and reporting standards issued by the FASB should disclose intragovernmental amounts measured in accordance with federal financial accounting standards to facilitate elimination entries in preparation of the government-wide financial statements.” However, this requirement was later dropped within due process of Board discussions. Now, “information such as this should not be required through accounting standards, but instead Treasury could require through the closing package or through the TFM.”</p> <p>B) “SFFAS 47 is a principles-based approach... As stated in paragraph A42 “the role of standard-setters is to set accounting standards and consider the potential implications.” Further, while developing SFFAS 47, it was clear that any additional guidance would be provided by central agencies to ensure consistent application and government-wide consistency. This is conveyed multiple times in SFFAS 47 (including footnote 27 and paragraphs A70. & A101.).”</p> <p>C) “Central agencies are anticipated to determine if there is a need for coordinated guidance to be developed to ensure government-wide consistency. A coordinated effort from the central agencies could promote a process to ensure the component reporting entities are performing the necessary procedures to capture the material organizations from their perspectives and also for consideration at the government-wide level.” (SFFAS 47, Par. A70)</p> <p>D) “The Board initially proposed that activities measured in accordance with FASAB standards and amounts related to intragovernmental were required to be disclosed in the notes of component reporting entities to facilitate</p>	<p>Gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards.</p>

TOPIC# 15				
SFFAS 34, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			eliminations at the government-wide reporting level. However, the board determined this information may not be relevant for the component reporting entity GPFRRs and was more appropriately obtained in the Treasury closing package. Likewise, the budgetary reporting issues highlighted by respondents appeared to be a reconciliation and system issue that should be addressed in the Treasury Financial Manual instead of an accounting standard..." (SFFAS 47, Par. A84)	
23	DOL	NA		-
24	DOE	High Priority	As noted in response to question 1.2, DOE suggests that other accounting literature, as described in paragraph 8, be included in the primary hierarchy listed in paragraph 5 as subparagraph 5(e). This will help clarify other accounting literature can be utilized when FASAB guidance does not address a particular accounting scenario. For example, DOE utilizes FASB standards for reporting the assets and liabilities associated with private-sector pension and benefits plans that are included as DOE assets and liabilities for the purposes of financial reporting.	Other accounting literature be included in the hierarchy.
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes

Question 2-Topic 16

TOPIC# 16 SFFAS 36, Comprehensive Long-Term Projections for the U.S. Government				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time.	-
10	KPMG	NA		-

TOPIC# 16				
SFFAS 36, Comprehensive Long-Term Projections for the U.S. Government				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
11	Deloitte & Touche	Low	(1) Potential Improvement: Streamlining authoritative guidance (2) Potential Improvement: Eliminating or revising unclear requirements	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 36	-
19	DOJ	NA		-
20	DOC	NA		-

TOPIC# 16				
SFFAS 36, Comprehensive Long-Term Projections for the U.S. Government				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
21	NASA	Low		-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 17

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	High Priority	<p>Page 13 – SFFAS 38, Accounting for Other Types of Natural Resources, Factor A9. Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.</p>	Clarification of grazing rights.

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor A9 as follows:</p> <p>Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing opportunities. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2....</p> <p>Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service. See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See <i>Diamond Bar Cattle Co. v. United States</i>, 168 F.3d 1209, 1215 (10th Cir. 1999) (holding that “owners did not have possessory property interest entitling them to graze cattle on range located on national forest lands even if they held valid water rights protected by Mining Act”); see also <i>Oregon Nat. Desert Ass'n v. U.S. Forest Serv.</i>, 465 F.3d 977, 979–80 (9th Cir. 2006) (“The permit does not authorize the permit holder to graze continuously for the permit's ten-year duration. Rather, the permit authorizes the permit holder to graze livestock only after the Forest Service has approved the permittee's annual application. In practice, the Forest Service approves the application in conjunction with issuance of the AOI. Although the annual application calls for basic information, it is the AOI that indicates the detailed terms and conditions by which the Forest Service expects the permit holder to graze his livestock in the upcoming season.”)</p> <p>36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.</p> <p>Appendix A: Basis For Conclusions Page 10 – Technical Bulletin 2011-1, Accounting for Other Types of Natural Resources, Factor A2.</p>	

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.</p> <p>Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; grazing permits merely provide a privilege to graze on federal land. The Forest Service recommends revising factor A2 as follows:</p> <p>Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing opportunities. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38...</p> <p>Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See Diamond Bar Cattle Co. v. United States, 168 F.3d 1209, 1215 (10th Cir. 1999); see also Oregon Nat. Desert Ass’n v. U.S. Forest Serv., 465 F.3d 977, 979–80 (9th Cir. 2006).</p> <p>36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.</p>	

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
9	DOD	Low	No concerns at this time	-
10	KPMG	NA		-
11	Deloitte & Touche	High Priority	(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns Explanation: Paragraphs A49 – A56; Given the mounting concerns regarding climate change, it may be worthwhile for the Board to either provide more flexibility for how agencies value both the assets and liabilities associated with oil and gas resources, or provide updated guidance rather than leaving it up to federal entities to develop a detailed methodology, which can result in significant burden for preparers.	Given the mounting concerns regarding climate change, the Board should provide more flexibility for how agencies value both the assets and liabilities associated with oil and gas resources.
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-

TOPIC# 17 SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 38 In addition, please see comments that will be submitted as part of FASAB's ED "Omnibus Amendments: Amending SFFASs 38, 49, and Technical Bulletin 2011-1" due on 21 September.	<i>ED response will be considered in Omnibus project due process</i>
19	DOJ	NA		-
20	DOC	NA		-
21	NASA	Low		-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-

TOPIC# 17				
SFFAS 38, Accounting for Federal Oil and Gas Resources TB 2011-1, Accounting for Federal Natural Resources Other Than Oil and Gas				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 18

TOPIC# 18				
SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-

TOPIC# 18

SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
6	AGA-FMSB	Low	Low – we would encourage the Board to monitor the GASB’s project on this topic and consider whether there is a value in convergence once this project is completed.	Monitor GASB’s project and consider whether there is a value in convergence.
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	One DoD component indicated that the standard could benefit from revising what constitutes a subsequent event and the associated timelines for events that need to be reported.	Revise what constitutes a subsequent event.
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Eliminating or revising unclear requirements	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-

TOPIC# 18

SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
15	DHS	Medium Priority	DHS would like FASAB to provide more robust examples to help distinguish between recognized and nonrecognized events including additional guidance on how to recognize and disclose subsequent events. In the summary, FASAB states that the objective of this Statement is to incorporate the guidance from the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS) UA section 560, Subsequent Events. While paragraph 13 of SFFAS 39, FASAB uses an example related to litigation for personal injury which is similar to an example in subsection 04 of AU Section 560, SFFAS 39 lacks multiple examples with different circumstances. AU Section 560 provides more examples of subsequent event as well as sample questions to ask to identify subsequent events. DHS believe additional examples would assist in identifying subsequent events.	Provide additional guidance with robust examples to help distinguish between recognized and nonrecognized events. Provide guidance on how to recognize and disclose subsequent events.
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 39	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-

TOPIC# 18

SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards

Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
21	NASA	Medium Priority	The AICPA should include the process that federal agencies currently should follow per A-136 and include the dates so auditors are not requesting the information sooner than its available.	Include the process that federal agencies follow per A-136.
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes

Question 2-Topic 19

TOPIC# 19				
SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Medium Priority	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	Consider providing clarity on evaluation when the cash-generating and non-cash generating asset are potentially impaired with undetermined salvage value and impact on depreciation.	Clarity on evaluation when the cash-generating and non-cash generating asset are potentially impaired.

TOPIC# 19				
SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
10	KPMG	NA		-
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Streamlining authoritative guidance	
12	VA Society of CPAs	Medium Priority	FASAB should consider alternatives to decrease the complexity of SFFAS 44.	Consider alternatives to decrease the complexity.
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 44	-
19	DOJ	NA		-

TOPIC# 19				
SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
20	DOC	Medium Priority	Due to possibly material amounts involved in impairments, the Department recommends that FASAB review this standard regularly to keep it current.	Review GAAP and ensure current.
21	NASA	Medium Priority	This Standard is relevant to NASA's line of work.	-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes

Question 2-Topic 20

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Medium Priority	SFFAS 47 does not address the intended accounting, if any, to be applied to disclosure entities where the Government holds some (but not controlling) interest in an independent entity. FASB guidance regarding recognition of assets and operating results of such arrangements is very complex and it is frequently not based on a straightforward percentage of ownership equity method. Some hold the belief that equity method is not required for a federal	Provide clarification on minority interests— <i>Staff notes that SFFAS 47 provides that ownership interests 50% or less should be accounted for in</i>

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>entity, and others hold that equity method should always be applied in its simplest form without regard to the complexities incorporated in FASB standards. Clarification on when and how to recognize minority interests would be helpful.</p> <p>Some DoD components said that it would be helpful to clarify where should situations such as Security Assistance Accounts and Foreign Military Sales be reported (i.e. within DoD, Department of State, or Government-wide financial statements) and based on which criteria.</p>	<p><i>accordance with the appropriate accounting standards per the GAAP hierarchy. The BFC explains the Board agreed addressing minority interests through the project is likely to be less effective than allowing the GAAP hierarchy to fill any void.</i></p> <p>Clarify where situations such as Security Assistance Accounts and Foreign Military Sales be reported. <i>Staff notes that DoD previously submitted a TI on the SAA in 2019. Staff worked several months with DoD and DoD OIG and an agreed upon approach was determined. FASAB has not been involved since resolution was agreed by all parties.</i></p>
10	KPMG	NA		-
11	Deloitte & Touche	Medium Priority	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Streamlining authoritative guidance	

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
12	VA Society of CPAs	Medium Priority	More concise guidance would improve the requirements of SFFAS 47.	Provide more concise guidance.
13	RRB	NA		-
14	Ernst & Young	Medium Priority	Please see our response to Topic #21 below.	See P3 response.
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 47	-
19	DOJ	NA		-
20	DOC	Low	The Department does not have any significant concerns.	-
21	NASA	Medium Priority	FASAB should consider refreshing the flowchart and illustrations. This would be helpful to agencies and auditors.	Refresh the flowchart and illustrations

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>Staff notes the flowchart would only be updated for a change in SFFAS 47.</i>
22	Fiscal Service	High Priority	<p>Fiscal acknowledges and agrees with FASAB that the role of reporting entities/preparers is to assess each organization using SFFAS 47 principles and to reach conclusions using professional judgement. However, Fiscal also believes there are inconsistencies in SFFAS 47 that should be addressed during re-examination.</p> <p>1) First, SFFAS 47, Footnote 27 states: “It is anticipated that central agencies will determine if there is a need for coordinated guidance to ensure government-wide consistency.”</p> <p>Fiscal believes that Level A GAAP guidance should be sufficient and thoroughly sound to stand alone, without the need for additional guidance from sponsor agencies to supplement implementation efforts or understanding in the federal community. “Ensuring governmentwide consistency” is well beyond the scope of “form and content” of financial statements.</p> <p>Fiscal agrees with the Board’s conceptual guidance on consistency of financial statements:</p> <p>“Financial reports should be consistent over time; that is, once an accounting principle or reporting method is adopted, it should be used for all similar transactions and events unless there is good cause to change. The concept of consistency in financial reporting extends to many areas, such as valuation methods, basis of accounting, and determination of the financial reporting entity.” (SFFAC 1, Par. 163)</p> <p>Further, the Board previously noted it will need to consider certain cost-benefit factors between “comparable consistency” and “relevant customization” when</p>	<p>Level A GAAP guidance should be sufficient without the need for additional guidance from sponsor agencies—</p> <p><i>Staff notes the Board determined central agency coordination and guidance during the implementation process would aid users in adopting application of principles from the government-wide perspective. This coordinated effort from the central agencies was to ensure consistency by providing guidance to promote a process to ensure the component reporting entities performed the necessary procedures to capture the material organizations from their perspectives and also for consideration at the government-wide level.</i></p>

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>addressing specific issues in it's future projects. Fiscal hopes that SFFAS 47 will be one of those areas during the re-examination:</p> <p>“comparable consistency” because administrative resources for information processing systems are limited and because new systems take time to install, externally-imposed requirements for comparable consistency could compete with addressing internally perceived needs for relevant customization. The Board acknowledges this trade-off. This is just one of many cost-benefit factors that the Board will need to consider as it addresses each specific issue in subsequent projects. (SFFAC 1, Par. 247)</p> <p>Entities that are quasi-governmental and/or financially independent (Federally Funded Research and Development Centers, museums, performing arts organizations, universities, and venture capital funds) must be assessed objectively and are classified uniquely on an individual basis using the available SFFAS 47 guidelines. Therefore, inconsistencies in application of SFFAS 47 may be found during the process of individual classification. Different preparers may reach different conclusions due to the unique and developing nature of FFRDCs.</p> <p>“Because details may differ among organizations in each example type, an objective assessment may classify some individual organizations as consolidation entities rather than disclosure entities.” (SFFAS 47, Par. A56)</p> <p>2) “Central agencies are anticipated to determine if there is a need for coordinated guidance to be developed to ensure government-wide consistency. A coordinated effort from the central agencies could promote a process to ensure the component reporting entities are performing the necessary procedures to capture the material organizations from their perspectives and also for consideration at the government-wide level. The effective date considered this and allowed sufficient time for a coordination of efforts as well as development of any needed implementation guidance.” (SFFAS 47, Par. A70)</p>	<p>Inconsistent application of SFFAS 47—<i>Staff notes FASAB received several technical inquiries regarding SFFAS 47 during implementation, but there have been few since then.</i></p> <p>Implementation Guidance and/or clarifying guidance during re-examination efforts will be helpful. <i>See staff</i></p>

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>Fiscal believes that Level A GAAP guidance should be sufficient and thoroughly sound to stand alone, without the need for additional guidance from sponsor agencies to supplement implementation efforts or the federal community's understanding. "Ensuring governmentwide consistency" is well beyond the scope of "form and content" of financial statements. Irrespective of the time available in 2014 for the central agencies to develop coordinated guidance, Fiscal believes Implementation Guidance and/or clarifying guidance during re-examination efforts will be helpful for the federal community as a whole.</p> <p>3) The Board issued SFFAC 9 in 2020 to enhance preparers' and auditors' understanding of materiality concepts in federal financial reporting. While the conceptual SFFAC 9 guidance does not amend authoritative standards, the clarifications within it warrants a fresh look of how materiality should be considered when assessing reporting entities.</p> <p>A) Qualitative materiality considerations may change from year to year. Thus, a preparer may make the correct judgement that an organization is qualitatively material for inclusion in Year 1. After circumstances, sensitivities, and/or risk factors have changed, a separate preparer could reach a different determination in Year 2 and make a correct decision to omit the organization. The users of the financial statement would be left to wonder what happened to the organization, or could be confused by another disclosure explaining why the organization was included in Year 1 but omitted in Year 2.</p> <p>B) "...After quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity." (SFFAC 9, Par. 164c.) SFFAS 47 does not specifically address how materiality may vary during entity analysis.</p>	<p><i>points above regarding guidance.</i></p> <p>SFFAS 47 does not specifically address how materiality may vary during entity analysis.</p> <p><i>Staff notes that SFFAS 47 provides that materiality is an overarching consideration in financial reporting. It also describes that preparers should consider both qualitative and quantitative materiality in determining the information that should be presented regarding disclosure entities.</i></p>
23	DOL	NA		-

TOPIC# 20				
SFFAS 47, Reporting Entity				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 21

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	Medium Priority	Medium – we see an opportunity to improve clarity and reporting consistency with additional implementation guidance.	Implementation guidance— <i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November. The project plan is expected to address the noted concern.</i>
7	GWSCPA-FISC	NA	The FISC recognizes that Public-Private Partnerships (P3s) arrangements are expanding and becoming more complex. As such, the Board should continue to monitor the need to update the P3 reporting requirements to ensure that such arrangements are properly and consistently accounted for and report in Federal financial statements.	Monitor the need to update the P3 reporting requirements- <i>Staff along with a pan-governmental task force has continued to monitor for approximately two years and a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November. The project plan is expected to address the noted concerns</i>
8	USDA	NA		-

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
9	DOD	Medium Priority	<p>DoD components identified the following areas of the standard for improvement/revision:</p> <ul style="list-style-type: none"> - Entities and auditors are sometimes reaching conclusions different than the FASAB staff in regard to this standard. The primary difference seems to relate to the potential that Government may take action in the future vs. the legal requirement that the Government take action in the future. The entities and auditors seem to take the legal requirement route. Expansion of that brings danger of having accountants guess at future Government actions. Perhaps clarification in the standard as to the Board's interpretation would be helpful. - Similar to the illustrations in appendix C of SFFAS 47, it would be beneficial if this standard included illustrations to demonstrate how the provisions of this Statement could be applied to relationships/arrangements and the application of the P3 definition, conclusive risk characteristics, and suggestive risk characteristics. - Clarify the relationship between SFFAS 49 and SFFAS 47, Reporting Entity, and SFFAS 54, Leases. Provide examples, if possible. 	<p>Clarify potential that Government may take action in the future vs. the legal requirement that the Government take action in the future</p> <p>Illustrations to demonstrate how the provisions of this Statement could be applied to relationships/arrangements and the application of the P3 definition, conclusive risk characteristics, and suggestive risk characteristics</p> <p>Clarify the relationship between SFFAS 49 and SFFAS 47, Reporting Entity, and SFFAS 54, Leases.</p> <p><i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November. The project plan is expected to address the noted concerns.</i></p>
10	KPMG	NA	<p>In recent years, we have observed an increase in the complexity of Public-Private Partnerships (PPPs), as well as continuous evolution in the ways they are being formed and structured. These partnerships now span multiple business relationships, including vendors, research partners, and other PPPs. While SFFAS 49 provides comprehensive guidance on disclosure</p>	<p>With the increased complexity, it should be reexamined-</p>

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			requirements for PPPs, we support the Board's current project of reexamining the standard.	<i>Staff along with a pan-governmental task force has continued to monitor for approximately two years and a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November.</i>
11	Deloitte & Touche	Low	(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply) (2) Potential Improvement: Eliminating or revising unclear requirements	<i>Staff along with a pan-governmental task force has continued to monitor for approximately two years and a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November.</i>
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Medium Priority	We support the Board's continued efforts on its Public-Private Partnerships project. However, we encourage the Board to consider the interaction of the guidance in SFFAS 49 and SFFAS 47 make sure it is consistent in both standards.	Consider the interaction of the guidance in SFFAS 49 and SFFAS 47- <i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November. The</i>

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
				<i>project plan is expected to address the noted concern.</i>
15	DHS	Low	Paragraph 10 states “It should be noted that the Board also plans to address measurement, recognition, and reporting issues through continued consultation with stakeholders. This could lead to the issuance of additional guidance.” When does the Board plan do address these items?	Additional guidance- <i>Preliminary work has begun on Phase 2 concerning Measurement and Recognition. However, the Board has suspended Phase 2 in order to devote resources and focus the community’s attention to the SFFAS 49 implementation challenges. Staff also notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November.</i>
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	High Priority	HHS believes this is an area of high priority. Further clarification may be warranted since the use and implementation of P3s continues to increase for government-wide purposes.	Further clarification warranted- <i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November.</i>

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
18	DOI	Medium Priority	<p>1) Potential Improvement Topic: Clarifying the standards</p> <p>SFFAS No. 49 Public-Private Partnerships: Disclosure Requirements, in Paragraph 15.d. – one of the “exclusion” paragraphs - states, “Formal and informal arrangements or transactions that do not share risks or rewards and are solely designed to foster goodwill, encourage economic development, promote research and innovation, or coordinate and integrate strategic initiatives.” The use of “solely” has created confusion when applying this exclusion. Perhaps a substitution of “predominately” could be considered and would add clarification to the analysis process.</p> <p>2) Service concession arrangements were excluded from the Lease guidance with the intention of addressing them in SFFAS 49.</p> <p>3) In addition, please see comments that will be submitted as part of FASAB’s ED “Omnibus Amendments: Amending SFFASs 38, 49, and Technical Bulletin 2011-1” due on 21 September.</p>	<p>The use of “solely” has created confusion when applying this exclusion.</p> <p><i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November.</i></p> <p>Service concession arrangements</p> <p><i>ED responses have been considered in the Omnibus project due process.</i></p>
19	DOJ	NA		-
20	DOC	Low	The Department will be separately commenting on the recent exposure draft amending SFFAS 49 and has been participating in the SFFAS 49 FASAB Workgroup.	<i>ED responses have been considered in the Omnibus project due process.</i>
21	NASA	High Priority	NASA recommend the Board examine whether this is a note disclosure in the statements (considered basic information under SFFAC 6) or required supplementary information (RSI) to communicate information relevant and important to the reporting objectives that are other than financial measures, e.g., qualitative. Each is subjected to different audit procedures and reporting requirements under generally accepted government auditing standards (GAGAS). Although SFFAS 49 is identified as supplemental within its context,	<p>Consider whether information should be required supplementary information (RSI) –</p> <p><i>Staff notes a project plan for SFFAS 49 implementation</i></p>

TOPIC #21				
SFFAS 49, Public-Private Partnerships: Disclosure Requirements				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
			<p>it is not specifically identified as RSI. As such, the note disclosure requires demonstration of a complete universe, accuracy of the data, and application of the criteria under GAGAS. Realignment to RSI would still require the federal agency to tell the story of the partnership while potentially reducing the burden of applying materiality. SFFAS 49 is based upon a subjective review of criteria that is not well-defined nor readily available through the general accounting information used in the financial statements. It also requires a federal agency to review for remote risk. There isn't clarity to define the level for determining when an arrangement meeting the characteristics of P3 represents more than a remote risk as there isn't anything to clearly identify what would be considered to be less than remote. Unlike contingent liabilities, P3 are not based on an event. In addition to the subjectivity of remote risk, the "intent" of SFFAS 49 does not seem to be in line with providing meaningful information. The original intent appeared to be those arrangements where the agencies were becoming more creative to meet requirements while reducing cost. This could increase the shared risk where an agency transfers more authority to the partner but does not have protections or oversight in place to ensure completion of the requirement. As examples, enhanced use leases (EULs) and energy savings type contracts have been identified as potential P3s. The information provided is simply what is contained in the lease or contracts and could be identified in the RSI if not provided elsewhere. EUL may become unrelated to P3, except in extreme situations, as it will generally be reported under SFFAS 54.</p>	<p><i>guidance was presented to the AAPC in November. The project plan is expected to address the noted concerns.</i></p>
22	Fiscal Service	High Priority	<p>SFFAS 49 remains ambiguous on what activities are considered P3s; examples of transactions which are not P3s and/or are excluded from the disclosure requirements; and where required P3 information should be captured in financial statements.</p>	<p>Ambiguous on what activities are considered P3s –</p> <p><i>Staff notes a project plan for SFFAS 49 implementation guidance was presented to the AAPC in November. The project plan is expected to address the noted concerns.</i></p>

TOPIC #21				
SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	Medium Priority	SFFAS 49, as discussed by FASAB staff at multiple board meetings, has presented challenges to preparers and auditors. We encourage FASAB to continue its current project in evaluating whether this standard is achieving its original objective. As part of the project, we suggest that FASAB consider whether the current disclosure requirements provide appropriate information to help users understand material federal government financial risks resulting from public-private partnerships.	Continue its current project in evaluating whether this standard is achieving its original objective. Consider whether disclosures provide appropriate information.

Table of Responses and Staff Notes

Question 2-Topic 22

TOPIC #22				
SFFAS 51, Insurance Programs				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time	-
10	KPMG	NA		-

TOPIC #22				
SFFAS 51, Insurance Programs				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
11	Deloitte & Touche	Low	(1) Potential Improvement: Eliminating or revising unclear requirements (2) Potential Improvement: Streamlining authoritative guidance	
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 51	-
19	DOJ	NA		-
20	DOC	NA		-

TOPIC #22				
SFFAS 51, Insurance Programs				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
21	NASA	NA		-
22	Fiscal Service	Low	<p>In FY 2019, FASB-reporting entities accounted for 93% of the government-wide balance of Insurance Guarantees reported in the Financial Report of the U.S. Government. FASAB reporters had recently implemented SFFAS No. 51, Insurance Programs, but FASB reporters had implemented FASB-issued insurance standards, creating differences related to contingent liabilities reporting. Consequently, Treasury disclosed insurance risks for those FASB entities in the Financial Report within the Contingencies footnote instead of the Insurance Guarantees footnote with other FASAB reporters.</p> <p>SFFAS 51 requires certain disclosures for the Consolidated Financial Report of the U.S. Government (SFFAS 51, Par. 69.) The Board should re-examine it's intent for disclosures of Insurance Programs of FASAB-reporting entities to determine what level of risks/details should be disclosed at the government-wide level.</p>	<p>Determine what level of risks/details should be disclosed at the government-wide level- <i>During due process for SFFAS 51, there were 18 comment letters and no respondent disagreed with the government-wide disclosures. There were some minor clarifications related to "insurance in-force" and the Basis for conclusions addressed the Board's intent concerning maximum risk exposure.</i></p>
23	DOL	NA		-
24	DOE	Low	No comment	-
25	Truth in Accounting	NA		-
26	GAO	NA		-

Table of Responses and Staff Notes
Question 2-Topic 23

TOPIC #23				
SFFAS 52, Tax Expenditures				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
1	Karen Opie-Toler	NA		-
2	VA	Low	No comments provided.	-
3	SSA	NA		-
4	EPA	Low	Topic is not of concern at this time.	-
5	DOT	NA		-
6	AGA-FMSB	NA		-
7	GWSCPA-FISC	NA		-
8	USDA	NA		-
9	DOD	Low	No concerns at this time	-

TOPIC #23				
SFFAS 52, Tax Expenditures				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
10	KPMG	NA		-
11	Deloitte & Touche	High Priority	(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met. Explanation: Paragraphs A25 - A28; The Board may consider revisiting whether the requirements to report on tax expenditures should also be extended to at least certain component reporting entities.	Consider requirements for certain component reporting entities
12	VA Society of CPAs	Low	We have no comments on this matter at this time.	-
13	RRB	NA		-
14	Ernst & Young	Low		-
15	DHS	NA		-
16	Treasury	Low	Topic and related SFFASs are not of concern and do not need to be reexamined at this time	-
17	HHS	Low	HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.	-
18	DOI	Low	DOI does not have any reporting concerns related to SFFAS 52	-

TOPIC #23				
SFFAS 52, Tax Expenditures				
Ref Number	Respondent	Agreement type	Response	Staff Notes / Identification of issues
19	DOJ	NA		-
20	DOC	NA		-
21	NASA	NA		-
22	Fiscal Service	Low		-
23	DOL	NA		-
24	DOE	Low		-
25	Truth in Accounting	High Priority	The Office of Management and Budget estimates that tax expenditures for 2022 totaled \$1.47 trillion, which equals 30% of the 2022 tax revenues. Greater transparency of tax expenditures would exist if a schedule of these tax expenditures were available in the basic financial statements of the federal financial report.	
26	GAO	NA		-

Table of Responses and Staff Notes
Other Comments

Ref Number	Respondent	Response	Staff Notes:
Letter #3	SSA	<p>As the Board considers options for the reevaluation project and pursues current ongoing projects, we would like to convey an additional overarching concern: There seems to be a trend towards codifying an increasing number of administratively burdensome requirements related to information that is (1) immaterial to the vast majority of agencies and (2) not a particular concern for their stakeholders. Additionally, the information may already be available through other channels and/or covered by guidance issued by other entities with a role in federal financial management. As an example, we are concerned that the ongoing cloud services project could lead to extensive, detailed disclosure requirements that far exceed our financial statement users' level of interest in the topic (we believe users of federal financial information are more interested in the budgetary aspect of federal spending). At a time when agencies are facing uncertainty regarding funding levels, major new accounting and reporting requirements can end up becoming unfunded mandates.</p> <p>We would also encourage the Board, whenever possible, to reduce the number of exposure drafts issued for comment in the September/October/November timeframe. This time period is extremely busy for accounting and financial reporting workloads.</p>	<p>New accounting and reporting requirements can end up becoming unfunded mandates.</p> <p>Reduce the number of EDs during audit timeframe.</p>
Letter #6	AGA	<p>From a big picture perspective, our group encourages FASAB to give priority to standards with a broader impact on reporting at many agencies, rather than issues that may be specific to only one or a few agencies. For example, we note that some topic areas (such as #9, 10 and 23) would primarily affect the Department of Treasury as they compile the consolidated financial report of the United States government, and thus we would defer to Treasury on priority for reexamination of these areas.</p> <p>Overall Comment Since the Board is considering reexamination of standards, we would encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB. Such a model would make all future updates easier to develop, communicate and administer. More importantly, it would also make standards more accessible to a new generation of learners.</p>	<p>Priority to standards with a broader impact.</p> <p>Consider moving to a codification-and-update model to provide organization of standards</p>

Ref Number	Respondent	Response	Staff Notes:
		<p>The current handbook is over 2,700 pages long and growing. While the handbook is updated for amendments, a user may need to skip back and forth hundreds of pages to get a full understanding on a particular topic. 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>We would further encourage the Board to consider whether Summary and Basis for Conclusions material is necessary to include in the current Handbook (or a future codification). While this information is helpful during due process - and on rare occasions it has also been helpful in practice to correctly interpret or apply a standard - it is our understanding that this material is not actually authoritative. Including it in the Handbook not only makes it much longer and harder to search, but may create some confusion about whether these sections are authoritative. If information in the Basis for Conclusions is considered necessary to understand, interpret or apply the standard, it would be preferable to simply include this information in the standard or in implementation guidance.</p>	<p>in a logical topical order rather than by evolution. <i>See staff discussion of this in Common Themes.</i></p> <p>Consider whether Summary and Basis for Conclusions material is necessary to include in the current Handbook. <i>See staff discussion of this in Common Themes.</i></p>
Letter #10	KPMG	<p>Costs and benefits</p> <p>We believe financial statement preparers are best positioned to provide the Board information on where there is significant preparer burden compared to the perceived value of the information recognized, disclosed, and presented. Further, we believe financial statement users are best positioned to inform the Board about which disclosures and other required information may no longer provide them information for making decisions, assessing accountability, or enhancing comparability of financial information throughout the federal government. That said, we believe the Board should consider reexamining disclosures that are overly lengthy, technical or complex – such as the various disclosures required for direct loans and loan guarantees.</p>	<p>Consider reexamining disclosures that are overly lengthy, technical or complex. <i>Staff notes that there was a FASAB Note Disclosure project that was closed in 2021 because it was agreed that it could be addressed through the Reexamination project.</i></p>
Letter #21	NASA	<p>*NASA GENERAL COMMENT TO FASAB: PLEASE WAIT UNTIL ONE DEADLINE DATE PASSES BEFORE SUBMITTING ANOTHER REQUEST FOR COMMENTS. REVIEWING MULTIPLE FASAB REQUEST FOR COMMENTS HAS CAUSED CONFUSION FOR OUR STAFF. THANK YOU.*</p>	<p>Release one ED at a time for comment.</p>

Ref Number	Respondent	Response	Staff Notes:
Letter # 25	Truth in Accounting	<p>Truth in Accounting has adopted a cautious stance towards responding to the Financial Accounting Standards Advisory Board (FASAB) Invitation to Comment: Reexamination of Existing Standards. The foundation for this reluctance is rooted in a practical understanding that advocating for desired accounting standards can be a difficult and expensive endeavor, often yielding little success. This conviction stems from our prior encounters with FASAB, particularly in relation to our comments and research concerning the accounting treatment of Social Insurance liabilities. Notably, these experiences have underscored concerns about the independence of FASAB "public" members during the deliberation process, especially when the interests of governmental members are at stake.</p> <p>Understanding the dynamics of FASAB is crucial to grasping these comments. The principals responsible for appointing FASAB members are the Secretary of the Treasury, the Comptroller General of the Government Accountability Office, and the director of the Office of Management and Budget (OMB). Among their various duties, these principals appoint both government members and public members to the board. While each of their agencies nominates a government member, they also collectively appoint six public members. A key criterion for public membership is that an individual cannot be currently employed by the federal government. Public members are appointed to the FASAB to bring an independent, external perspective to the board's decision-making processes. They are typically individuals with expertise in accounting, finance, or related fields. These public members are expected to stand for the interests of the public and the broader financial reporting community and are intended to promote transparency, objectivity, and fairness in developing federal accounting standards. By having individuals who are not directly affiliated with the federal government take part in the board's activities, it helps ensure that accounting standards are established in the best interest of the public and with a focus on accurate and reliable financial reporting for federal agencies. TIA finds this process to be flawed.</p> <p>In an illustrative incident, dating back to 2008, all FASAB public members came together to vote in favor of an exposure draft that proposed the inclusion of accrued Social Security and Medicare benefits on the Federal balance sheet. This issue was of paramount importance to our organization and others, prompting us to allocate significant resources and make the effort to draft a compelling response in support of the majority position advocated in the exposure draft. We were so committed to this cause that we even went the extra mile, incurring expenses to testify in person in Washington D.C.</p>	Noted concerns regarding independence.

Ref Number	Respondent	Response	Staff Notes:
		<p>However, during the critical deliberation process, a surprising turn of events occurred. One of FASAB's public members ended their second and final five-year term, while another public member completed a first five-year term and was not reappointed. The latter was a prominent and vocal advocate for the majority position in the exposure draft. What made this situation unprecedented was that, in the entire history of FASAB, no public board member had ever failed to be reappointed for a second term. It is important to note that these public members were replaced by individuals who had previously represented the Office of Management and Budget on FASAB, arguably non-independent contributors. The selection of FASAB members and the procedures used to set standards must facilitate neutrality and objectivity.</p> <p>In our 2009 testimony before FASAB we observed:</p> <p style="padding-left: 40px;">This seems like a form of jury tampering---the deliberate attempt to influence the composition and/or decisions of a jury during the course of a trial to get a desired outcome. Jury tampering undermines the public confidence in the deliberation process, the verdict and the whole judicial system.</p> <p>In November 2006 FASAB had issued a document titled, "Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting." This document correctly noted, "Independence has been identified as the most significant criterion for a GAAP standards-setter." The 2008 FASAB Facts states that, "To accomplish its mission, the FASAB acts to: Be objective and neutral and ensure, as much as possible, that the information resulting from its proposed standards is a faithful representation of the effects of Federal Government activities." This document continues, "Objective and neutral mean free from bias, precluding the FASAB from placing any particular interest above the interests of the many who rely on the information contained in financial reports." To ensure public confidence the independence of the FASB needs to be above question.</p> <p>Yet, despite these goals of independence, many question the FASAB's objectivity and neutrality. The Board's three principals are appointed to their positions by elected officials and four Board members are employed by elected officials. Because most of the principals and federal members of the Board hold their position based upon their relationship to elected officials, they have a vested interest in the content and format of information reported to the voting public. The clear conflict of interest faced by the Federal government employees places them in an awkward and untenable position when considering decisions that can have a direct or even indirect impact on their agencies. And virtually all FASAB decisions have a direct</p>	

Ref Number	Respondent	Response	Staff Notes:
		<p>impact on these members' employers. This is especially true with the Invitation to Comment Reexamination of Existing Standards.</p> <p>In an article written by James Patton, PhD and David Mosso, CPA in the Journal of Government Financial Management titled "Can the Federal Accounting Standards Advisory Board Be More Independent?", they conclude with this appropriate thought:</p> <p style="padding-left: 40px;">Federal members have made it clear that they do not intend to yield sovereignty to FASAB and that they will act to prevent implementation of Standards and Concepts Statements that they fundamentally do not agree with. They have a number of methods available to reach this end, short of actually vetoing a standard passed by the board.</p> <p>While the Patton/Mosso piece was written in the late 2000s, Truth in Accounting does not see evidence of greater independence. The result is our hesitancy to provide comment on FASAB's Invitation to Comment: Reexamination of Existing Standards. Despite this hesitancy we do appreciate the opportunity to provide our comments and have prepared the following based upon the form provided by FASAB. In your deliberations, please consider that citizens need a clear and prompt view of all relevant facts regarding our country's financial position in an easily understandable form.</p>	

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Topic A- Attachment 4

Respondent Table of Content and Individual Comment Letters

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Invitation to Comment *Reexamination of Existing Standards*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input checked="" type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Choose an item.

Please explain your response. [Click here to enter text.](#)

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Choose an item.

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

Invitation to Comment
Reexamination of Existing Standards

levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) [Click here to enter text.](#)

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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High Priority

Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met.

Subject: Accounting for Impairment of Inventory

The SFFASs are currently lacking a federal accounting standard framework for the impairment of inventory or stockpile material. The SFFASs are silent as it relates to impairment outside of general, property, plant, and equipment (GPP&E); goodwill; internal use software, and other similar assets. Research of other applicable standards, to include the Financial Accounting Standards Board (FASB) standards for the public sector, also contained limited information in their publications in accounting for these type of impairments (i.e., FASB Topic 350, Intangibles – Goodwill and Other: Accounting Alternative for Evaluating Triggering Events, and Securities (Accounting Standards Codification (ASC) 320, Debt Security)). As part of this research, the factors below were identified as a potential trigger for an impairment review of inventory and stockpile material:

- Unsellable inventory – inventory not able or unlikely to be sold (in the open market).
- Lack of recoverability – asset value will not likely be recovered in the future (future cash

Invitation to Comment *Reexamination of Existing Standards*

flows less than book value).

- Reduced demand – decrease in market demand (adverse change in regulatory, economic, technological environment or general market conditions (geographical, industry or cash flows).
- Decline in market value – the asset suffered a significant loss in market value.
- Obsolete inventory - material no longer needed due to changes in technology, laws, customs, or operations.
- Permanent vs. temporary decline – permanent reduction in asset value below the market value not expected to recover vs. temporary decline in asset value, expected to recover.

Whether these triggering factors can be used as possible options for impairment is subjective because the Standards do not specifically identify the application of impairment to inventory or stockpile material. The lack of FASAB guidance may impact materiality as it relates to the valuation and reporting of inventory and stockpile material.

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #8	<p>SFFAS 10, <i>Accounting for Internal Use Software</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	<p>SFFAS 15, <i>Management's Discussions and Analysis</i>⁴</p>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	<p>SFFAS 17, <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26, SFFAS 37</p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	<p>SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32, <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: Deputy Assistant Secretary
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify:
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. [Click here to enter text.](#)

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of "practices that are widely recognized and prevalent in the federal government.")

Invitation to Comment
Reexamination of Existing Standards

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Medium Priority

To assist federal agencies with reporting and disclosure requirements, FASAB Board should provide or discuss scenarios when the agency's FWBT does not balance with Treasury.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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High Priority

The standard can be expanded to provide guidance on the disclosure requirements for Credit Reform. The current guidance is complex and should be simplified.

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Medium Priority

It would be helpful to expand on guidance for disclosure requirements for opening balances and valuation methods.

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Medium Priority

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25
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Invitation to Comment *Reexamination of Existing Standards*

	Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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High Priority

Expand on standard to assist agencies on the steps to recognize, measure, and account for liabilities accurately. Within the existing standard, it is recommended to include a section on what agencies should consider when estimating liabilities.

It is recommended to remove information on capital leases from SFFAS 5 since it is discussed in depth in SFFAS 54. FASAB can briefly mention capital leases then refer the reader to SFFAS 54.

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Medium Priority

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting TB 2017-1, Intragovernmental Exchange Transactions
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Medium Priority

The terms exchange and nonexchange revenue should be elaborated to help agencies consistently recognize, measure, and report revenue on the financial statement. Recommend this standard includes scenarios/examples.

Topic #8	SFFAS 10, Accounting for Internal Use Software
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Invitation to Comment Reexamination of Existing Standards

Medium Priority

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Low Priority

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Medium Priority

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Medium Priority

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Medium Priority

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Medium Priority

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Low Priority

Topic #24	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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High Priority

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

VA's number one priority for FASAB is the reexamination of SFFAS 54.

VA continues to have significant concerns on SFFAS 54 and asks FASAB to prioritize the reexamination of SFFAS 54 when it becomes effective for periods after September 30, 2023. Furthermore, VA asks FASAB to rescind SFFAS 54 based on following concerns:

There is significant burden to implement SFFAS 54 at the VA and there is no tangible benefit. VA has approximately 1,400 lease agreements potentially impacted by implementation of SFFAS 54. However, VA has no automated solution to effectively support execution of the SFFAS 54. Federal agencies must use their core accounting system to comply with SFFAS, but VA's legacy core financial system is more than 30 years old and cannot be configured to meet SFFAS 54 requirements. VA considered alternative commercial products with the necessary capabilities to support the standard, discussing potential software solutions with several vendors, but, as of September 2023, no Federal Risk and Authorization Management Program (FedRAMP) compliant solution has been identified. Without the availability of a FEDRAMP compliant solution, VA must resort to using manual processes and spreadsheets comply with SFFAS 54 to: calculate the present value of leases, develop the lease amortization schedules, identify the funded principal portion of lease liabilities each year based on the amortization schedules, identify the interest portion of the year for payments that need to be funded, identify the monthly amounts of payments and receipts to apply to principal and interest to update the general ledger balances of lease liabilities and leased assets, and generate the required disclosures of future payments due. Due to the size of VA's lease portfolio, using manual processes and spreadsheets to comply with SFFAS introduces significant financial statement audit risk to the VA.

VA estimates that implementation of SFFAS 54 will cost millions of dollars without beneficial impact to the users of VA's financial statements. The additional accounting and disclosures required by SFFAS 54 will not assist the typical readers of VA's financial reports, Veterans. The lease amortization concept is complex, resulting in a balance sheet gross-up, and most users do not benefit from the solely accounting focused impact of this statement. FASAB could easily expand current disclosure requirements to include future payments of non-cancellable and cancellable leases, providing users a much more straightforward understanding of an agency's long term lease commitments compared to the SFFAS 54 effect of burying a lease liability and lease asset within an agency's balance sheet. Moreover, VA decision makers do not use SFFAS 54 lease information to make programmatic lease decisions. VA determines lease requirements based on the Veteran population and the space requirements necessary to provide Veteran benefits, with Congress often mandating VA's major leases. VA's Contracting Officers solicit leases with terms and conditions based on clinical requirements and market conditions within a geographic area and do not rely on SFFAS 54 asset and liability valuations during the solicitation process. Therefore, this standard will be burdensome and costly to implement without providing benefit to VA and the Veterans we serve.

Due to the size of VA's lease portfolio and the manual process that will be required to perform lease data extraction, maintain the portfolio, and accurately account for the leases as capital leases under the standard, VA will be required to make an unaffordable investment in additional financial staff. Because VA prioritizes investment decisions that prioritize fulfilling our core

Invitation to Comment
Reexamination of Existing Standards

mission, the additional resources necessary to manually comply with SFFAS 54 will divert resources that benefit our Nation's approximately 20 million Veterans. This impediment to cost effective and efficient implementation is not unique to VA as other Federal agencies face similar issues.

Topic #25	SFFAS 56, Classified Activities ⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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Low Priority

Topic #26	SFFAS 59, Accounting and Reporting of Government Land ⁷
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Low Priority

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

SSA Response: SSA is satisfied with the SFFAS 34 explanation of the GAAP hierarchy and its role in federal financial reporting.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and

Invitation to Comment

Reexamination of Existing Standards

reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.

SSA Response: SSA has not experienced challenges applying the GAAP hierarchy to accounting or reporting issues, nor have we experienced difficulties integrating guidance from other sources as applicable. We would like to note, however, that it would be beneficial if the reexamination project combines and streamlines interconnected guidance as much as possible. When guidance on a given topic is spread over multiple documents that in turn reference other documents, it creates a rather choppy reading and researching experience.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Choose a priority level.

Invitation to Comment
Reexamination of Existing Standards

Please explain your response. [Click here to enter text.](#)

Topic #5	<p>SFFAS 5, <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4, <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1, <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	<p>SFFAS 6, <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, <i>Assigning Assets to Component Reporting Entities</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Medium Priority

SSA Response: SSA understands that FASAB is currently reviewing SFFAC 3 and SFFAS 15 and considering changes to the MD&A requirements. We would encourage FASAB to limit the addition of any new reporting requirements in the MD&A to keep that section of agency Performance and Accountability Reports (PAR) and Agency Financial Reports (AFR) concise. Current MD&A guidance gives management flexibility on what information to include which we appreciate.

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Medium Priority

SSA Response: SSA has two suggestions pertaining to the Statement of Social Insurance (SOSI) and related materials:

(1) In the SOSI table, include additional line items reporting the actuarial balance as a percent of taxable payroll or GDP on both an open and closed group. Including such metrics would put the large present value (PV) numbers in context so readers can better understand their magnitude.

(2) Consider reopening discussions about whether much of the Social Insurance information could be linked to other sources where it is already available (e.g., the Social Security Trustees Report). This could streamline agency processes and reduce the amount of information required to be included in AFRs. This change would likely require adjustments to requirements that do not match how information is calculated and presented in the other sources.

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Choose a priority level.

Invitation to Comment
Reexamination of Existing Standards

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
------------------	--

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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SSA Response: SSA would like to highlight two concerns and accompanying suggestions related to Leases:

1. Regarding [SFFAS 54](#), paragraphs 72-77: Our specific concern centers on the paragraph 76 statement that if an individual contract's components (plural) cannot be price allocated among themselves, "a federal entity should account for those components as a single lease unit." We think treating a contract, or contracts, that are overwhelmingly nonlease as a lease because they were created before the issuance of [SFFAS 54](#) and may have an insignificant embedded lease component that cannot be

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

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quantified separate from nonlease components, would distort financial statement balances. We suggest that FASAB adopt the Alternate View/Practical Expedient presented in the Leases Transitional Accommodation (paragraphs A15-A26), to revise/replace paragraphs 72-77. This practical expedient would allow multiple component contracts that are predominantly lease to be treated as entirely lease, and those multiple component contracts that are predominantly nonlease be treated as entirely nonlease. This practical expedient is similar to what is already being done by FASB.

2. Regarding Technical Bulletin 2023-1: Paragraph 32 states that entities should recognize Reimbursable Work Agreements (RWAs) “unexpired at the beginning of the reporting period in which the TB is implemented.” The word “unexpired” means “an agreement not yet having come to an end.” It is our understanding that the General Services Administration (GSA) considers RWAs unexpired for the entire lease of the building that underpins the RWA. This could create disagreement among agencies and GSA as to recognition because RWAs are obligation agreements that are only in effect for the time it takes to complete the project described within the agreement (as per appropriation law and GSA’s RWA National Policy Manual). Therefore, an RWA obligation has a definite end-point – namely when the work is finished and complete (Section 4.1 RWA Life Cycle Phase “Cancellation, Completion, and Financial Closeout). Specifically, GSA issues a closeout letter once the “scope of work of the entire RWA has been completed and delivered” as per RWA National Policy Manual Section 4.1.5.2. To avoid potential disagreements between agencies and GSA, we recommend clarifying the intent of Paragraph 32 as to what is meant by “unexpired” and what should be recognized at the beginning of the reporting period in which the TB is implemented. As it currently reads, our agency would not recognize any significant RWAs for projects that have been completed and closed out. If the intention of the word “unexpired” in TB 2023-1 was to mean the work the RWA funded via the budgetary obligation was to provide a benefit over the term of the lease, it should be stated as such in the TB. For example, Paragraph 32 could have been worded, “Intragovernmental leasehold reimbursable work agreement costs for space still occupied at the beginning of the reporting period...”

	<p>SFFAS 56, <i>Classified Activities</i>⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i></p>
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SSA Response: SSA understands that FASAB intends to exclude SFFAS 56 from the reexamination project, but we nonetheless suggest removing the requirement in paragraph 12 that all Federal component entities must include a statement that “accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information,” while forbidding disclosure of whether SFFAS 56 actually applies to the entity. Although including this statement is certainly not an onerous requirement, we believe it provides limited to no useful service

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board’s consideration.

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Reexamination of Existing Standards

to the reader. It should be fairly simple to remove paragraph 12 via an omnibus amendment. We note that the requirement was not included in the SFFAS 56 exposure draft (as publicly viewable), so we did not have the opportunity to comment on this matter prior to release of the final document.

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

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Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input checked="" type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

We did not identify any issues with SFFAS #34.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Neither Agree nor Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

Invitation to Comment

Reexamination of Existing Standards

levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) We did not identify any issues with SFFAS #34.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

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- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Low Priority

Topic is not of concern at this time.

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

Topic is not of concern at this time.

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

Topic is not of concern at this time.

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

Topic is not of concern at this time.

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i>
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Questions for Respondents**Responses Due: September 15, 2023**

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Reexamination of Existing Standards

	TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Low Priority

Topic is not of concern at this time.

Topic #6	SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1 , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , <i>Assigning Assets to Component Reporting Entities</i>
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Medium Priority

This topic is on our radar and should be considered for review after high priority items.

Topic #7	SFFAS 7 , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Medium Priority

This topic is on our radar and should be considered for review after high priority items.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Medium Priority

This topic is on our radar and should be considered for review after high priority items.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Topic is not of concern at this time.

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

Topic is not of concern at this time.

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

Topic is not of concern at this time.

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

Topic is not of concern at this time.

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

Topic is not of concern at this time.

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

Topic is not of concern at this time.

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

Topic is not of concern at this time.

Questions for Respondents**Responses Due: September 15, 2023**

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Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Low Priority

Topic is not of concern at this time.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Topic is not of concern at this time.

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

Topic is not of concern at this time.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

Topic is not of concern at this time.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Topic is not of concern at this time.

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

Topic is not of concern at this time.

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

Topic is not of concern at this time.

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
------------------	--

Questions for Respondents**Responses Due: September 15, 2023**

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Reexamination of Existing Standards

Low Priority

Topic is not of concern at this time.

Topic #23	SFFAS 52, Tax Expenditures
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Low Priority

Topic is not of concern at this time.

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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This topic is on our radar and should be considered for review after high priority items.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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Topic is not of concern at this time.

	SFFAS 59, Accounting and Reporting of Government Land⁷
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Topic is not of concern at this time.

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

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Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. [Click here to enter text.](#)

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Agree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

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levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) [Click here to enter text.](#)

DOT Example of Recording Grant Program Expense Accruals

49 U.S. Code § 24319 (e)(2) and (e)(3) requires the grantee in the DOT Amtrak grant program to receive its grant funding on an “advance payment” or “prepayment” basis. Under this statute, cash is provided to the grantee at the time of the award obligation. The below illustrates the transactions used to record the advance, expense accrual (estimates), recording actual expenses. In accordance with generally accepted accounting principles (GAAP), DOT records estimated expenses in the month in which they are incurred (accrual accounting), rather than allowing the processing time to calculate actual final expenses (cash basis accounting). This accounting treatment aligns with accrual accounting where expenses are recorded when a transaction occurs rather than when payment is received or made. The purpose of accrual accounting is to match revenues and expenses to the time periods during which they were incurred (consistent with the matching principle), as opposed to the timing of the actual cash flows related to them. In order to record the expense accrual estimate at year-end Treasury Financial Manual (TFM) prescribes Transaction Code (TC) B604: Proprietary transaction of USSGL 6100/1410; and a budgetary transaction of USSGL 4802/4902. Although the requirement to record these expenses is rooted in proprietary accounting in accordance with GAAP, it is the budgetary side of this transaction that causes the issue explained below. The DOT position is to keep the budgetary and proprietary transactions in alignment as prescribed by the TFM transaction code accounting flow outlined in below tables. DOT is not certain of an alternative option given the transaction codes that are currently available in the TFM. OMB A11, Appendix F, Section 4. Status of Budgetary Resources provides guidance that for reclassifications of unpaid obligations and prepayments for year-end financial statement accruals (i.e. TC B604), federal entities do not reclassify an undelivered unpaid obligation (USSGL 4801) to a delivered unpaid obligation (USSGL 4901) or reclassify an undelivered paid obligation (USSGL 4802) to a delivered paid obligation (USSGL 4902) unless you have received the goods or services. The DOT position is that the goods and services have been received at the time of year-end expense accrual but the actual amounts are not known (invoice/bill not yet received).

What should federal entities do when budgetary accounting treatment or guidance does not seem to align with GAAP guidance? How should the FASAB standards address budgetary accounting treatment when there are inconsistencies with GAAP guidance?

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment

Reexamination of Existing Standards

Fiscal Year 2020**Treasury Code: B308 -Entry to Record the Advance to Grantee (Amtrak).**

SGL	Entered Dr	Entered Cr	
141000	50,000,000.00	0.00	
101000	0.00	50,000,000.00	
461000	50,000,000.00	0.00	
480200	0.00	50,000,000.00	

Treasury Code: B604 -Entry to Record the Expense Accrual Estimate as of September 30, 2020.

SGL	Entered Dr	Entered Cr	Period Name
610000	23,500,000.00	0.00	SEP-20_FY-20
140000	0.00	23,500,000.00	SEP-20_FY-20
490200	0.00	23,500,000.00	SEP-20_FY-20
480200	23,500,000.00	0.00	SEP-20_FY-20
310700	23,500,000.00	0.00	SEP-20_FY-20
570000	0.00	23,500,000.00	SEP-20_FY-20

Fiscal Year 2021**1) Treasury B604 Reversal: Reversal Entry of September 30, 2020 Expense Accrual in October 2021:**

SGL	Entered Dr	Entered Cr	Period Name
141000	23,500,000.00	0.00	OCT-20_FY-21
610000	0.00	23,500,000.00	OCT-20_FY-21
480200	0.00	23,500,000.00	OCT-20_FY-21
490200	23,500,000.00	0.00	OCT-20_FY-21
570000	23,500,000.00	0.00	OCT-20_FY-21
310700	0.00	23,500,000.00	OCT-20_FY-21

2) Entry to Record Actual September 2020 Expenses. Treasury Code B604

SGL	Entered Dr	Entered Cr	Period Name
610000	22,516,013.00	0.00	OCT-20_FY-21
140000	0.00	22,516,013.00	OCT-20_FY-21
490200	0.00	22,516,013.00	OCT-20_FY-21
480200	22,516,013.00	0.00	OCT-20_FY-21

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

Invitation to Comment *Reexamination of Existing Standards*

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1 , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , <i>Assigning Assets to Component Reporting Entities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #7	SFFAS 7 , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53
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Invitation to Comment
Reexamination of Existing Standards

	Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
--	--

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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High Priority

FASAB guidance does not seem to address budgetary accounting treatment or guidance that is inconsistent or incongruent with GAAP for financial reporting purposes.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Invitation to Comment
Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 56 , <i>Classified Activities</i> ⁶
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective.

Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	Interpretation 8 , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59 , <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.



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September 14, 2023

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

RE: Comments on FASAB Invitation to Comment – *Reexamination of Existing Standards*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to respond to the Federal Accounting Standards Advisory Board's invitation to comment on this important topic.

Question 1.1: Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

We think the federal GAAP hierarchy could be simplified and improved similar to GASB 76, as mentioned in the Invitation to Comment paragraph 3.

We therefore suggest the Board consider two levels of authoritative GAAP as follows:

- a. FASAB Statements of Federal Financial Accounting Standards, FASAB Interpretations of Standards, and FASAB Technical Bulletins (currently level A and B).

We think these sources are authoritative and should be treated with equal weight as the highest level of GAAP.

- b. Technical Releases of the Accounting and Auditing Policy Committee of the FASAB and Implementation Guides published by the FASAB staff (currently level C and D).

In practice, we find these sources to be important for interpreting and implementing standards. We think these sources are both authoritative and should be treated with equal weight. We view these sources as authoritative due to (a) their intended purpose, (b) inclusion in the FASAB Handbook of Federal Accounting Standards and Other Pronouncements, and (c) their issuance under the oversight and authority of the FASAB. However, we think these sources should be a lower level of the hierarchy due to (a) their role in providing implementation guidance and clarification for existing standards, rather than establishing new guidance and (b) being attributed to a committee or staff rather than the Board.

Currently, level B includes AICPA Audit and Accounting Guides specifically cleared by the FASAB, and further defines "specifically cleared" as meaning the FASAB does not object to the pronouncement's



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issuance. We suggest removing this source from the hierarchy. We are not aware of any such AICPA Audit and Accounting Guides, or how a person could conclusively determine whether or not there is any such applicable guidance, or where to look to determine whether the FASAB has objected to them or not. Moreover, the intended purpose of AICPA audit guides is to provide audit guidance - not financial reporting guidance. And finally, AICPA audit guides represent a private source of guidance that can only be accessed for a subscription fee. We strongly believe that generally accepted accounting principles for federal reporting entities should be publicly available, for free, and located all in one place. If there's something in the AICPA audit guides that the Board considers necessary for federal general purpose financial reporting, then we think the FASAB should simply incorporate it into its own standards.

Question 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy?

We have not observed much use of the hierarchy in practice. Instead, we sometimes observe that not enough attention is paid to technical bulletins, technical releases and implementation guidance.

We also observe that the Other Accounting Literature category specified in SFFAS 34 paragraph 8 is largely disregarded. For example, reporting for investments when the entity is unable to hold investments to maturity and has to sell them effective October 1 of the subsequent year. Or reporting for barter transactions, which can go unaccounted for. We believe this reflects the difficulty of applying this vague category and the need to incorporate any relevant matters into authoritative standards.

Furthermore, we observe occasional difficulties when there is a perceived or actual difference between FASAB guidance and OMB or Treasury guidance. For example, if an agency uses USSGL titles for financial statement line item captions even when these may not be entirely appropriate for general purpose financial reporting, or if there is a difference between accounting for budgetary purposes and accounting to support historical financial reporting.

Given the importance and prominence of OMB and Department of Treasury administrative directives and guidance (such as Circular A-136 and the Treasury Financial Manual, including the United States Standard General Ledger), we think it is necessary to directly address and clarify the role of this guidance in the GAAP hierarchy. Many of our members felt that it would be best for the hierarchy to be parallel with GASB's version - with FASAB sources identified as authoritative and OMB and Treasury guidance identified as nonauthoritative for purposes of defining GAAP for general purpose financial reporting. These members emphasized the need for one clear source of authority for GAAP. However, other members were uncomfortable with the "non-authoritative" label, given that this guidance is rooted in legal authority. For example, legal authority for OMB to specify the form and content of agency financial statements is described in the footnote to SFFAC Concepts 2, paragraph 29.



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In any case, our group was unanimous in believing that in the federal environment (in contrast with FASB and GASB, which contemplate a wide variety of entities and industries), there is an opportunity to be much more precise regarding “practices that are widely recognized and prevalent” by defining this as OMB and Department of Treasury guidance, rather than referring to accounting textbooks, etc.

Question 2: Reexamination of FASAB Standards

Our comments and suggested priority level for selected topics are described below. Topics without comments or a priority level are those for which our group did not have a strong opinion.

Topic		Priority for reexamination
1	Selected Assets and Liabilities (SFFAS 1)	Medium – intragovernmental balances remain a common and significant challenge in financial reporting. While Technical Bulletin 2020-1 clarifies that SFFAS 1 applies to both intragovernmental and nonfederal receivables, it would be helpful and appropriate to have expanded prescriptive guidance for intragovernmental balances.
2	Direct Loans and Guarantees (SFFAS 2, 18, 19)	Medium – many federal agencies are subject to Credit Reform accounting, but do not appear to be consistent in how they develop their cash flow models. We think it would be helpful for FASAB to reexamine its guidance and to work with OMB and Treasury to ensure guidance is properly and clearly aligned between these three sources.
3	Inventory (SFFAS 3, 48)	
4	Managerial Cost Accounting (SFFAS 4, 55)	
5	Liabilities (SFFAS 5, 12, 25)	
6	PP&E (SFFAS 6, 23, 40, 50)	High – property, plant and equipment is a significant balance for many agencies. To promote more accurate and consistent reporting, it would be helpful if standards were expanded to provide more detailed guidance on how useful life should be determined and when to update this estimate to reflect the current use and condition of assets.
7	Revenue (SFFAS 7, 20, 21, 53)	Medium – similar to our comment on topic #1, we think it would be helpful and appropriate to provide expanded prescriptive guidance for intragovernmental transactions. For example, SFFAS 7 paragraph 41 consists of two sentences regarding sales credits and returns. However, it would be useful if standards could address methodologies for developing contra revenue accounts, in particular for those related to intragovernmental transactions.
8	Accounting for Internal Use Software (SFFAS 10)	
9	Social Insurance (SFFAS 17, 26, 37)	
10	Consolidated Financial Report (SFFAS 24, 32)	



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Topic		Priority for reexamination
11	Dedicated Collections (SFFAS 27, 43)	
12	Heritage Assets and Stewardship Land (SFFAS 29)	Low – we would encourage the Board to wait on reexamination of this topic until SFFAS 59 has been fully implemented, at which time reexamination may benefit from actual experience with reporting under the new standard.
13	Fiduciary Activities (SFFAS 31)	
14	Pensions and OPEB (SFFAS 33)	Medium – we observe that pension & OPEB standards do not directly address contractual obligations that an agency may have to contribute to contractor pension & OPEB plans. We think this should be addressed since we are aware of instances where this is occurring.
15	GAAP Hierarchy (SFFAS 34)	See responses to Questions 1.1 and 1.2 for our views on this topic.
16	Long Term Projections (SFFAS 36)	
17	Natural Resources (SFFAS 38)	
18	Subsequent Events (SFFAS 39)	Low – we would encourage the Board to monitor the GASB's project on this topic and consider whether there is a value in convergence once this project is completed.
19	Impairment of General PP&E (SFFAS 44)	
20	Reporting Entity (SFFAS 47)	
21	Public-Private Partnerships (SFFAS 49)	Medium – we see an opportunity to improve clarity and reporting consistency with additional implementation guidance.
22	Insurance Programs (SFFAS 51)	
23	Tax Expenditures (SFFAS 52)	

From a big picture perspective, our group encourages FASAB to give priority to standards with a broader impact on reporting at many agencies, rather than issues that may be specific to only one or a few agencies. For example, we note that some topic areas (such as #9, 10 and 23) would primarily affect the Department of Treasury as they compile the consolidated financial report of the United States government, and thus we would defer to Treasury on priority for reexamination of these areas.

Overall Comment

Since the Board is considering reexamination of standards, we would encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB. Such a model would make all future updates easier to develop, communicate and administer. More importantly, it would also make standards more accessible to a new generation of learners. The current handbook is over 2,700 pages long and growing. While the handbook is updated for amendments, a user may need to skip back



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and forth hundreds of pages to get a full understanding on a particular topic. 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.

We would further encourage the Board to consider whether Summary and Basis for Conclusions material is necessary to include in the current Handbook (or a future codification). While this information is helpful during due process - and on rare occasions it has also been helpful in practice to correctly interpret or apply a standard - it is our understanding that this material is not actually authoritative. Including it in the Handbook not only makes it much longer and harder to search, but may create some confusion about whether these sections are authoritative. If information in the Basis for Conclusions is considered necessary to understand, interpret or apply the standard, it would be preferable to simply include this information in the standard or in implementation guidance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney'. The signature is fluid and cursive, with a large loop at the end.

Scott DeViney, CPA
Chair, Financial Management Standards Board



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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
David Cook
Jim Dawson
Robert Garcia
Christopher Goeman

Simcha Kuritzky
Lealan Miller
Mickey Moreno
Audrea Nelson
Cody Papke
Mark Reger
Donna Sandoval
Anthony Scardino
Stacie Tellers
Brittney Williams
Ann Ebberts, CEO, AGA

September 15, 2023

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 comment on the Federal Accounting Standards Advisory Board (FASAB or “the Board”) invitation to comment, *Reexamination of Existing Standards*.

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 believe it is an appropriate time for the Board to complete a comprehensive reexamination of existing standards and ensure that they continue to be effective in providing financial information that supports public accountability and meets user needs. We believe the Board’s outreach to stakeholders is important and we are pleased to be part of the process.

Our responses are listed below.

I. FASAB GAAP Hierarchy:

QUESTION 1.1: *The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?*

QUESTION 1.2: *Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?*

As recognized by the Board, the Office of Management and Budget (OMB) prescribes the form and content of covered executive agency financial statements under title 31, U.S. Code, section 3515 through issuance of Bulletins and Circulars, including Circular A-136, *Financial Reporting Requirements* (Circular A-136). However, it is not clear in the Statement of Federal Financial Accounting Standards (SFFAS) No. 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board* (SFFAS 34) which level of Generally Accepted Accounting Principles (GAAP) hierarchy Circular A-136 falls under. This could lead to inconsistency in application by preparers of executive agency financial

statements. The FISC recommends that the Board amends SFFAS 34 to address Circular A-136. The FISC also recommends that the Board consider simplifying the hierarchy into ‘authoritative’ and ‘non-authoritative’ to improve the usefulness of financial statement information and consistent with the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

II. Reexamination of FASAB Standards:

QUESTION 2:

The Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics discussed in the invitation to comment.

Topic 1:

- *SFFAS 1, Accounting for Selected Assets and Liabilities*
- *Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*
- *TB 2020-1, Loss Allowance for Intragovernmental Receivables*

The FISC recognizes that Federal entities refer to standards issued by the FASB and GASB for accounting and reporting of transactions or events not addressed by the FASAB standards, such as investments in assets other than Treasury securities, crypto assets, and derivatives. The FISC recommends that the Board consider whether reporting of such information in accordance with the FASB and GASB achieves the objectives of Federal financial reporting or FASAB standards need to be updated to address these topics.

Topic 3:

- *SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48*
- *Interpretation 7, Items Held for Manufacture*

The FISC recommends that the Board consider whether the non-financial information related to seized and forfeited property, currently included in the notes disclosure to the financial statements, would be more appropriately reported as Required Supplementary Information because of its nature.

Topic 7:

- *SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*
- *Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7*
- *Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313*
- *TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*
- *TB 2017-1, Intragovernmental Exchange Transactions*

Considering the changes that occurred in the business environment since SFFAS 7 was issued, Federal agencies could be inconsistently reporting certain transactions that are not specifically addressed by the standard. The FISC recommends that the Board consider updating the standard to provide accounting and reporting treatment for exchange and non-exchange revenue and other financing sources transactions that are not currently addressed. The FISC also recommends that the Board reexamines the disclosure requirements to ensure that it provides useful information for the decision makers.

Topic 8:

- *SFFAS 10, Accounting for Internal Use Software*

In recent years Federal agencies have been expanding the use of technology and automated tools to meet its mission objectives more efficiently. The FISC recommends that the Board consider the need to update SFFAS 10 or other existing standards to address topics such as cloud computing arrangements, indefinite software licenses, and shared service centers.

Topic 21:

- *SFFAS 49, Public-Private Partnerships: Disclosure Requirements*

The FISC recognizes that Public-Private Partnerships (P3s) arrangements are expanding and becoming more complex. As such, the Board should continue to monitor the need to update the P3 reporting requirements to ensure that such arrangements are properly and consistently accounted for and report in Federal financial statements.

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

Questions for Respondents**Responses Due: September 15, 2023**


Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: Associate Deputy Chief, National Forest System
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify:
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">X</div>  </div> <div style="margin-top: 5px;"> Troy Heithecker Associate Deputy Chief, National Forest Syst... Signed by: TROY HEITHECKER </div> </div>	<div>9/15/2023</div> <div style="border: 1px solid black; height: 100px; width: 100%; background-color: #cccccc;"></div>
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Invitation to Comment *Reexamination of Existing Standards*

Choose an item.

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25
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Invitation to Comment Reexamination of Existing Standards

	Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting TB 2017-1, Intragovernmental Exchange Transactions
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High Priority

Page 38-SFFAS 7, Factor 110.

Current Wording: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for grazing rights). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor 110 as follows:

Invitation to Comment

Reexamination of Existing Standards

Suggested Revision to Language: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for authorized grazing use). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (see 16 U.S.C. §5801). Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4</i> <i>“Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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High Priority

Invitation to Comment

Reexamination of Existing Standards

Page 13 – SFFAS 38, Accounting for Other Types of Natural Resources, Factor A9.

Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor A9 as follows:

Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing opportunities. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2....

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service. See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999) (holding that “owners did not have possessory property interest entitling them to graze cattle on range located on national forest lands even if they held valid water rights protected by Mining Act”); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006) (“The permit does not authorize the permit holder to graze continuously for the permit's ten-year duration. Rather, the permit authorizes the permit holder to graze livestock only after the Forest Service has approved the permittee's annual application. In practice, the Forest Service approves the application in conjunction with issuance of the AOI. Although the annual application calls for basic information, it is the AOI that indicates the detailed terms and conditions by which the Forest Service expects the permit holder to graze his livestock in the upcoming season.”)

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Appendix A: Basis For Conclusions

Page 10 – Technical Bulletin 2011-1, Accounting for Other Types of Natural Resources, Factor A2.

Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial

Invitation to Comment *Reexamination of Existing Standards*

amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; grazing permits merely provide a privilege to graze on federal land. The Forest Service recommends revising factor A2 as follows:

Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing **opportunities**. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38...

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Topic #18	SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47, Reporting Entity
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49, Public-Private Partnerships: Disclosure Requirements
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Invitation to Comment *Reexamination of Existing Standards*

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51, Insurance Programs
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52, Tax Expenditures
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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High Priority

Technical Release 20: Implementation Guidance for Leases

Page 6 – Technical Release 20, Question 7. and answer 7(b)

Current Wording:

- **Question 7. A reporting entity enters into separate and distinct agreements, each with a private party, for the right to use public lands, each for a period of 10 years, in exchange for consideration. Do each of these respective agreements meet the definition of a lease?**
- **Answer b. Agreement #2: Public lands for livestock grazing. These lands must by law be managed for multiple uses, including public access and enjoyment, wildlife habitat conservation, wilderness, watershed protection, and other uses under various federal statutes. The terms and conditions, such as stipulations on forage use and seasons of use, for grazing on the lands are set forth in permits.**

Yes. Although other economic benefits or services may be derived by other parties from use of the public land, such rights are not relevant in establishing the right that was specified in the contract to control the use of this particular economic benefit (grazing rights) derived from the underlying asset.

Comment: Forest Service grazing permits do not convey a right to graze National Forest System (NFS) lands. The language “*right to use public lands*” in question 7 and “*the right that was*

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board’s consideration.

Invitation to Comment

Reexamination of Existing Standards

specified in the contract to control the use of this particular economic benefit (grazing rights) derived from the underlying asset” is technically incorrect. The language conflicts with existing regulations and case law, which affirm that a Forest Service grazing permit constitutes a revocable license that confers a privilege rather than a right. (See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See Diamond Bar Cattle Co. v. United States, 168 F.3d 1209, 1215 (10th Cir. 1999); see also Oregon Nat. Desert Ass'n v. U.S. Forest Serv., 465 F.3d 977, 979–80 (9th Cir. 2006).

Per 36 CFR §222.1(b), the term “grazing permit means any document authorizing livestock to use National Forest System or other lands under Forest Service control for the purpose of livestock production.” Grazing permits “convey no right, title, or interest held by the United States in any lands or resources (see 36 CFR §222.3[b]). Grazing permittees must abide by the terms and conditions of their grazing permits. The amount of grazing use authorized is variable from year to year and the total permitted use is subject to change according to the procedures outlined in the grazing permit. Grazing permits explicitly state that the number, kind, and class of livestock, period of use and grazing allotment specified in the permit may be modified if needed as determined by the Forest Service and that the permit may be suspended or cancelled when certain conditions exist.

We recommend revising question 7 and answer 7.(b) as follows:

Suggested Revision to Language: A reporting entity enters into separate and distinct agreements, each with a private party, for the **opportunity and authorization** to use public lands, each for a period of 10 years, in exchange for consideration. Do each of these respective agreements meet the definition of a lease?

- Yes. Although other economic benefits or services may be derived by other parties from use of the public land, such **opportunities and authorizations for use** are not relevant in establishing **whether the grazing permit gives the permittee the ability to obtain and control economic benefits derived from the opportunity to graze livestock on public lands.**

Rationale/Supporting Information:

Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See Diamond Bar Cattle Co. v. United States, 168 F.3d 1209, 1215 (10th Cir. 1999); see also Oregon Nat. Desert Ass'n v. U.S. Forest Serv., 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.4(a)(8) states that the Forest Service may "Modify the seasons of use, numbers, kind, and class of livestock allowed or the allotment to be used under the permit, because of resource condition, or permittee request. One year's notice will be given of such modification, except in cases of emergency."

36 CFR 222.4(a) states that "The Chief, Forest Service, is authorized to cancel, modify, or suspend grazing and livestock use permits in whole or in part."

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 56, Classified Activities ⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, Accounting and Reporting of Government Land ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE**1 1 0 0 DEFENSE PENTAGON
WASHINGTON, DC 20301-1 1 0 0**

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

Dear Ms. Valentine:

The Department of Defense (DoD) appreciates the opportunity to offer feedback on the Federal Accounting Standards Advisory Board (FASAB) Reexamination of Existing Standards project. Enclosed is our response to your Invitation to Comment.

We look forward to continuing our working relationship with FASAB. Thank you for considering DoD's input.

Sincerely,

Kim R. Laurance
Assistant Deputy Chief Financial Officer

Enclosure:
As stated

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. [Click here to enter text.](#)

DoD has experienced challenges in cases where SFFAS 34 does not provide guidance on the hierarchy of administrative directives such as OMB circulars and the US Treasury Financial Manual (TFM). If FASAB is unable to issue guidance on the hierarchy of administrative directives in general, covering at least OMB circulars and TFM specifically would help remove many opportunities for interpretation and disagreements between entities and their auditors.

Invitation to Comment
Reexamination of Existing Standards

When FASAB guidance is absent on a topic, it would be helpful to identify the expected order of precedence of other available guidance in an accountant's assessment. Additionally, there is a lack of clarity created by inclusion of Interpretations in Category (a) alongside SFFAS. This inclusion seemingly elevates Interpretations to the same level as the SFFAS themselves, which many in practice would argue are not as authoritative. For example, in the absence of FASAB guidance, is one expected to look for guidance from OMB, then Treasury, then FASB/AICPA GAAP? If OMB and Treasury are silent, is FASB/AICPA GAAP the default expectation? In addition, if an OMB directive is listed as authoritative, does it take precedence over non-authoritative FASAB guidance?

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Agree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of "practices that are widely recognized and prevalent in the federal government.") **Click here to enter text.**

Clarifying authoritative vs. non-authoritative guidance is vital to ensure preparers and auditors are clear on what is mandatory vs. what is a preference when evaluating transactions and financial statement compliance with GAAP.

Given the breadth of activities and historical practices in the federal government, there could be several different methods that are "widely recognized and prevalent" which could lead to a lack of standardization and clarity.

DoD has encountered inconsistent interpretations of the relevance or weight of the TFM and OMB circulars across the audit community and other stakeholders. For example, in one instance, DoD auditors stated it is more appropriate to follow recognition principles in SFFAS 1, rather than follow OMB circular guidance which states that the published AFR (Agency Financial Report) must be based on the trial balance submitted to OMB through GTAS (Governmentwide Treasury Account Symbol Adjusted Trial Balance System). This ambiguity led to the interpretation that adjustments to AFR that occur too late to be submitted to OMB, but prior to November 15, are acceptable under the GAAP hierarchy.

Other DoD components experienced situations where management has utilized SFFAS to evaluate and report financial transactions, while the auditors insisted on utilizing the TFM, leading to disagreement and impacting the audit opinion.

Invitation to Comment
Reexamination of Existing Standards

DoD strongly suggests that FASAB develop guidance on the hierarchy of administrative directives such as OMB circulars and TFM.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Medium Priority

DoD components indicated that accounting for contingent assets and associated gains is not covered in SFFAS 1. Components also indicated they would benefit from increased clarity on guidance for loss allowance for intragovernmental receivables as these accounts are material to their financial statements.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18, SFFAS 19
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Low Priority

No concerns at this time.

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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High Priority

DoD components identified multiple areas for improvement of the standard:

- Across DoD there are multiple weapon systems that have high dollar, complex operating materials and supplies that undergo repair/remanufacture on a regular and recurring basis. For example, aircraft engines, rocket engines, sub-launched ballistic missile, and ground-based interceptors. These assets frequently mimic general equipment in every basis except for being expended upon issuance or use. Missiles that are shot cannot be recovered and rebuilt but in many cases these assets are held long-term and essentially never used outside of test events. Currently, SFFAS 3 and Interpretation 7 do not specifically address if entities should account for these costs as either period costs or capital costs. These repair events perform and 'look' most like capital improvements to general equipment since they increase the useful life and often add additional capability. These assets also carry material balances to the entities. For example, the Navy reports \$10.2 billion in sub-launched ballistic missiles and the MDA reports \$3.9 billion in ground-based interceptors. This is an area that could be reviewed for better clarification.

Invitation to Comment
Reexamination of Existing Standards

- Department of Defense assets include the construction in progress (CIP) and operating materials and supplies (OM&S) in development (OID). SFFAS 50 does not specifically address the transition from (1) the use of deemed cost as the opening balance for CIP to (2) the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6, par. 26, after an unreserved assertion is made. Similarly, SFFAS 48 does not specifically address the transition from (1) the use of deemed cost as the opening balance for OID to (2) the capitalization of acquisition costs consistent with SFFAS 3, par. 43. DoD believes that once opening balances are established using deemed cost, we should begin using acquisition cost consistent with SFFAS 6, par. 26, and SFFAS 3, par. 43. We have proposed a method we consider consistent with the guidance in SFFAS 50 and 48 to assign a value to such assets, however, we are unable to satisfy our IPA as to a specific reference within the existing standards to support our proposed accounting treatment because the relevant standards are silent regarding CIP and OID. We have referred to SFFAS 6, par. 40.g. and h.i and SFFAS 3, par. 26.a.v. to demonstrate that the standards do not require a distinction between deemed cost and acquisition cost once opening balances have been established. However, we have not located explicit guidance on the transition from a deemed cost opening balance for CIP and OID and to the post-opening balance recording of acquisition cost for CIP and OID and the subsequent transfer of completed CIP and OID to another general PP&E or OM&S line item. Our IPA is concerned that there is no specific FASAB standard that allows for the acquisition value of a long-lead time asset (e.g., vessel) to be made up of methods that are in compliance with two different standards. (i.e., partially through an alternative method and partially through historical cost). Please note this issue has also been submitted to FASAB via a Technical Inquiry by the Department of the Navy.

- SFFAS 3 defines as follows: "‘Stockpile materials’ are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. They are not held with the intent of selling in the ordinary course of business."

It is unclear if the first sentence is saying "held for use in national defense" or "held for use in national defense emergencies." If it's "held for use in national defense," then one could argue that the entire Department of Defense is a stockpile. If it's "held for use in national defense emergencies," then does it mean that the "users" of the materials are the country/general public or the users are the agency holding the materials?

SFFAS 3 further describes the specific exclusions to what classifies as a stockpile: "The following items are specifically excluded from stockpile materials: (1) items that are held by an agency for sale or use in normal operations (see proposed standards for inventory and operating materials and supplies), (2) items that are held for use in the event of an agency's operating emergency or contingency (see proposed standard for operating materials and supplies), and (3) materials acquired to support market prices (see proposed standard for goods held under price support and stabilization programs)."

It is unclear if exclusion #2 is specific to what triggers the event (agency vs. national emergency) rather than the population that would use the stockpile? For e.g., one of the DoD components maintains items that would be used specifically by the communities that is their mission to serve (military service members and their families) in times of national emergencies such as a pandemic, but the items would not be used to respond to the national crisis in order to help the general public, as that is CDC, HHS, ASPR etc. responsibility. Therefore, would these items be excluded from stockpile reporting based on exclusion #2? It would be helpful to clarify

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if stockpile materials are held by the agency in order to be used by the public or they are held by the agency to be used by the agency itself in cases that are outside of the ordinary course of business such as a national health emergency.

Other areas that Components identified for clarification or where the standard is difficult to apply are:

- Clarify definition of "Held in Reserve for Future Use." Clarify the concept of "may be" or "should be" maintained because items are not readily available in the market. In the case of "may be", clarify what other situations may constitute a "Held in Reserve for Future Use" status.
- Clarify how "Interpretation 7" affects SFFAS 3 similar to how other "Affected by" items are described in other standards.
- Add a definition of cost flow assumption either as a footnote or in the glossary

One DoD Component indicated a need for the standard to account for extraordinary items such as the supply chain issues post-COVID. Specifically, guidance on partial delivery on manufactured goods, when to account for them, and what is considered a reasonable delay time for recording items impacted by the supply chain.

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Low Priority

One DoD Component noted that this area impacts their financial statement audit and said they would benefit if the standard could further clarify the relationship between cost accounting and financial/budgetary accounting.

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Medium Priority

DoD components submitted the following areas for improvement of this standard:

- The definition of "client" is important to lawyers in responding to audit legal request letters. Some attorneys have a difficult time delineating who their client is in situations where the entity that may be considered the liability source differs from the entity assigned to provide legal counsel (and the cost thereof) and/or ultimate funding of any loss from adjudication. For example, the spills at Red Hill and Camp Lejeune where the cause of the spills may be one entity but the responsibility for cleanup and damages to the community have been assigned to

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other entities. It may be helpful to expand guidance beyond the Judgement Fund to address any other funding source so that one doesn't have to site a parallel example in the standards vs. a more direct accounting assignment related to liability source regardless of funding source.

- The AICPA clarified exchange vs non-exchange transactions for non-profit accounting. Consider adding language similar to ASU-2018-08 clarifying that if the benefit is received by the general public and not the government entity itself, it is a non-exchange transaction.

- Many federal agencies are moving to electronic financial interface systems which may warrant a revision of the standard to address the responsibilities and accountability of those Transactions by Others (TBO) and Transaction for Others (TFO).

Topic #6	<p>SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities</p>
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High Priority

Property, Plant, and Equipment (PP&E) is a material line item for many DoD components' financial statements as well as the overall DoD financial statements. The components have identified several areas of the standard for revision and/or clarification:

- Department of Defense assets include the construction in progress (CIP) and operating materials and supplies (OM&S) in development (OID). SFFAS 50 does not specifically address the transition from (1) the use of deemed cost as the opening balance for CIP to (2) the subsequent capitalization of CIP acquisition costs consistent with SFFAS 6, par. 26, after an unreserved assertion is made. Similarly, SFFAS 48 does not specifically address the transition from (1) the use of deemed cost as the opening balance for OID to (2) the capitalization of acquisition costs consistent with SFFAS 3, par. 43. DoD believes that once opening balances are established using deemed cost, we should begin using acquisition cost consistent with SFFAS 6, par. 26, and SFFAS 3, par. 43. We have proposed a method we consider consistent with the guidance in SFFAS 50 and 48 to assign a value to such assets, however, we are unable to satisfy our IPA as to a specific reference within the existing standards to support our proposed accounting treatment because the relevant standards are silent regarding CIP and OID. We have referred to SFFAS 6, par. 40.g. and h.i and SFFAS 3, par. 26.a.v. to demonstrate that the standards do not require a distinction between deemed cost and acquisition cost once opening balances have been established. However, we have not located explicit guidance on the transition from a deemed cost opening balance for CIP and OID and to the post-opening balance recording of acquisition cost for CIP and OID and the subsequent transfer of completed CIP and OID to another general PP&E or OM&S line item. Our IPA is concerned that there is no specific FASAB standard that allows for the acquisition value of a long-lead time asset (e.g., vessel) to be made up of methods that are in compliance with two different standards. (i.e.,

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partially through an alternative method and partially through historical cost). Please note this issue has also been submitted to FASAB via a Technical Inquiry by the Department of the Navy.

- Paragraph 13.d.ii (p-8) does not establish guidance to define "reasonable" with enough clarity to appropriately value the estimated historical cost of an asset. In particular, paragraphs 13.d.ii.b and c do not provide sufficient level of detail to determine the value of an initial cost when considering assets that were produced and purchased from overseas/foreign companies. SFFAS 50 does not mention which foreign conversion rate should be used if the Key Supporting Documents (e.g., the purchase invoice) is in foreign currency (i.e., if purchase invoice is in foreign currency, should currency conversion rate be used as of the date the asset was purchased or placed-in service).

- SFFAS 6 states, "Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage/residual value." It would be helpful if the standard provided further clarification on what should be included or excluded in an asset's salvage value considering that some DoD components do not realize sales proceeds from the transfer/sale of retired assets and only reclaim used parts from retired assets to be refurbished and utilized on other assets in operation.

- According to SFFAS 6, if an asset, prior to disposal, no longer provides service in the operations of the entity, it should be recorded at its expected net realizable value. Technical Release 14 further defines net realizable value as "the estimated amount that can be recovered from selling, or any other method of disposing of an item less estimated costs of completion, holding and disposal." Some DoD components reclaim parts of retired aircraft, place them back into inventory, refurbish them, and then use them on other assets. It would be helpful if the standard provided further clarification on what should be included in an asset's net realizable value and if these parts reclamations should be included.

- TB 2017-2 states, "Assets may be assigned by a reporting entity to its component reporting entities on a rational and consistent basis." It would be beneficial to clarify if this applies to liabilities as well or only assets be assigned to a component reporting entity.

- Throughout SFFAS 6 and other standards, materiality and material changes are mentioned. Statement of Federal Financial Accounting Concepts (SFFAC) 1, as amended through SFFAC 9, provides qualitative considerations for the entity to consider, when determining if a transaction or omission is material to a reasonable user. It would be helpful if the board provided a quantitative calculation or considerations, to assist the reporting entity with determining material transactions or omissions.

- Technical Release 9 does not appear to address or take into account the issues of funding responsibility vs. liability recognition when considering Environmental Closure and Corrective Actions. Assets owned by one entity may be the responsibility of another entity for the future funding of the closure or future environmental remediation requirements (e.g. on a Navy installation, all capitalized fuel assets are the closure and environmental remediation responsibility of the Defense Logistics Agency (DLA)). If a partial closure or an environmental release occurs, it is the responsibility of DLA to fund this activity, however, due to current standards, the installation that the asset resides upon (i.e. Navy) must account for this property

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and as such, must also account for the closure liability, as no transfer of the asset occurs. This results in a disconnect associated with future funding requirements and liability recognition. There is no clear guidance associated with how corrective action liabilities should be reported and by whom, if one entity is responsible for the remediation, yet the remediation is occurring on another entity's installation. The guidance is not clear if the liability should follow the funding responsibility.

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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High Priority

DoD components identified the following areas of the standard for revision:

- Unclear requirements around reporting of revenue allowance. Paragraph 41 states that such an allowance should be reflected as a revenue adjustment and separately shown. Some DoD components believe this provision is met by a note disclosure, yet paragraphs 46 and 47 (disclosure requirements) do not indicate that the amounts should be included in a note disclosure. Current TFM mapping of the Statement of Net Cost (SNC) does not show GLAC 510900 as a separately shown item on the face of the SNC. DoD auditors have issued findings regarding this financial statement presentation. In addition to Treasury changing the mapping of the SNC, clearer guidance from FASAB would significantly assist in remediating the types of audit findings and preventing them in the future.

- Part II: Concepts for Reconciling Budgetary and Financial Accounting (and also SFFAS 53). DoD continues to struggle with the Budget and Accrual (BAR) reconciliation/footnote. According to OMB Circular A-136, Agencies are to use the TFM Crosswalk to reconcile their footnote. However, this crosswalk is not all-encompassing and has not been updated since 2021 causing disagreements upon the correct reconciliation methods, and ultimately causing off-line adjustments in order to reconcile the footnote in the audited/published statements. It would be beneficial to preparers if FASAB included more extensive information on each section of the BAR, what's expected to be under each section, etc.

Overall, DoD components said that the standard can be confusing and difficult to follow because of the numerous amendments from subsequent SFFASs.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Medium Priority

DoD components identified the following areas of the standard for revision:

- Consider providing clarity on term licenses of capitalized IUS while in the interim reporting entities may continue to use SSFAS 5 - Leases or adopt Governmental Accounting Standards Board (GASB) Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs) guidance.
- Provide greater clarity for identification of IUS in a cloud-based arrangement which is an emerging trend. Also, include guidance for cloud-based items which are not considered IUS.
- SFFAS 10 does not provide sufficient guidance on "IUS In Development" cost allocation when software is developed by/for multiple entities.
- Clarify the accounting for tracking/usage and allocation of software licenses.
- SFFAS 10, Section 8 defines IUS, and Section 22 defines integrated software and requires integrated software to be capitalized as part of the PP&E it is integrated in. TR 16, section 10 further allows that computer software could be developed separately and installed on several general PP&E assets at different times can be treated as a separate IUS asset. Further clarification could be given as to whether that type of software could also be recorded as a standalone General Equipment asset.

Overall, DoD components said that SFFAS 10 warrants reexamination given that the standard was published in 1998, and it needs to be updated to consider the current reporting and technological environment.

	SFFAS 15, Management's Discussions and Analysis ⁴
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No concerns at this time.

Topic #9	SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

No concerns at this time.

Topic #10	SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

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	<i>"Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

No concerns at this time.

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Medium Priority

One DoD component requested further review of the mixed or co-mingled funds to identify a mechanism to reflect this activity more clearly in the financial statements.

Consider the following scenario: US Army Corps of Engineers (USACE) has the authority to receive reimbursement from the Harbor Maintenance Trust Fund and Inland Waterways Trust Fund to cover the costs of approved projects that are initially expended from the General Fund appropriations (3112, 3122, and 3123). Essentially, projects are executed in the General Fund (operating accounts) and reimbursed via dis-investments and transfers from the Trust Funds. These funds are transferred from the Parent accounts (8863_X and 8861_X), to the child accounts (8863_XT and 8861_XT), and then ultimately transferred from the child accounts to the operating accounts. There is not a question that while in the trust fund, these are Funds from Dedicated Collections (FDC), as they represent excise tax collections and other tax collections. However, once transferred to the operating accounts, it is unclear whether these funds have met the definition of FDC while in the child account, and are no longer considered FDC once in the operating accounts (to reimburse the expenditures). SFFAS standards and OMB Circular A-136 address mixed or co-mingled funds, and express that the fund as a whole only meet the FDC definition if the fund is predominately sourced from the FDCs. USACE's general fund operating accounts are not predominately funded by the FDC totals, as they receive appropriated funds yearly that serve as the majority of the source of funds. However, we question if this results in correct and transparent reporting because the funds received are FDC by definition, as they came from the trust funds, even though they ended up in a predominantly operating account.

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

No concerns at this time.

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

No concerns at this time.

Questions for Respondents**Responses Due: September 15, 2023**

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Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

No concerns at this time.

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

See responses above in Section I of the ITC.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

No concerns at this time.

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

No concerns at this time.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

One DoD component indicated that the standard could benefit from revising what constitutes a subsequent event and the associated timelines for events that need to be reported.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Consider providing clarity on evaluation when the cash-generating and non-cash generating asset are potentially impaired with undetermined salvage value and impact on depreciation.

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Medium Priority

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SFFAS 47 does not address the intended accounting, if any, to be applied to disclosure entities where the Government holds some (but not controlling) interest in an independent entity. FASB guidance regarding recognition of assets and operating results of such arrangements is very complex and it is frequently not based on a straightforward percentage of ownership equity method. Some hold the belief that equity method is not required for a federal entity, and others hold that equity method should always be applied in its simplest form without regard to the complexities incorporated in FASB standards. Clarification on when and how to recognize minority interests would be helpful.

Some DoD components said that it would be helpful to clarify where should situations such as Security Assistance Accounts and Foreign Military Sales be reported (i.e. within DoD, Department of State, or Government-wide financial statements) and based on which criteria.

Topic #21	SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>
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Medium Priority

DoD components identified the following areas of the standard for improvement/revision:

- Entities and auditors are sometimes reaching conclusions different than the FASAB staff in regard to this standard. The primary difference seems to relate to the potential that Government may take action in the future vs. the legal requirement that the Government take action in the future. The entities and auditors seem to take the legal requirement route. Expansion of that brings danger of having accountants guess at future Government actions. Perhaps clarification in the standard as to the Board's interpretation would be helpful.
- Similar to the illustrations in appendix C of SFFAS 47, it would be beneficial if this standard included illustrations to demonstrate how the provisions of this Statement could be applied to relationships/arrangements and the application of the P3 definition, conclusive risk characteristics, and suggestive risk characteristics.
- Clarify the relationship between SFFAS 49 and SFFAS 47, Reporting Entity, and SFFAS 54, Leases. Provide examples, if possible.

Topic #22	SFFAS 51, <i>Insurance Programs</i>
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Low Priority

No concerns at this time.

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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Low Priority

No concerns at this time.

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	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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Some DoD components continued to recommend that FASAB further defers the implementation of SFFAS 54 due to significant implementation challenges DoD faces with completing the foundational work necessary to meet the standard.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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No concerns at this time.

	SFFAS 59, Accounting and Reporting of Government Land⁷
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No concerns at this time.

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.



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September 15, 2023

By email: fasab@fasab.gov

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

RE: Invitation to Comment, *Reexamination of Existing Standards*

Dear Mr. Scott:

We appreciate the opportunity to respond to the Invitation to Comment, *Reexamination of Existing Standards* (ITC). We believe this project represents an important step toward ensuring the Federal Accounting Standards Advisory Board (Board)'s standards continue to be effective in providing financial information that supports public accountability and meets user needs. We acknowledge that the Board has several additional active projects that overlap with certain topics in Question 2 of the ITC, and thus commend the Board for embarking on such a significant project.

Appendix A provides our responses to the Questions for Respondents.

* * * * *

If you have questions about our comments or wish to discuss the matters addressed in this comment letter, please contact Kerrey Olden at kolden@kpmg.com.

Sincerely,

KPMG LLP

KPMG LLP

Appendix A – Responses to Questions for Respondents

FASAB GAAP Hierarchy

Questions 1.1 and 1.2:

1.1 The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

1.2 Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

We recognize the importance of consistency in the application of accounting principles and believe it is important that the Board reexamine SFFAS 34 to consider where improvements could be made. We encourage the Board to revisit the need for four levels of the GAAP hierarchy and evaluate whether simplifying the hierarchy into ‘authoritative’ and ‘nonauthoritative’, as used by the FASB and GASB, would reduce complexity and diversity in practice. In addition, we believe simplification would facilitate transition to a codification of the accounting literature in the future. We emphasize the need for the level of authority to be based on the rigor of due process. If the Board instead decides to maintain the extant hierarchy, we suggest the Board eliminate “practices that are widely recognized and prevalent in the federal government” from Level D of the GAAP hierarchy. Currently, such practices do not go through the necessary due process and set measurement criteria do not exist to identify when a practice is considered widely recognized and prevalent. Consequently, there is diversity in the views of preparers and auditors about which practices are part of the extant hierarchy.

OMB historically publishes an annual update to its Circular No. A-136, *Financial Reporting Requirements* (OMB A-136) as part of its responsibilities for prescribing the form and content of financial statements of executive agencies under 31 U.S. Code §3515, *Financial statements of agencies*. We recognize that the Board defers to OMB for form and content of financial statements as stated in Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*. We suggest the Board collaborate with OMB to incorporate the form and content requirements of OMB A-136 into the accounting standards, following the necessary due process. Centralization of all accounting and form and content guidance would facilitate ease of use by preparers and auditors, and improve the clarity of the guidance.

Reexamination of FASAB Standards

The Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics discussed in the Invitation to Comment. This includes the following potential improvements:

- *Streamlining authoritative guidance*
- *Eliminating or revising unclear requirements*
- *Eliminating disclosures and other required information that may no longer benefit users*
- *Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met.*
- *Resolving inconsistencies in current practice*
- *Clarifying the standards (including addressing areas where the standards are difficult to apply)*
- *Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns*
- *Considering overlaps or redundancy in requirements*

Costs and benefits

We believe financial statement preparers are best positioned to provide the Board information on where there is significant preparer burden compared to the perceived value of the information recognized, disclosed, and presented. Further, we believe financial statement users are best positioned to inform the Board about which disclosures and other required information may no longer provide them information for making decisions, assessing accountability, or enhancing comparability of financial information throughout the federal government. That said, we believe the Board should consider reexamining disclosures that are overly lengthy, technical or complex – such as the various disclosures required for direct loans and loan guarantees.

Specific topics

We have considered the existing standards and suggest a reexamination of the following topics. Where applicable, we provide references to specific paragraphs within the standards to support our comments.

Topic 1

- SFFAS 1, *Accounting for Selected Assets and Liabilities*
- Interpretation 10, *Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An interpretation of SFFAS 1 and SFFAS 31*
- TB 2020-1, *Loss Allowance for Intragovernmental Receivables*

Investments in other than Treasury securities

As the role of Federal entities has evolved in the past several years to respond to significant economic events and the pandemic, there has been an increase in investments reported on entities' balance sheets. However, extant standards do not address the accounting for such investments – SFFAS 1 only addresses investments in Treasury securities. We understand that Federal entities use the hierarchy in SFFAS 34 to recognize and report such investments and, in practice, entities elect to follow FASB standards. However, we believe the Board could improve SFFAS 1 to provide guidance that meets the specific needs of the users on accounting and reporting for investments in other than Treasury securities.

Topic 2

- SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*, AS AMENDED BY: SFFAS 18, SFFAS 19

We do not have concerns about the auditability of the extant standards for recognizing direct loans and loan guarantees; however, given this is a complex accounting area, improvement could be made by consolidating the guidance into a single standard.

The guidance in SFFAS 2 alternates between types of accounting transactions to include pre-1992 and post-1991, as well as direct loans and loan guarantees. For example, paragraphs 24-29 of SFFAS 2 address post-1991 direct loans and loan guarantees, whereas paragraphs 45-48 subsequently address both pre-1992 and post-1991 loans. For clarity and to improve the readability of the standard, we suggest the Board reorganize the standard into a combination of higher-level and lower-level categories – such as higher-level categories of pre-1992 direct loans, post-1991 direct loans, pre-1992 loan guarantees, and post-1991 loan guarantees, further disaggregated into lower-level categories of initial recognition and measurement, as well as subsequent recognition and measurement.

In addition, we believe the Board should address overlaps in guidance between the standards for direct loans and loan guarantees and the requirements of OMB A-11, *Preparation, Submission and Execution of the Budget*. The standards prescribe that an entity develops a factor (e.g. a data element or assumption)

for the estimate of allowance for subsidy costs. In practice, OMB requires entities to use the Credit Subsidy Calculator, which includes this pre-determined factor.

Topic 4

- SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, AS AMENDED BY: SFFAS 55

We acknowledge the Board's position on the relationship of managerial cost accounting and financial accounting as described in paragraphs 46-48 of SFFAS 4; however, we believe a reexamination of this standard is warranted to give more prominence to the financial accounting standards contained therein (e.g. paragraphs 89 and 105-113A). An alternative is for the Board to issue a separate standard with financial accounting guidance addressing costs. We also suggest the Board streamline SFFAS 4, given the inclusion of the lengthy discussion of managerial cost accounting concepts, which may be more appropriate as a separate Concepts Statement.

Topic 7

- SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53
- Interpretation 5, *Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7*
- Interpretation 11, *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313*
- TB 2002-2, *Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*
- TB 2017-1, *Intragovernmental Exchange Transactions*

Accounting for revenue and other financing sources

We do not have concerns about the auditability of the extant standards for recognizing revenue and other financing sources. That said, we suggest the Board reexamine SFFAS 7 and consider whether clarity could be provided with lower-level organizational categories within exchange and non-exchange revenue to clearly differentiate the accounting guidance when the entity retains the revenue versus when the entity collects and transfers the revenue to other entities. Further, we suggest the Board undertake outreach with the preparers of the *Financial Report of the United States Government* and, based on that outreach, clarify and/or fill gaps in guidance that result in diversity in application of guidance and, ultimately, intra-governmental differences that do not eliminate within the *Financial Report of the United States Government*.

Appendix B to SFFAS 7, *Guidance for the Classification of Transactions*, provides guidance for classifying various transactions as exchange or nonexchange revenue, or other financing source, based on the accounting standards. Given the amount of time that has elapsed since this Appendix was first effective and the limited subsequent revisions, we suggest the Board also reexamine the Appendix and assess whether additional types of transactions should be incorporated into this guidance based on the nature of transactions occurring in today's government.

Changes in accounting estimates

Currently SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources*, does not provide specific guidance on changes in accounting estimates and changes in the reporting entity. Given that both the FASB and GASB prescribe guidance on these topics, we recommend that the Board develop guidance to eliminate the gap in extant standards.

Topic 21

- SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

In recent years, we have observed an increase in the complexity of Public-Private Partnerships (PPPs), as well as continuous evolution in the ways they are being formed and structured. These partnerships now span multiple business relationships, including vendors, research partners, and other PPPs. While SFFAS 49 provides comprehensive guidance on disclosure requirements for PPPs, we support the Board's current project of reexamining the standard.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input checked="" type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general-purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Explanation: SFFAS 34 is clear in establishing the hierarchy that federal agencies should follow in applying accounting principles.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely

Invitation to Comment *Reexamination of Existing Standards*

recognized and prevalent in the federal government.”)

Explanation: N/A

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment

Reexamination of Existing Standards

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Explanation: Paragraph 39; does not address investigating and supporting differences in Fund Balance with Treasury (FBwT). Providing additional guidance may direct agencies as to how to adequately support differences particularly in preparation for external audits where a lack of support has sometimes resulted in a material weakness.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

- (1) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Invitation to Comment Reexamination of Existing Standards

Medium Priority

- (1) Potential Improvement: Eliminating or revising unclear requirements
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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High Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Explanation: As the amount of guidance on accounting and reporting for Property, Plant and Equipment (PPE) has continued to increase over the last few years to include standards, interpretations and Technical Bulletins, the Board may consider streamlining and presenting the guidance for PPE in a format that is easier to reference.

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313
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Invitation to Comment

Reexamination of Existing Standards

	TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Medium Priority

(1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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High Priority

(1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met

Explanation: The Board may consider providing updated guidance for accounting and reporting on Internal Use Software given major changes in how internal use software is developed, procured, and maintained since SFFAS 10 was issued. Development methodologies have become more agile making it more challenging to follow the capitalization and expense recognition guidance in SFFAS 10. The Board may also consider providing more clear guidance on whether software-in-development costs should be reported separately from or together with the cost of internal use software.

Topic # 24	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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N/A; SFFAS 15 is excluded from reexamination

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
(2) Potential Improvement: Considering overlaps or redundancy in requirements

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	<i>"Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Considering overlaps or redundancy in requirements

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

- (1) Potential Improvement: Considering overlaps or redundancy in requirements
- (2) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Invitation to Comment

Reexamination of Existing Standards

Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

- (1) Potential Improvement: Streamlining authoritative guidance
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- (2) Potential Improvement: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

Explanation: Paragraphs A49 – A56; Given the mounting concerns regarding climate change, it may be worthwhile for the Board to either provide more flexibility for how agencies value both the assets and liabilities associated with oil and gas resources, or provide updated guidance rather than leaving it up to federal entities to develop a detailed methodology, which can result in significant burden for preparers.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Invitation to Comment

Reexamination of Existing Standards

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #20	SFFAS 47, <i>Reporting Entity</i>
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Medium Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #21	SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

- (1) Potential Improvement: Clarifying the standards (including addressing areas where the standards are difficult to apply)
- (2) Potential Improvement: Eliminating or revising unclear requirements

Topic #22	SFFAS 51, <i>Insurance Programs</i>
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Low Priority

- (1) Potential Improvement: Eliminating or revising unclear requirements
- (2) Potential Improvement: Streamlining authoritative guidance

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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High Priority

- (1) Potential Improvement: Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met.

Explanation: Paragraphs A25 -A28; The Board may consider revisiting whether the requirements to report on tax expenditures should also be extended to at least certain component reporting entities.

Invitation to Comment *Reexamination of Existing Standards*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input checked="" type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name: ewalker@vscpa.com or (804) 612- 9428."/>

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. Click here to enter text.

In general, SFFAS 34 is sufficiently clear for selecting the principles for the preparation of general purpose financial statements. However, it would be helpful to know how many and which types of federal entities have been permitted to follow FASB instead of FASAB.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Agree

Invitation to Comment *Reexamination of Existing Standards*

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

Our experience is primarily related to the Department of Defense. As you know, the DoD has been unable to issue general purpose financial statements with an unqualified opinion from independent accountants or the Office of the Inspector General. Since fiscal year 2018 and through 2022 the DoD has received a disclaimer of opinion and between 20 and 28 material weaknesses each year.

The financial reporting issues relating to beginning balances for inventory, fixed assets, and related liabilities, expenses, revenues continue to impact this situation (GAO-23-105784 highlights of report to congressional committees). It would be useful to the general public and to Congress its oversight responsibilities to work with the DoD to resolve any of the financial reporting requirements unique to the DoD and to close those gaps.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Low Priority

We have no comments on this matter at this time.

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

We have no comments on this matter at this time.

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

Invitation to Comment
Reexamination of Existing Standards

We have no comments on this matter at this time.

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

We have no comments on this matter at this time.

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Low Priority

We have no comments on this matter at this time.

Topic #6	SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1 , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , <i>Assigning Assets to Component Reporting Entities</i>
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Low Priority

We have no comments on this matter at this time.

Topic #7	SFFAS 7 , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i>
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Invitation to Comment
Reexamination of Existing Standards

	TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Low Priority

We have no comments on this matter at this time.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Low Priority

We have no comments on this matter at this time.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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We will response separately to the related exposure draft Omnibus Concepts Amendments (Amending SFFAC 2 with note disclosures and MD&A concepts and rescinding SFFAC3).

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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High Priority

Social programs comprise the single most material component of the federal budget. Social security alone was projected in 2022 to have approximately \$23 trillion in net future cash flows over the next 75 years. Despite the poor-funded status of social programs, funding solutions are rarely proposed or addressed. The Board may consider whether recognition and disclosure requirements are sufficient to promote long-term financial stewardship over social insurance trust funds.

A parallel could be drawn to state and local public pension funds, which were chronically underfunded across the United States. In response to awareness generated through new requirements to recognize true liabilities on the face of the financial statements for the first time (due to GASB Statements 67, 68, 74, and 75), funding levels appear to be beginning to improve.

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment *Reexamination of Existing Standards*

	SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Medium Priority

Establishing which standards to apply to the US CFR is subjective and impactful. We have no specific comments on this matter at this time.

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

We have no specific comments on this matter at this time.

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Medium Priority

This topic has not been revisited since 2005. At that time the Board clarified that it did not reconsider recognition and measurement, but that it may reconsider the recognition and measurement issues for heritage assets and stewardship land (para. 53). It seems inconsistent with FASB and GASB standards to classify these as assets (a resource that embodies economic benefits or services under the government's control) while fully recognizing the cost of acquisition, improvement, reconstruction, or renovation in the period of the cost.

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Medium Priority

In 2008 when this standard became effective, there was disagreement about the basis of accounting and placement of the fiduciary information within the basic notes. With 15 years of experience using the information, it may be a good time to re-evaluate the definition of fiduciary activities, basis of accounting, and placement within the financial statements.

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Medium Priority

Invitation to Comment

Reexamination of Existing Standards

Post-implementation of GASB Statement 68 found that some users appreciated the discount rate sensitivity disclosure and 10-year contribution and net pension liability information, which is also consistent with FASB requirements, but not currently included in federal disclosures.

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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High Priority

Please see our responses to questions number one and two above.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

We have no comments on this matter at this time.

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

We have no comments on this matter at this time.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

We have no comments on this matter at this time.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Medium Priority

FASAB should consider alternatives to decrease the complexity of SFFAS 44.

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Invitation to Comment *Reexamination of Existing Standards*

Medium Priority

More concise guidance would improve the requirements of SFFAS 47.

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

We have no comments on this matter at this time.

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

We have no comments on this matter at this time.

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Low Priority

We have no comments on this matter at this time.

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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We have no comments on this matter at this time.

	SFFAS 56 , <i>Classified Activities</i> ⁶ Interpretation 8 , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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We have no comments on this matter at this time.

	SFFAS 59 , <i>Accounting and Reporting of Government Land</i> ⁷
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

We have no comments on this matter at this time.

From: Plowiec, Elizabeth <Elizabeth.Plowiec@rrb.gov>

Sent: Friday, September 15, 2023 2:15 PM

To: FASAB <FASAB@FASAB.gov>

Subject: FW: [EXTERNAL] FASAB Invitation to Comment titled Reexamination of Existing Standards – Comment Deadline 9/15/23

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.

Good afternoon,

Railroad Retirement Board doesn't have any comments.

Thanks,

*Elizabeth Plowiec
Accounting Officer
US Railroad Retirement Board
844 Rush Street
Chicago, IL 60611
Phone: 312-469-2002
Cell: 708-943-8812*



From: Mallorie N. Davis <Mallorie.Davis@fiscal.treasury.gov>

Sent: Friday, September 8, 2023 12:37 PM

Subject: [EXTERNAL] FASAB Invitation to Comment titled Reexamination of Existing Standards – Comment Deadline 9/15/23

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and are expecting the content.

CRT members –

Please see the following reminder from FASAB.

Thanks,
Mallorie

Reexamination of Existing Standards

Comment Deadline – 9/15/23

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) reminds you that **September 15, 2023**, is the comment deadline for the Invitation to Comment titled *Reexamination of Existing Standards*. FASAB is seeking input^[1] 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.

It is important that respondents support their answers with a detailed explanation, including specific sections or paragraph references within pronouncements where appropriate. This will enable 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.

The Board requests responses to the ITC by **September 15, 2023**. The ITC is available on the FASAB website. Respondents should use the Microsoft Word file available at <https://www.fasab.gov/documents-for-comment/> to provide comments on this ITC. Additional information may be attached. Please provide your comments by email to fasab@fasab.gov.

[1] ITCs are used to request feedback but no specific Board guidance will result.

ABOUT FASAB

FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

Financial reports, which include financial statements prepared in conformity with generally accepted accounting principles, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government’s responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government’s accountability and its efficiency and effectiveness and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: <https://www.fasab.gov/>.

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

15 September 2023

**Federal Accounting Standards Advisory Board's Invitation to Comment,
*Reexamination of Existing Standards***

Dear Mr. Scott:

Ernst & Young LLP is pleased to submit its comments in response to the Invitation to Comment, *Reexamination of Existing Standards*, issued by the Federal Accounting Standards Advisory Board (FASAB or Board).

We support the Board's objective in obtaining stakeholder feedback to improve the standards and make sure they are effective in providing financial information that supports accountability and meets user needs. We have provided our responses to the questions in the Invitation to Comment in the appendix below.

* * * * *

We would be pleased to discuss our comments with the Board or its staff at your convenience.

Very truly yours,

Ernst & Young LLP

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment
Reexamination of Existing Standards

Appendix

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input checked="" type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.Name: **Please identify your organization, if applicable.**Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

We generally agree that SFFAS 34 clearly explains the federal GAAP hierarchy. However, we believe there are several areas that the Board should clarify or update.

We agree with the Board's interest, stated in paragraph 6 of the Invitation to Comment, in clarifying how administrative directives should be considered in the hierarchy and clarifying the phrase “practices that are widely recognized and prevalent in the federal government.”

Questions for Respondents**Responses Due: September 15, 2023****Invitation to Comment
Reexamination of Existing Standards**

Administrative directives, such as guidance from the Office of Management and Budget (OMB) and the Department of the Treasury, are widely used by federal entities. We recommend that the Board incorporate these directives directly into the GAAP hierarchy to prevent any confusion or diversity in practice.

We also agree with the Board that clarifying SFFAS 34 paragraph 5(d) would be beneficial. This paragraph includes the phrase “practices that are widely recognized and prevalent in the federal government,” which is vague and could allow for many interpretations. We believe the Board should clarify what guidance is authoritative. The inclusion of industry practices in the hierarchy of authoritative literature is a departure from Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) practices. We also recommend the Board revisit the definition of “Other Accounting Literature” as defined in SFFAS 34 paragraph 8 and clarify what would be authoritative sources of accounting guidance.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?**Disagree**

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

We generally do not experience challenges in applying and using the federal GAAP hierarchy in SFFAS 34, other than those noted in our response to Question 1.1 above. However, we believe there is confusing or contradictory language in some of the FASAB’s publications. For example, in Federal Financial Accounting and Auditing Technical Release 2, the summary states:

“Agencies that must deal with environmental contamination should first refer to the hierarchy of accounting standards contained in the current Office of Management and Budget (OMB) Bulletin on “Form and Content of Agency Financial Statements” for guidance. Standards issued by Government Accountability Office (GAO) and OMB have precedence over other authoritative guidance for federal entities. This technical release supplements the relevant federal standards, but is not a substitute for and does not take precedence over the standards.”

The reference to the OMB hierarchy above could result in confusion, and, therefore, we recommend that the Board consider removing this reference.

We have also noted contradictions in other guidance in the hierarchy that could result in confusion. For instance, the guidance for government corporations provided in paragraphs 9 through 12 of SFFAS 34 may contradict the CFO Act and Title 31, Chapter 91 of US Code, Subsection 9106. A government corporation named in Subsection 9101 is required, as stated in

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Subsection 9106, to report a statement of cash flows in its Annual Management Report, as well as other statements typical of FASB reporters. However, SFFAS 34 requires federal entities to apply FASAB standards except in certain circumstances. This inconsistency in requirements can make it challenging to apply the accounting guidance and laws appropriately. We recommend the Board consider incorporating relevant laws and regulations into the hierarchy in SFFAS 34 and make sure there is consistency between the accounting standards and laws.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Medium Priority

Overall, we believe Topic #3 is understandable and clear to apply. However, we recommend the Board consider clarifying criterion 3 in SFFAS 3 paragraph 40, which allows the purchases method of accounting to be applied when it is not cost-beneficial to apply the consumption method. This criterion is very broad and could allow the purchases method to be used in many circumstances when it may not be appropriate to do so. We believe this could lead to diversity in practice in

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

accounting for operating materials and supplies. If it was not the Board's intention in providing this criterion, we encourage the Board to clarify the wording in the standard.

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Medium Priority

Overall, we believe Topic #5 is understandable and clear to apply. However, we recommend the Board clarify the appropriate reporting of environmental liabilities and legal claims when there are multiple parties involved in the responsibility for and/or resolution of the liability.

For instance, when the agency that triggered the liability/legal claim isn't the same one that manages the liability/legal claim or funds the liability/legal claim, there can be diversity in practice when determining which entity reports the liability and when the liability is reported. We believe additional guidance on this topic would help reduce that diversity and provide useful information to the users of the financial reports.

Topic #6	SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1 , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , <i>Assigning Assets to Component Reporting Entities</i>
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High Priority

Overall, we believe Topic #6 is understandable and clear to apply. However, we believe the Board should clarify how construction in process (CIP) should be accounted for when an alternative method

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

for establishing opening balances (SFFAS 6 paragraph 40) is applied. The standard currently does not address the subsequent accounting for CIP, and this may result in diversity in practice.

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Medium Priority

Overall, we believe Topic #8 is understandable and clear to apply. However, there will be no guidance on accounting for cloud computing arrangements, which is currently included in Technical Release 16, paragraphs 28 and 29, after the adoption of SFFAS 54, Leases.

Cloud computing arrangements (e.g., software as a service, platform as a service, infrastructure as a service) frequently include software licenses. Technical Release 16 currently states “the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses in accordance with the lease criteria stated in SFFAS 5 and SFFAS 6.” Since Technical Release 20 rescinds this guidance, there will be no discussion in the standards about the appropriate accounting for the software license element of a cloud computing arrangement. Since these arrangements are widely used, we recommend the Board consider addressing how to appropriately account for them.

	SFFAS 15 , <i>Management’s Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	<p>SFFAS 17, <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26, SFFAS 37</p>
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⁴ SFFAS 15, *Management’s Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board’s consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low PriorityPlease explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

High Priority

Please see our response to Questions 1.1 and 1.2 above.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Medium Priority

Please see our response to Topic #21 below.

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Medium Priority

We support the Board's continued efforts on its Public-Private Partnerships project. However, we encourage the Board to consider the interaction of the guidance in SFFAS 49 and SFFAS 47 make sure it is consistent in both standards.

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52, Tax Expenditures
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Low Priority

Please explain your response. [Click here to enter text.](#)

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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We support the Board's continued efforts on its Leases project.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, Accounting and Reporting of Government Land⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

DHS agrees that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship

Invitation to Comment *Reexamination of Existing Standards*

to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

DHS has not experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Choose a priority level.

No Comment

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

No Comment

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

Paragraph 12 contains a reference to the Yellow Book Chapter 3, paragraph 33 that is no longer valid in the current Yellow Book.

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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High Priority

Invitation to Comment *Reexamination of Existing Standards*

This standard was effective in 1997 which was only seven years after the CFO Act. This standard is aimed at achieving three general objectives: 1) provide program managers with relevant and reliable information relating costs to outputs and activities; 2) provide relevant and reliable cost information to assist the Congress and executives in making decisions about allocating federal resources, authorizing and modifying programs, and evaluating program performance; and 3) ensure consistency between costs reported in general purpose financial reports and costs reported to program managers.

Given the burden on the preparer of this standard, has FASAB conducted any outreach or research to determine if the Users of Federal Cost Information are using the information that results from the application of this standard? If the users are using the information, have they suggested any modifications to the standard to achieve more relevant cost information?

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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High Priority

DHS is seeking clarification on when the recognition of a liability should or should not impact the availability of budgetary resources, depending on the existence (or lack thereof) of a legal obligation per 31 USC 1501. Specifically, DHS is requesting a review of paragraphs 24, 28-34, and 38 taking into consideration natural disasters.

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Medium Priority

DHS is looking for clarification on when an asset should be considered as placed in service. Should a constructed piece of equipment which is functionally able to perform the intended task, but lacking specific certifications continue to be accounted for as construction in progress (CIP) or be considered as a completed asset that's placed in service? In this scenario, if the constructed equipment is considered to have been placed in service, how would any additional costs (e.g., enhancements) be treated?

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Topic #7	SFFAS 7 , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Low Priority

DHS is requesting clarification of the term “true up” used in Interpretation Number 5. Guidance on the budgetary accounting should be provided in Interpretation 11.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Low Priority

DHS is requesting better examples for differences between software that should be expensed or capitalized. Better examples would aid in consistent distinction between expensing and capitalizing.

	SFFAS 15 , <i>Management’s Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”</i>
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⁴ SFFAS 15, *Management’s Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board’s consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

Is the statement in paragraph 2.a, “there is currently uncertainty in practice regarding the selection of discount rates in some situations.” still valid?

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Invitation to Comment Reexamination of Existing Standards

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Medium Priority

DHS would like FASAB to provide more robust examples to help distinguish between recognized and nonrecognized events including additional guidance on how to recognize and disclose subsequent events. In the summary, FASAB states that the objective of this Statement is to incorporate the guidance from the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS) UA section 560, Subsequent Events. While paragraph 13 of SFFAS 39, FASAB uses an example related to litigation for personal injury which is similar to an example in subsection 04 of AU Section 560, SFFAS 39 lacks multiple examples with different circumstances. AU Section 560 provides more examples of subsequent event as well as sample questions to ask to identify subsequent events. DHS believe additional examples would assist in identifying subsequent events.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

Paragraph 10 states "It should be noted that the Board also plans to address measurement, recognition, and reporting issues through continued consultation with stakeholders. This could lead to the issuance of additional guidance." When does the Board plan do address these items?

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

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Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 56 , <i>Classified Activities</i> ⁶ Interpretation 8 , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59 , <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

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Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Strongly Agree

Treasury believes that the SFFAS 34 standard adequately explains the federal GAAP hierarchy.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Neither Agree nor Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and

Invitation to Comment *Reexamination of Existing Standards*

reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

Not applicable

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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High Priority

Technical Bulletin 2020-1: Loss Allowance for Intragovernmental Receivables states that it clarifies existing standards regarding accounts receivable and related recognition standards and reporting, and includes references to paragraphs 40-52 of SFFAS No. 1, Accounting for Selected Assets and Liabilities. FASAB should consider further clarifying whether this Technical Bulletin also applies to Loans Receivable; specifically, whether Intra-governmental Loans Receivable should be subject to the same allowance measurement and recognition criteria as Intra-governmental Accounts Receivable.

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

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Topic #5	<p>SFFAS 5, <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4, <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1, <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #6	<p>SFFAS 6, <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, <i>Assigning Assets to Component Reporting Entities</i></p>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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High Priority

Treasury (and the IRS) selects SFFAS No. 7 as a high priority for reexamination and seeks both an accounting change for the treatment of compliance assessments that it believes will lead to a fuller application of accrual accounting and further guidance related to exchange and nonexchange transactions. Below are the two separate areas for consideration.

1. Compliance Assessments vs. Federal Taxes Receivables

BACKGROUND

Invitation to Comment
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Treasury's reporting of federal taxes receivables is currently in compliance with Federal Generally Accepted Accounting Principles (GAAP) that was established in 1996. This is primarily addressed under the standard for Statement of Federal Financial Accounting Standards (SFFAS) No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting. The Federal Accounting Standards Advisory Board (FASAB) wrote this standard in close collaboration with the IRS who was the primary stakeholder in this standard's origination.

SFFAS No. 7 requires unpaid assessments to be categorized as either taxes receivable, compliance assessment, or write-off. Assessments are primarily categorized as taxes receivable (and recorded on the balance sheet) when the receivable is supported by a taxpayer's agreement, such as filing of a tax return without sufficient payment, or a court ruling in favor of the IRS. Assessments are categorized as compliance assessments if the taxpayer has not agreed, nor a court has affirmed the assessment is owed to the Federal Government. Examples include assessments resulting from an IRS audit or examination in which the taxpayer does not agree with the results. In accordance with SFFAS No. 7, compliance assessments are currently not reported as federal taxes receivables on the balance sheet unless there is a taxpayer's agreement or favorable court ruling. Write-offs are assessments for which the IRS does not expect further collections due to factors such as taxpayers' bankruptcy, insolvency, or death.

Currently, SFFAS No. 7 forces Treasury (and the IRS) to materially underreport its federal taxes receivables by not allowing the reporting of compliance assessments in its Federal Taxes Receivable, Net. The IRS submitted a Technical Inquiry to the FASAB on April 1, 2021, requesting a change to SFFAS No. 7 to allow it to include compliance assessments to Federal Taxes Receivables on its financial statements. It was decided not to pursue a change at that time due to the upcoming standards reexamination project.

SFFAS No. 7 RECOGNITION OF RECEIVABLES

Recognition of Receivables, SFFAS No. 1, Paragraph 41 states, "A receivable should be recognized when a federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date (e.g., taxes not received by the date they are due), or goods or services provided. If the amount is unknown, a reasonable estimate should be made."

SFFAS No. 7, Paragraph 48 states, "Nonexchange revenues are inflows of resources that the Government demands or receives by donation. Such revenue should be recognized when a specifically identifiable, legally enforceable claim to resources arises to the extent that collection is probable (more likely than not), and the amount is reasonably estimable. Nonexchange revenue should be measured by the collecting entities but should be recognized by the entities legally entitled to the revenue (the recipient entities). Paragraphs 49 through 63 describe the application of this general standard."

SFFAS No. 7, Paragraph 53 states, "Accounts receivable should be recognized when a collecting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable."

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This definition of accounts receivable from nonexchange transactions requires the standard for recognition of accounts receivable to be amended so that such receivables are not recognized on the basis of payment due dates but rather on the basis of the completion of the assessment processes. Under such processes, assessments are enforceable claims for which specific amounts due have been determined and the person(s) or entities from whom the tax or duty is due have been identified. Assessments include both self-assessments made by persons filing tax returns or entry documents and assessments made by the collecting entities.”

FASAB wrote SFFAS No. 7 in close collaboration with the IRS because it recognized the IRS was the primary federal entity affected by accounting for taxes receivable addressed in the standard. When SFFAS No. 7 was originally drafted, the IRS did not have the ability to accurately estimate future collections of its reported compliance assessments. Though the IRS was able to state the amounts of total taxpayer compliance assessments in its records, it had no ability to determine if the dollar amount of the compliance assessments would be collected. Therefore, the IRS historically has been unable to meet the specific requirements of SFFAS No. 7, Paragraphs 48 and 53 that would allow it to recognize billions of dollars of compliance assessments as federal taxes receivables on its financial statements. The IRS can currently meet the specific requirements of SFFAS No. 7, Paragraphs 48 and 53 for recognizing compliance assessments as federal taxes receivables.

THE EFFECT OF SFFAS No. 7, PARAGRAPHS 54 AND 55 ON THE RECOGNITION OF COMPLIANCE ASSESSMENTS AS FEDERAL TAXES RECEIVABLES

SFFAS No. 7, Paragraph 53 defines the proper recognition of accounts receivables. Based on the SFFAS No. 7, Paragraph 53 specific and detailed requirements, the IRS should be able to include the amount of compliance assessments that meet the standard as federal taxes receivables on its financial statements as detailed above. However, the additional language in SFFAS No. 7, Paragraphs 54 and 55 prohibit including compliance assessments as federal taxes receivables on IRS’s financial statements.

SFFAS No. 7, Paragraph 54 states, “Assessments recognized as accounts receivable include tax returns filed by the taxpayer (or customs documents filed by the importer) without sufficient payments, taxpayer agreements to assessments at the conclusion of an audit or to a substitute for a return (or importer agreements to supplemental assessments), court actions determining an assessment, and taxpayer (or importer) agreements to pay through an installment agreement or through accepted offers in compromise. Receivables determined to be currently not collectable are included, but assessments where there is no future collection potential such as where the taxpayer (or importer) has been either insolvent or deceased for specified periods are not included. Accounts receivable, therefore, include only unpaid assessments made through the end of the period plus related fines, penalties, and interest. Accounts receivable do not include amounts received or due with tax returns received after the close of the reporting period or amounts that are compliance assessments or pre-assessment work in process.”

SFFAS No. 7, Paragraph 55 states, “Compliance assessments and pre-assessment work in process may or may not be legally assessed depending on the resolution of subsequent events.
A. Compliance assessments are proposed assessments by the collecting entity in definitive

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amounts, but the taxpayer (or importer) still has the right to disagree or object, such as in the case of assessments made at the conclusion of an audit (or at the conclusion of a review by an import specialist or when a violation of applicable law is discovered), or the issuance by the IRS of a substitute for a return, or where assessment is in appeals or in the tax court. These compliance assessments may become accounts receivable if the taxpayer files an amended return (or Customs' protest/retention period lapses), or an appeal or court action finally determines the assessment, or the taxpayer (importer) agrees to pay currently or through an installment agreement, or an offer in compromise is accepted."

Compliance assessments did not meet the specific recognition requirements of SFFAS No. 7, Paragraphs 48 and 53 when issued on May 10, 1996. FASAB and the IRS concurred that the IRS did not have the financial information or financial systems to meet the requirements of the SFFAS standards as it relates to recognizing compliance assessments as federal taxes receivables on its financial statements. The IRS position is that SFFAS No. 7, Paragraphs 54 and 55 were written to state in fact that at that time compliance assessments did not meet the requirements of SFFAS No. 7, Paragraphs 48 and 53, and allowed for the IRS to exclude these compliance assessments from its federal taxes receivable balance. It was never the intention to forever exclude compliance assessments from recognition as federal taxes receivables once they met the requirements of SFFAS No. 7, Paragraphs 48 and 53. The specific language in SFFAS No. 7, Paragraph 175 makes it clear once the IRS establishes that compliance assessments became probable and reasonably estimable, they should be recognized as federal taxes receivables.

Potential Changes. SFFAS No. 7, Paragraph 175 states, "Requirements for disclosures, supplementary information, and other accompanying information compensate to some extent for the modified cash basis of accounting for taxes and duties being approved at this time. In the future, the Board plans to evaluate users' satisfaction with reports prepared on the basis of the standard and to give consideration to improvements being made in IRS's processes and related management information systems. Based on this evaluation and consideration, it may propose to extend the degree of application of accrual accounting in several years' time. In the interim, the Board will permit changes in accounting made at the initiative of a collecting entity if the changes represent a fuller application of accrual accounting than that prescribed by the standard. For example, compliance assessments for taxes or unasserted claims for drawbacks may be recognized rather than shown as supplementary information if the amounts are both probable and reasonably estimable."

It is generally understood that the intent of SFFAS No. 7, Paragraphs 48, 53, 54, 55, and 175 was to assure the IRS did not include compliance assessments in federal taxes receivable until it met the overall requirements of the SFFAS standards. However, the actual language of Paragraphs 54 and 55 prohibits the IRS from including compliance assessments as federal taxes receivables in perpetuity even though the IRS is currently able to meet the requirements of Paragraphs 48 and 53.

IMPACT OF COMPLIANCE ASSESSMENTS ON TAXES RECEIVABLES

For accounting financial reporting purposes, the IRS has implemented a collectability model

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which can now reasonably estimate the collection value of compliance assessments. The collectability model uses econometric measures to assess collectability at the module level for each specific taxpayer. At the end of fiscal year 2022, the collectability model estimated the current collectible value of all compliance assessments to be over \$16.5 billion from a total gross compliance assessment balance of \$88.4 billion (approximately 18% collectable). Following the current SFFAS standards, the IRS did not report the \$88.4 billion in gross compliance assessments on its financial statements in the current displayed category “Federal Taxes Receivables”. The \$16.5 billion dollars the IRS can establish as collectable out of the \$88.4 billion gross compliance assessments is not reported on the financial statements as “Federal Taxes Receivable, Net”; even though the \$88.4 billion gross compliance amount has cleared the legal taxpayer demand process, and the IRS has a legal right to collect these amounts subject to the 10-year collection statute. The IRS can empirically support that the \$88.4 billion gross compliance assessments have a collection value of \$16.5 billion. If the IRS continues to follow the SFFAS standards, it can expect to underreport its net federal taxes receivable going forward. Thus, the IRS believes not reporting compliance assessments as federal taxes receivables annually will lead to financial statements that are materially misleading.

CONCLUSION

It is Treasury’s (and IRS’s) position that SFFAS No. 7 should be reexamined and rewritten in a manner that allows it to include compliance assessments as federal taxes receivables on its financial statements if they meet the account receivable recognition definitions of SFFAS No. 7, Paragraphs 48 and 53. The IRS has compliance assessments that meet SFFAS No. 7, Paragraph 53 which states, “Accounts receivable should be recognized when a collecting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable.” Specifically, the current language in SFFAS No. 7, Paragraphs 54 and 55 that prohibits the IRS from recognizing compliance assessments in its federal tax receivables should be changed.

The IRS agrees there are distinct criteria stated in SFFAS No. 7, Paragraph 53 that must be met for non-exchange revenue to be recognized. These criteria are that the revenue must be identifiable and legally enforceable, collection is probable, and the amounts are reasonably estimable. The IRS can meet each of these criteria. The IRS proposes to include as an accounts receivable (taxes receivable) only the compliance assessment amounts that can be historically and empirically demonstrated to be collectible. Also, compliance assessments will be included as taxes receivable only at the point in the process that a legally enforceable action can or has been taken to collect such assessments. It is only at the point the IRS has sent the required demand notices that the assessment becomes an enforceable claim that the IRS includes in the population of a compliance assessment. All unpaid assessments are the result of the completed assessment process. Compliance assessments are legally enforceable and with its collectability model, the IRS can now reasonably estimate their value. Under SFFAS No. 7, the IRS has the authority to recognize compliance assessments as a receivable if they can support the amounts are both probable and reasonably estimable. The proposed change in reporting methodology would more accurately reflect the economic collection value of compliance assessments. This reporting change will not result in a change to the lines currently

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presented on any of the financial statements but will result in an increase in value presented for each line. The required supplemental information would remove the line for compliance assessments and be included in Federal Taxes Receivable, Net.

2. Exchange/Nonexchange Revenue

BACKGROUND

The IRS is seeking further guidance related to exchange and nonexchange revenue transactions as described in SFFAS No. 7. This standard has not been revised in more than 25 years. The paragraphs below discuss the challenges faced by the IRS in reporting revenue on the financial statements which is being reported on different financial statements depending on whether the revenue is considered exchange or nonexchange.

SFFAS 7 EXCHANGE/NONEXCHANGE REVENUE INTERPRETATION BY THE IRS AS IT RELATED TO THE QUALIFIED TAX COLLECTION CONTRACTS

The IRS currently accounts for taxes received from the public as nonexchange revenue on the Statement of Custodial Activity in accordance with SFFAS No. 7. Tax collections are collected on behalf of the U.S. Government and are swept to the General Fund of the U.S. Government to be used by Congress to fund the Federal government or transferred to legislatively authorized special funds to fund specific programs directly.

The program that is currently creating an interpretation issue for the IRS is the Private Debt Collection program. Per 26 U.S. Code § 6306, qualified tax collection contracts, provides that the IRS may retain up to 50% of collections from Private Collection Agents as further described below:

“(e) FEES The Secretary may retain and use (1) an amount not in excess of 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract, and (2) an amount not in excess of 25 percent of such amount collected to fund the special compliance personnel program account under section 6307.”

To fund this program, the IRS reports the tax revenue collected via the qualified tax collection agents to the appropriate general fund receipt account per its appropriate tax class as nonexchange revenue. The IRS then transfers up to 50 percent of the amounts collected to a special fund receipt account via a financing transfer to create a special appropriation to create budget authority for the IRS to fund its corresponding expenditures per the law.

Prior to a finding from the GAO, the IRS reported the amounts collected and transferred to the special fund receipt account (up to 50 percent of the original tax revenue) via a financing source transfer as nonexchange revenue since the original source of the revenue is tax revenue and per SFFAS No. 7 tax revenue is nonexchange. This retained revenue was thus reported on the Statement of Changes in Net Position due to it being nonexchange. However, per the GAO, they interpreted SFFAS No. 7 to state the IRS should report this financing source transfer of revenue retained as exchange revenue per SFFAS No. 7, Paragraph 60.3 and that it be

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reported on the Statement of Net Cost.

SFFAS No. 7, Paragraph 60.3 states, “When legally retained by the collecting entity as a reimbursement of the cost of collection, revenue should be recognized as an exchange revenue and deducted in determining the collecting entity’s net cost of operations.”

The IRS disagreed with GAO’s interpretation of SFFAS No. 7 as it applied to this program and argued per Paragraph 2, “Nonexchange revenues arise primarily from exercise of the Government’s power to demand payments from the public (e.g., taxes, duties, fines, and penalties) ...” and therefore should remain as nonexchange. Further, Paragraph 245 states the following:

“245. Tax receipts are generally collected from the public by the IRS (Internal Revenue Service) and, to a lesser extent, by the Customs Service and other entities acting as agents for the recipient entities rather than on their own behalf. The collecting entity receives the cash and then transfers it to the General Fund, trust fund, or special fund on whose behalf it was collected. The amount so collected should be accounted for as a custodial activity by the collecting entity. The tax is recognized as a nonexchange revenue by the entity that is legally entitled to the amount. This would be a trust fund or special fund in the case of an earmarked (i.e., dedicated) tax. If collected on behalf of the Government as a whole, it would be recognized in the Government-wide consolidated financial statements.”

GAO’s interpretation still differed from the IRS for the revenue retained for the Private Debt Collection program. The GAO interprets Paragraph 60.3 to apply to the retained revenues. Due to this continued disagreement on the proper interpretation and treatment of this revenue, the IRS requested a technical inquiry with the FASAB. The FASAB concluded that they agreed with the GAO only to the extent that the 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract should be reported as exchange revenue per the current interpretation of Paragraph 60.3. However, the FASAB concluded that the 25 percent of such amount collected to fund the special compliance personnel program account under section 6307 does “not meet the definition of exchange revenue, nor do they meet the definition of nonexchange revenue”.

The GAO disagreed with FASAB’s interpretation in their response to the technical inquiry from the IRS and the IRS has thus posted the 25 percent of the amount collected under any qualified tax collection contract for the costs of services performed under such contract as exchange and the 25 percent of such amount collected to fund the special compliance personnel program account under section 6307 as nonexchange.

However, the IRS concludes that tax revenue collected on behalf of the Federal government should be specifically excluded from the requirements of Paragraph 60.3. because there was nothing of value given to or received by another party in relation to the amounts transferred to legislatively authorized special funds.

SFFAS No. 7, Paragraph 353 provides additional guidance on custodial transfers, as follows:

Invitation to Comment

Reexamination of Existing Standards

“353. Disposition of revenue to other entities: custodial transfers. Revenue, primarily nonexchange revenue, may be collected by an entity acting on behalf of the General Fund or another entity within the Government on whose behalf it was collected. The collecting entity accounts for the disposition of revenue as part of its custodial activity. These custodial transfers, by definition, do not affect the collecting entity’s net cost of operations or operating results, nor are they part of the reconciliation between its obligations and net cost of operations. (The receiving entity recognizes the revenue as nonexchange or exchange revenue, depending on its nature, according to the applicable revenue standards.)”

CONCLUSION

An interpretation of SFFAS No. 7, Paragraph 60.3 leads to a position that nonexchange revenue transferred to a special funds or trust funds for the purposes of collection and compliance programs should be classified as exchange revenue. Reporting tax collections as exchange revenue is contrary to the preponderance of guidance for the recognition of tax revenue. Taxes collected from the public and subsequently retained by the IRS for the Private Debt Collection programs should be presented on the Statement of Changes in Net Position as nonexchange and not on the Statement of Net Cost. The IRS requests that FASAB edits language to SFFAS No. 7, Paragraph 60.3 to clarify the proper categorization of exchange versus nonexchange revenues when an entity has the legal authority to retain revenues.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

	SFFAS 15 , <i>Management’s Discussions and Analysis</i> ⁴
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i>
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⁴ SFFAS 15, *Management’s Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board’s consideration.

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Invitation to Comment
Reexamination of Existing Standards

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Low Priority

Topic and related SFFASs are not of concern and do not need to be reexamined at this time

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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No additional comments at this time, please refer to comments submitted through Exposure Draft responses.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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No comments at this time

	SFFAS 59, Accounting and Reporting of Government Land⁷
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No comments at this time

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. As currently presented, SFFAS 34 aligns with appropriate principles and guidance and can be reliably consulted as various accounting and reporting scenarios arise.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Neither Agree nor Disagree

Invitation to Comment

Reexamination of Existing Standards

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

HHS generally supports that the federal GAAP hierarchy presented in SFFAS 34 is a reliable source to resolve accounting and/or reporting discrepancies. HHS is unaware of any challenges directly relating to the inconsistent application of SFFAS 34 or examples where SFFAS 34 guidance lacks transparency. With this in mind, HHS also recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment *Reexamination of Existing Standards*

- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Medium Priority

FBwT and Intragovernmental Receivables tend to be material accounts. As such, both are areas that could benefit from further clarification. The proposed changes and expanded non-federal non-entity FBwT definition will help alleviate/avoid future misunderstanding, allowing agencies to more clearly classify and consistently present FBwT and Intragovernmental Receivable activity.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed (Not material to HHS).

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Medium Priority

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

HHS believes this is an area of medium priority as inventory and related property accounts/balances are becoming more commonly identified/used for federal entities mission-related purposes.

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Medium Priority

HHS supports the Federal Accounting Standards Advisory Board's (FASAB) proposed reexamination of this topic area. Requirements under Topic #6 should facilitate the consistent reporting of Property, Plant, and Equipment and Cleanup Cost Liabilities among Federal agencies. Additionally, PP&E tends to be a material account for most federal entities, including HHS. HHS recommends that any changes to Topic #6 subject matter areas be made with the intention of aligning FASAB's treatment of Property, Plant, and Equipment and Cleanup Cost Liabilities with other accounting regulatory bodies such as the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB).

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting
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Invitation to Comment

Reexamination of Existing Standards

	AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11 , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2 , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Medium Priority

HHS supports the proposed interpretations, especially those that will facilitate the consistent accounting for and reporting of other financing sources and debt cancellation among Federal agencies, and efforts that will allow proposed SCNP form and content changes to align with OMB and GAAP accounting standards.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Medium Priority

HHS believes this is an area of medium priority considering the significant research and efforts taken by FASAB over software technology and clouding arrangements. Upon completion of FASAB's research, [SFFAS 10](#) and Technical Releases related to this [SFFAS \(TR 16\)](#), FASAB should provide further clarification into what constitutes IUS for financial reporting accounting treatment purposes.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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High Priority

HHS sustainability statements have received a disclaimer of opinion from the Office of Inspector General (OIG) and the independent auditors since 2010. Each year, the audit report states that due to uncertainty brought by the passing of the Patient Protection and Affordable Care Act of 2010 and Medicare Access and CHIP Reauthorization Act of 2015, they are unable to obtain sufficient audit evidence for the amounts presented in the SOSI. HHS hopes the review of these standards would potentially help with this disclaimer.

⁴ [SFFAS 15](#), *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment

Reexamination of Existing Standards

Staff at HHS are raising the following for the Board to consider when reexamining the existing standards for SOSI:

1. Provide clarification what is meant by "reasonable estimates..." and allow for the departure from currently law to be in line with the language used in SSFAS 38, paragraph 28 when preparing the SOSI/SCISA and assumptions used.
2. Current law projections may be misleading given that such projections potentially understate the cost of Medicare.
 - a. What, if any, disclosures and/or measurement assumptions should be required by GAAP when current law projections may mislead readers by presenting cost savings or receipts unlikely to be realized?
 - b. Would it be appropriate to integrate the current law and alternative projections? If so, how:
 - i. Presentation of current law projections with an adjustment to arrive at reasonable estimates on the face of the SOSI (so that both alternatives are highlighted on the SOSI)?
 - ii. Use of the alternative projections in lieu of current law projections on the face of the SOSI with coverage of both current law and alternative projections in an integrated note?
 - iii. Continued presentation of current law projections on the face of the SOSI but an integrated presentation of the two projections in the notes?
3. The alternative projections are not discussed in MD&A. Further, current law provides for a "funding warning" notification process when there are certain shortfalls in funding. The fact that this warning has been triggered is not discussed in MD&A. Should alternative projections and/or such a warning be discussed in MD&A?

Topic #10	<p>SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i></p> <p>SFFAS 32, <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i></p>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #11	<p>SFFAS 27, <i>Identifying and Reporting Funds from Dedicated Collections</i></p> <p>AS AMENDED BY: SFFAS 43</p>
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Low Priority

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #12	SFFAS 29, <i>Heritage Assets and Stewardship Land</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #13	SFFAS 31, <i>Accounting for Fiduciary Activities</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #14	SFFAS 33, <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #15	SFFAS 34, <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

HHS believes that SFFAS 34 provides an appropriate framework conducive to delivering consistent, comparable financial information in accordance with GAAP. However, HHS recognizes that continuous review and improvement of standards is essential to keep FASAB guidance consistent with standards set by other regulatory accounting bodies.

Topic #16	SFFAS 36, <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #17	SFFAS 38, <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1, <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Invitation to Comment
Reexamination of Existing Standards

Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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High Priority

HHS believes this is an area of high priority. Further clarification may be warranted since the use and implementation of P3s continues to increase for government-wide purposes.

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Low Priority

Invitation to Comment

Reexamination of Existing Standards

HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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HHS supports FASAB's proposed reexamination of this topic area. The proposed technical guidance outlines an array of scenarios that will allow Federal agencies to apply the new standards in a consistent manner. HHS acknowledges that when implemented, SFFAS 54 requirements are significant, but will facilitate the consistent reporting of leases among Federal agencies. To ensure successful and timely SFFAS 54 implementation, Federal agencies must navigate challenges such as updating accounting policies and procedures, reconfiguring accounting systems, and training/familiarizing personnel. These challenges may pose additional costs and staffing constraints to Federal agencies.

	SFFAS 56, Classified Activities⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

	SFFAS 59, Accounting and Reporting of Government Land⁷
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HHS believes this is an area of low priority that can be reviewed after high and medium priority topics are addressed.

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment *Reexamination of Existing Standards*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. [Click here to enter text.](#)

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship

Invitation to Comment *Reexamination of Existing Standards*

to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

The timing of SFFAS and Technical Bulletins/Releases should be at the same time, to include OMB and Treasury guidance. The OMB and Treasury guidance should include proposed changes to circulars (OMB) and Treasury (posting models, guidance, reporting system changes, ie – CARS, GTAS, etc). Agencies need time to implement all of the above factors, which in most cases includes updates to accounting systems, internal guidance/standard operating procedures, etc.

SFFAS 34 clearly explains the FASAB hierarchy. If FASAB guidance is silent, the administrative directives usually address the issue. There have not been discrepancies between FASAB guidance and the administrative directives nor among the various administrative directives. Do not need to clarify authoritative vs non-authoritative guidance. Practices that are widely recognized and prevalent in the federal government is somewhat unclear, but it allows agencies to adopt common practices and guidance for further consistencies (e.g., Reclamation, Western Area Power Administration, Bonneville Power Administration and US Army Corps of Engineers jointly publish a “Replacements” book to identify units of property vs maintenance, useful lives, etc. on complex property with multiple components such as dams and powerplants.)

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

Invitation to Comment

Reexamination of Existing Standards

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Low Priority

DOI does not have any reporting concerns related to SFFAS 1

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

DOI does not have any reporting concerns related to SFFAS 2

Topic #3	SFFAS 3, Accounting for Inventory and Related Property
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³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment
Reexamination of Existing Standards

	AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority**DOI does not have any reporting concerns related to SFFAS 3**

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority**DOI does not have any reporting concerns related to SFFAS 4**

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1 , <i>Intragovernmental Exchange Transactions</i>
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Low Priority**DOI has been able to accommodate the requirements of SFFAS 5 with some difficulty and audit scrutiny; in particular the USPP Pension Actuarial Liability processes.**

Topic #6	SFFAS 6 , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1 , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , <i>Assigning Assets to Component Reporting Entities</i>
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Medium Priority

1) It would be helpful to clarify Paragraph 31, general PP&E transferred from other Federal entities to address various capitalization thresholds. For example, the original entity may have expensed the costs for not meeting their capitalization threshold, but the PP&E meets the receiving entity's threshold. If the receiving entity uses the fair value at the time transferred, it will cause elimination issues. This would not apply to entities who erroneously expense general PP&E instead of capitalizing.

2) Potential Improvement Topic: Recommendation to Revise

Invitation to Comment
Reexamination of Existing Standards

Asset Recognition: Paragraph 26:

For example, the cost of acquiring property, plant, and equipment may include...

--fair value of facilities and equipment donated to the government (recommendation that "if known and material" or "if estimable and material" be added – donated value is generally left to the donor for income tax purposes, e.g., when an individual donates to a thrift store a receipt can be given; however, the thrift store does not provide a value for the donated items, the same should be true for donations to federal entities – there isn't any income tax benefit for declaring a value) also see Paragraph 30 "...shall be estimated fair value at the time acquired by the government..."

Potential Improvement Topic: Filling gaps in the standards where the guidance either does not address or does not adequately address areas...

--clarification requested for when and how to report "demolition" costs

3) Did not list SFFAS 42 here as documented on the ITC_Released_05_15_23.pdf.

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Medium Priority

1) Potential Improvement Topic: Resolving inconsistencies in current practice

With the exception of the elimination issue created by the transfer of assets from one federal entity which reports it as capitalized general plant, property and equipment to one that reflects it as heritage, NPS does not have any other reporting issues or concerns with this topic.

During this past fiscal year NPS encountered an issue where BLM transferred capitalized GPPE to NPS. The asset would have been expensed as heritage on NPS' books. As a

Invitation to Comment *Reexamination of Existing Standards*

result, the transfer accounting resulted in an elimination's imbalance between the two bureaus. SFFAS 7 Par 346 and Par 359 implies there would be an elimination issue, but doesn't provide sufficient guidance for how it should be handled or potentially resolved. NPS suggests FASAB provide some additional guidance on how this type of transaction should be accounted for with the goal of removing the elimination imbalance.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Medium Priority

SFFAS 54 removed any guidance related to software licenses. Believe software licenses needs to be addressed in SFFAS 10 and clearly defined how to handle. Most software licenses for public software (ie – Microsoft office, any other software where purchaser cannot make enhancements/changes, etc) should be considered 'subscriptions' as they are usually purchases on an annual year basis.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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DOI would refer you to the exposure draft comments requested for this "Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15" issued on Sep 7th and requested back December 7th.

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

DOI does not have any reporting concerns related to SFFAS 17

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority

ITC_Release_05_15_23.pdf – SFFAS 26 in the note's column should be to topic 9 and not topic 10

DOI does not have any reporting concerns related to SFFAS 24 & 32

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

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Reexamination of Existing Standards

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

DOI does not have any reporting concerns related to SFFAS 27

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 29

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 31

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 33

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

See above Q1.1 and 1.2 for DOI's items for SFFAS 34

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 36

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 38

In addition, please see comments that will be submitted as part of FASAB's ED

Invitation to Comment
Reexamination of Existing Standards

“Omnibus Amendments: Amending SFFASs 38, 49, and Technical Bulletin 2011-1” due on 21 September.

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 39

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 44

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 47

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Medium Priority

1) Potential Improvement Topic: Clarifying the standards

SFFAS No. 49 Public-Private Partnerships: Disclosure Requirements, in Paragraph 15.d. – one of the “exclusion” paragraphs - states, “Formal and informal arrangements or transactions that do not share risks or rewards and are solely designed to foster goodwill, encourage economic development, promote research and innovation, or coordinate and integrate strategic initiatives.” The use of “solely” has created confusion when applying this exclusion. Perhaps a substitution of “predominately” could be considered and would add clarification to the analysis process.

2) Service concession arrangements were excluded from the Lease guidance with the intention of addressing them in SFFAS 49.

3) In addition, please see comments that will be submitted as part of FASAB’s ED “Omnibus Amendments: Amending SFFASs 38, 49, and Technical Bulletin 2011-1” due on 21 September.

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

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Reexamination of Existing Standards

DOI does not have any reporting concerns related to SFFAS 51

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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Low Priority

DOI does not have any reporting concerns related to SFFAS 52

	SFFAS 54, <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Potential Improvement Topic: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Currently, DOI does not have any reporting concerns related to SFFAS 56

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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- 1) Potential Improvement Topic: Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns**

SFFAS No. 59 Accounting and Reporting of Government Land is one of those Statements where there is significant preparer and audit burden versus perceived value of the information. Cost/benefit concerns could be more fully addressed. While not fully implemented as of FY2023, reexamination of this SFFAS is recommended; esp., the transition to Basic/Notes in FY2026. More “user” information is needed as to how acreage and predominant use is being used or intended to be used by the users of the information, which could be ascertained during RSI implementation, i.e., clarification of specific user needs would be helpful. It is difficult to justify the reporting burden and implementation cost that major land holding Agencies are experiencing. It reallocates scarce resources from operations to reporting and auditing.

- 2) DOI may have concerns that the GAO guidance regarding auditing land is not**

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

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an alternative for reporting estimated instead of actual acres. Examples include materiality of 5%, confirm all land is reported, confirm detailed records, etc.

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: <input type="text" value="Financial management policy"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Choose an item.

Please explain your response. [Click here to enter text.](#)

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Choose an item.

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

Invitation to Comment *Reexamination of Existing Standards*

levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) [Click here to enter text.](#)

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Invitation to Comment
Reexamination of Existing Standards

High Priority

With the conforming amendments published in SFFAS 54 and 60, SFFAS 5 will not include any language related to leases. Without a section or paragraph related to leases, the definition of liability and contingent liability in SFFAS 5 are inconsistent with SFFAS 54 and the lease liabilities required to be recognized under SFFAS 54.

SFFAS 5 defines the standards for recognizing liabilities, including contingent liabilities.

1. For general liabilities: para 19 – “A liability for federal accounting purposes is a probable future outflow or other sacrifice of resources as a result of past transactions or events. General purpose federal financial reports should recognize probable and measurable future outflows or other sacrifices of resources arising from (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date.”

Leases are exchange transactions (SFFAS 5 para 22 - each party to the transaction sacrifices value and receives value in return. There is a two-way flow of resources or of promises to provide resources) as the use of the underlying asset must be compensated with measurable consideration for it to be recognized as a lease in SFFAS 54 (definition of a lease, para 6).

SFFAS 5 para 22 states that “In an exchange transaction, a liability is recognized when one party receives goods or services in return for a promise to provide money or other resources in the future.” The inconsistency with SFFAS 54 arises related to measurement of the lease term and lease liability in SFFAS 54, and the requirement in SFFAS 5 that the liability must be based on past events in an exchange transaction. Paragraph 20 of SFFAS 5 states that “The existence of a past event (which includes transactions) is essential for liability recognition. An event is a happening of financial consequence to an entity...An event may also be an external event that involves interaction between an entity and its environment, such as a transaction with another entity.” SFFAS 54 requires the lease term (defined in paragraph 14-16) to include all probable periods, including option periods in the measurement of the lease liability for lessees. Option periods for contracts and agreements are not “past” events as they have not yet been executed – they have no financial consequence to the entity until they are executed. We do not currently recognize probable, and measurable liabilities for options periods on standard non-lease procurement contracts under SFFAS 5.

2. Contingent liability definition – lease liability measurement related to option periods could be considered a contingent liability of the agency as they are probable and measurable but are contingent on a future event (execution of an option period) to become an obligation and liability of the agency. That being said, the definition of contingent liability in SFFAS 5 does not fit with the recognition of the liability for probable unexercised option periods for leases (or any other procurement contract).

SFFAS 5 defines a contingency as “an existing condition, situation, or set of circumstances

Invitation to Comment *Reexamination of Existing Standards*

involving uncertainty as to possible gain or loss to an entity.” (paragraph 35). An option period for a lease or contract is not a possible loss for an entity as if it is executed, it will be an exchange transaction without gain or loss recognition. Contingent liability are also only recognized if a “past event or exchange transaction has occurred” and the contingency is probable and measurable (paragraph 38). With the requirement for a past event or transaction, and the requirement to involve the possible loss to an entity, the definition of contingent liability does not match the recognition criteria of liabilities for option periods for leases in SFFAS 54.

3. Footnote 19 states “In the case of government-acknowledged events giving rise to nonexchange or exchange transactions, there must be a formal acceptance of financial responsibility by the federal government, as when the Congress has appropriated or authorized (i.e., through authorization legislation) resources. Furthermore, exchange transactions that arise from government-acknowledged events would be recognized as a liability when goods or services are provided.” This further emphasizes that liabilities result from a formal acceptance of financial responsibility – which has not yet occurred for lease option periods until the option period is exercised. Absent specific statutory authority, agencies of the Federal government cannot enter a binding contract that exceeds the period of availability of the underlying appropriation unless the contract is for non-severable services or for severable services that do not exceed the period of obligation by more than 12 months under the Federal Acquisition Streamlining Act of 1994 (FASA).

FASA was in part addressing the Leiter Supreme Court decision. In *Leiter v. United States*, 271 U.S. 204 (1926), an agency had entered a long-term lease for office space with 1-year (i.e., fiscal year) funds, but its contract specifically provided that payment for periods after the first year was subject to the availability of future appropriations. The Court held that the lease was binding on the government only for one fiscal year, and it ceased to exist at the end of the fiscal year in which the obligation was incurred. It takes affirmative action to bring the obligation back to life.

Absent specific statutory authority to enter a contract in advance of appropriations, the Government does not have a legal liability associated with unexercised options until both an appropriation is enacted and the Government’s duly authorized officers affirmatively continue the lease (exercise the option). Until these two events occur no legal liability exists that can be recorded.

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	<p>SFFAS 17, <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26, SFFAS 37</p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	<p>SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32, <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i></p>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents

Responses Due: September 15, 2023

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Reexamination of Existing Standards

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
------------------	--

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

George A. Scott
Chair
Federal Accounting Standards Advisory Board
Washington, D.C.

Dear Mr. Scott,

The Department of Commerce has queried financial staff across the Department in order to prepare the enclosed response to the *Invitation to Comment, Reexamination of Existing Standards* dated May 15, 2023.

If you have any questions, please contact me at (202) 482-2715 or ksalzer@doc.gov.

Sincerely,

Kristin Salzer
Director of Financial Reporting and Policy

Enclosure

cc: Julie Tao
Bruce Henshel
Sean Smith

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name: Kristin Salzer, Director, Office of Financial Reporting and Policy

Please identify your organization, if applicable.

Organization: U.S. Department of Commerce

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

The Department agrees that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship

Invitation to Comment *Reexamination of Existing Standards*

to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

The Department believes that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

- (1) High priority:** topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.
- (2) Medium priority:** topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.
- (3) Low priority:** topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight into the respondents' views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Low Priority

The Department does not have any significant concerns.

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

The Department does not have any significant concerns.

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Low Priority

The Department does not have any significant concerns.

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Low Priority

The Department does not have any significant concerns.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Topic #5	<p>SFFAS 5, <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4, <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1, <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Low Priority

The Department does not have any significant concerns.

Topic #6	<p>SFFAS 6, <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, <i>Assigning Assets to Component Reporting Entities</i></p>
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Medium Priority

This standard has a material impact on the Department's financial statements and the Department further believes to many federal reporting entities. Therefore, the Department recommends that FASAB review this standard regularly to keep it current with advances in technology and changes in federal acquisition practices.

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Low Priority

The Department does not have any significant concerns.

Invitation to Comment
Reexamination of Existing Standards

Topic #8	SFFAS 10, <i>Accounting for Internal Use Software</i>
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High Priority

Internal Use Software (IUS) practices are rapidly changing as technology advances (e.g., cloud services). While TR16, *Implementation Guidance for Internal Use Software*, provides additional guidance related to the treatment for various types of IUS software development, it appears to the Department that FASAB guidance may be able to be improved, at a minimum, regarding (a) the treatment of implementation costs associated with software hosting agreements; and (b) the treatment of software licenses containing option periods.

	SFFAS 15, <i>Management's Discussions and Analysis</i>⁴
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The Department will be separately commenting on the recent exposure draft regarding SFFAS 15.

Topic #9	SFFAS 17, <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26, SFFAS 37
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~~Choose a priority level.~~

(No feedback submitted.)

Topic #10	SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32, <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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~~Choose a priority level.~~

(No feedback submitted.)

Topic #11	SFFAS 27, <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

The Department does not have any significant concerns.

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority

The Department does not have any significant concerns.

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

The Department does not have any significant concerns.

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

The Department does not have any significant concerns.

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Low Priority

The Department does not have any significant concerns.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
------------------	---

~~Choose a priority level.~~

(No feedback submitted.)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
------------------	--

~~Choose a priority level.~~

(No feedback submitted.)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

The Department does not have any significant concerns.

Invitation to Comment
Reexamination of Existing Standards

Topic #19	SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use
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Medium Priority

Due to possibly material amounts involved in impairments, the Department recommends that FASAB review this standard regularly to keep it current.

Topic #20	SFFAS 47, Reporting Entity
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Low Priority

The Department does not have any significant concerns.

Topic #21	SFFAS 49, Public-Private Partnerships: Disclosure Requirements
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Low Priority

The Department will be separately commenting on the recent exposure draft amending SFFAS 49 and has been participating in the SFFAS 49 FASAB Workgroup.

Topic #22	SFFAS 51, Insurance Programs
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Choose a priority level.

(No feedback submitted.)

Topic #23	SFFAS 52, Tax Expenditures
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Choose a priority level.

(No feedback submitted.)

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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The Department has been and will continue to separately comment on exposure drafts related to SFFAS 54

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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(No feedback submitted.)

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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(No feedback submitted.)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023****Invitation to Comment: *Reexamination of Existing Standards***

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input checked="" type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input checked="" type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

NASA GENERAL COMMENT TO FASAB: PLEASE WAIT UNTIL ONE DEADLINE DATE PASSES BEFORE SUBMITTING ANOTHER REQUEST FOR COMMENTS. REVIEWING MULTIPLE FASAB REQUEST FOR COMMENTS HAS CAUSED CONFUSION FOR OUR STAFF. THANK YOU.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Agree

Please explain your response. [Click here to enter text.](#)

NASA doesn't have any specific updates or concerns with the GAAP hierarchy.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Disagree

Invitation to Comment: *Reexamination of Existing Standards*

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

NASA doesn't have any specific updates or concerns with the GAAP hierarchy.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

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(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Questions for Respondents**Responses Due: September 15, 2023****Invitation to Comment: *Reexamination of Existing Standards***

- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Medium Priority

From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

N/A to NASA

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

NASA Property: There are no comments and no issues applying the existing guidance

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

No Comments.

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25 Interpretation 2 , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> Interpretation 4 , <i>Accounting for Pension Payments in Excess of Pension Expense</i> TB 2002-1 , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i>
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Invitation to Comment: *Reexamination of Existing Standards*

	TB 2017-1, <i>Intragovernmental Exchange Transactions</i>
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High Priority

The standard is clear on what a Contingent Liability is and when it should be recorded. However, the interpretation provides scenarios as to how to handle when a contingent liability is incurred, no longer pending, and paid by Judgment Fund, and when Treasury pays the contingency. The issue is the scenario is referring to how the Agency records the transaction, but it used the SGL logic for what Treasury would record based on the definition of the Imputed Financing Source account. FASAB/Treasury need to update the SGL logic to show what the federal agencies should post; given that the scenario is related to the agencies.

From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.

Topic #6	SFFAS 6, <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6</i> TB 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i> (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, <i>Assigning Assets to Component Reporting Entities</i>
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Medium Priority

NASA Property: SFFAS 6: FASAB should consider providing clarifying guidance on treatment of complex systems; for example, acquisition of IT hardware, data management, and network systems that are comprised of individual components that may or may not work collectively to form what may be characterized as a complete asset. SFFAS 6, paragraph 22 discusses base unit to categorize what constitutes a category of PP&E, providing illustrations such as a large building or a small computer. However, unlike building systems that support a particular facility or similar supporting systems for a given item of personal property, large networks and data management system hardware arrangements are often constructed with large arrays of servers, routers, and other components that can make determining what should be defined as the individual asset challenging. This is further complicated by the fact that the individual components or a varying array of components upon which a system (asset) may or may not rely can be introduced to or taken from the system incrementally without a meaningful way to describe when the system is placed into service or impacts to system capacity. Additional clarity on the treatment of complex systems (e.g., IT hardware and similar networked system) would be helpful in application of the standard to this category of PP&E and help ensure accurate recognition and measurement.

TB 2006: FASAB should consider including an appendix that list examples of materials that would not be reasonably expected to include asbestos.

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment: *Reexamination of Existing Standards*

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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Medium Priority

From a non-accountant, this would help Federal agencies to get their financial statements completed and ready for audit.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Low Priority

No Comments.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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No Comments.

Topic #9	<p>SFFAS 17, <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26, SFFAS 37</p>
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Choose a priority level.

N/A to NASA

Topic #10	<p>SFFAS 24, <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32, <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i></p>
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Medium Priority

This Standard affects the United States Government. Treasury should keep exploring characteristics of the Governmentwide Financials. It has been helpful over the years to

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment: *Reexamination of Existing Standards*

update the financial statement line items as needed. Appendix E – Statement of Financing should be removed, and any reference pointed to it in the Standard. Agencies no longer report on the Statement of Financing.

Topic #11	SFFAS 27, <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

No Comments.

Topic #12	SFFAS 29, <i>Heritage Assets and Stewardship Land</i>
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Medium Priority

FASAB should consider providing clarification on what qualifies as a collection type heritage asset vs a non-collection type. Instead of only listing examples, consider adding criteria. Agencies may also benefit from a clarification on the term "meaningful" in paragraph 25c and 25d.

Topic #13	SFFAS 31, <i>Accounting for Fiduciary Activities</i>
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Medium Priority

The servicing Agencies should ensure more timely submission of fiduciary reports at quarter-end.

Topic #14	SFFAS 33, <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

No Comments.

Topic #15	SFFAS 34, <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

FASAB has improved communication over the years; however, the updates to standards should also be communicated in a clearer (with examples of what's acceptable and what is not acceptable) manner governmentwide.

Topic #16	SFFAS 36, <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Questions for Respondents**Responses Due: September 15, 2023****Invitation to Comment: *Reexamination of Existing Standards*****No Comments.**

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority**N/A to NASA**

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Medium Priority

The AICPA should include the process that federal agencies currently should follow per A-136 and include the dates so auditors are not requesting the information sooner than its available.

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Medium Priority

This Standard is relevant to NASA's line of work.

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Medium Priority

FASAB should consider refreshing the flowchart and illustrations. This would be helpful to agencies and auditors.

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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High Priority

NASA recommend the Board examine whether this is a note disclosure in the statements (considered basic information under SFFAC 6) or required supplementary information (RSI) to communicate information relevant and important to the reporting objectives that are other than financial measures, e.g., qualitative. Each is subjected to different audit procedures and reporting requirements under generally accepted government auditing standards (GAGAS).

Although SFFAS 49 is identified as supplemental within its context, it is not specifically identified as RSI. As such, the note disclosure requires demonstration of a complete universe, accuracy of the data, and application of the criteria under GAGAS. Realignment to RSI would still require the federal agency to tell the story of the partnership while

Invitation to Comment: *Reexamination of Existing Standards*

potentially reducing the burden of applying materiality.

SFFAS 49 is based upon a subjective review of criteria that is not well-defined nor readily available through the general accounting information used in the financial statements. It also requires a federal agency to review for remote risk. There isn't clarity to define the level for determining when an arrangement meeting the characteristics of P3 represents more than a remote risk as there isn't anything to clearly identify what would be considered to be less than remote. Unlike contingent liabilities, P3 are not based on an event.

In addition to the subjectivity of remote risk, the "intent" of SFFAS 49 does not seem to be in line with providing meaningful information. The original intent appeared to be those arrangements where the agencies were becoming more creative to meet requirements while reducing cost. This could increase the shared risk where an agency transfers more authority to the partner but does not have protections or oversight in place to ensure completion of the requirement.

As examples, enhanced use leases (EULs) and energy savings type contracts have been identified as potential P3s. The information provided is simply what is contained in the lease or contracts and could be identified in the RSI if not provided elsewhere. EUL may become unrelated to P3, except in extreme situations, as it will generally be reported under SFFAS 54.

Topic #22	SFFAS 51, <i>Insurance Programs</i>
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Choose a priority level.

N/A to NASA

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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Choose a priority level.

N/A to NASA

	SFFAS 54, <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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This Standard is relevant to NASA's line of work.

	SFFAS 56, <i>Classified Activities</i> ⁶
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective.

Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023****Invitation to Comment: *Reexamination of Existing Standards***

	Interpretation 8 , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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No Comments.

	SFFAS 59 , <i>Accounting and Reporting of Government Land</i> ⁷
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No Comments.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents**Responses Due: September 15, 2023**

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Disagree

Gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards. – See response to SFFAS 34 recommendations for re-examination.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Neither Agree nor Disagree

Invitation to Comment

Reexamination of Existing Standards

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25
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Invitation to Comment
Reexamination of Existing Standards

	Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Medium Priority

1) SFFAS 5 does not specifically address treaties and other international agreements, which establish frameworks that govern cooperative activities with other countries, but leave to the discretion of the parties whether to engage in any such activities. Treaties and International Agreements are not “assigned” to a specific federal reporting entity. Therefore, there is no clear path to determining which entity is responsible for the treaty, associated claim, or any corresponding liability recognition and/or disclosures.

2) SFFAS 5 does not address the obligations of safekeeping digital currencies to provide services and the associated risks. FASB issued official guidance (ASU 2023-04) for entities safekeeping cryptocurrency/digital assets to record a liability to reflect their obligation to safeguard the crypto-assets held for its platform users. It does not affect those agencies with the rights to crypto, but those safekeeping/providing custody services for it.

A) The ability of an entity’s platform users to obtain future benefits from crypto-assets in digital wallets in which the safekeeping entity holds the cryptographic key information is dependent on the actions of that entity to safeguard those assets, including an increased risk of financial loss. (Technological, Legal, & Regulatory Risks)

B) Those actions include securing the crypto-assets and the associated cryptographic key information and protecting them from loss, theft, or other misuse.

3) During the Board’s current “Climate” project, Board Members agreed that climate could serve as a “starting point” for examining observational risks, and other risks could be examined at a later date. Two sponsor-agency Board members advised the Board to exercise caution about considering relevance to GAAP and the broader picture of risk.

Fiscal notes that the Terrorism Risk Insurance Program Reauthorization Act of 2019 and the related the Terrorism Risk Insurance Program is disclosed under the “Contingencies” note of the Financial Report of the U.S. Government. Risk reporting in the federal government should be balanced and reference other potential risks (e.g., COVID/pandemic, foreign policy, terrorism, etc.)

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Low Priority

Please explain your response. [Click here to enter text.](#)

Invitation to Comment
Reexamination of Existing Standards

Topic #7	<p>SFFAS 7, <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> Interpretation 11, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> TB 2002-2, <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> TB 2017-1, <i>Intragovernmental Exchange Transactions</i></p>
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High Priority

Fiscal appreciates the organization of the “Table of Transactions” within SFFAS 7 and the clarification it offers in differentiating transactions between exchange revenue, nonexchange revenue, and financing sources. Fiscal also appreciates the efforts of FASAB Staff to effectively answer wide-ranging agency questions from a principles-based document.

Fiscal recommends the following:

1) Shortly after the publish of Interpretation 11, OMB’s Circular No. A-136 and Treasury’s Treasury Financial Manual modified reporting instructions of the Statement of Operations and Changes in Net Position to streamline “Budgetary Financing Sources” and “Other Financing Sources” into simply “Financing Sources.” Significant confusion remains within SFFAS 7 on perceived differences between “Financing Sources” and “Other Financing Sources.”

The confusion appears to stem from the presentation of SFFAS 7, Par. 70, in which a header is titled “Other Financing Sources”, but the paragraph provides guidance on “Financing sources, other than exchange and nonexchange revenues, that provide inflows of resources that increase results of operations during the reporting period include appropriations used, transfers of assets from other Government entities, and financing imputed with respect to any cost subsidies.” The Board may consider language for the most meaningful term, in order for financial statement users to understand the nature of these financing sources to the federal government.

2) Fiscal realizes the SFFAS 7 “Table of Transactions” and other references are not intended to be all-inclusive and are principles-based. However, the nature of activities within the federal government continues to evolve based on statutory authorities, budgetary constraints/the availability of budgetary resources, etc. The Board should consider what types of activities are currently not captured, and the underlying principles of activities in the future of the federal government. These might include:

A) The increasing use of “Pooled” funding, “pass-the-hat funding”, with related repayments, etc, to fund projects and increase efficiency, such as the Technology Modernization Fund (TMF) Public Law 115-141 (132 STAT. 571).

B) Differences between “Cancellation of debt”, “borrowing authority with no repayment required”, “forgiveness”, and/or “elimination of debt” can lead to confusion over the nature of debt cancellation and the applicability of SFFAS 7, Par. 313 and Interpretation 11. See CARES Act (Public Law No. 116-136 March 27, 2020), as amended by the Consolidated Appropriations Act, 2021 (Public Law 116-260 December 27, 2020).

C) Energy Saving Performance Contracts (ESPCs) under the National Energy Conservation Policy Act

Invitation to Comment

Reexamination of Existing Standards

(42 U.S.C. § 8287), are partnerships between an agency and an energy service company which assist agencies with upgrading PP&E. The non-federal energy company guarantees that the PP&E improvements will generate sufficient energy cost savings to pay for the project over the term of the contract.

3) SFFAS 53 Budget and Accrual Reconciliation requires agencies to explain the relationship between their budgetary net outlays and their net cost of operations. The standard requires information to be presented in a way that clarifies the relationship between the outlays reported through budgetary accounting and proprietary accounting.

SFFAS 53 did not outline explicit steps to lead agencies towards implementation. Rather, the standard mentions in several areas that Treasury-issued guidance would facilitate implementation, and that OMB/Treasury have the flexibility to determine specific reconciliation requirements in the future.

A) "Treasury has collaborated with the task force representatives in developing guidance that could be used to prepare the BAR. Such guidance will facilitate implementation and reduce costs." (SFFAS 53, Par. A12, Basis of Conclusions.)

B) "OMB and Treasury have the option to establish more or less detailed requirements upon implementation or in the future." (SFFAS 53, Par. A23, Basis of Conclusions.)

Consequently, the lack of clarification and inconsistencies amongst agencies contributed to implementation challenges throughout the first year of implementation. For example:

A) The BAR reconciles the governmentwide Net Cost of Operations to the Budget Deficit on the Treasury-produced Monthly Treasury Statement (MTS.) The calculation of the MTS's Budget Deficit for each agency and their SBR Net Outlays calculation rarely (if ever) match.

B) The MTS excludes various proprietary and budgetary elements and does not easily correspond to the balances found in the agency BAR reconciliations.

C) Reconciliation is dependent upon unique agency activities, making standardization across the government a challenge.

Deferrals to OMB and Treasury for implementation guidance offer agencies flexibility to meet reporting requirements. However, authoritative guidance within the GAAP Hierarchy should stand alone, without external references to administrative directives. It's important to note that in establishing a GAAP hierarchy for agencies with SFFAS 34, FASAB declined to include administrative directives within the hierarchy.

Topic #8	SFFAS 10, Accounting for Internal Use Software
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High Priority

Fiscal agrees with the direction of the Board towards addressing Cloud Computing Arrangements (CSAs). In addition, Fiscal appreciates the Board's respect for the evolving nature of new technology, along with its impact on accounting and reporting.

Leases (licenses) of IUS are excluded from SFFAS 54 lease guidance (SFFAS 54, Par. 5b) Further, "Internally developed or purchased commercial off-the-shelf software" and "licensed software that allows the federal entity to possess and control the underlying software resource on its own hardware or systems" are out of the scope of the Board's "Cloud-Service Arrangements" working draft.

Fiscal submits the following for consideration:

1) IUS is increasingly sold within subscriptions rather than licenses. Subscriptions include the right to use

Invitation to Comment

Reexamination of Existing Standards

the software with included maintenance and support, while licenses are only for the right to use the software.

2) IUS licensees/users often do not only pay for and use the software, but also purchase other bundled services, maintenance and support, version updates, etc. The big difference here is that users are paying for a full service, rather than strictly software.

3) Newer software licenses have conceptual similarities to right-to-use lease assets, along with service contracts.

4) Initial implementation costs and other expenses for services generally not included in the license fees raise questions on accounting/reporting. The Board should look to ensure the completeness of the implementation cost definition, as well as give an idea of what expenses are not part of implementation costs- are agencies still responsible for using their own professional judgement (Per Technical Release 16, Paragraph 27.)

In December 2021, the Board agreed to four buckets of software types for research, definition, and future recognition/measurement guidance: (1) IUS, (2) CSAs, (3) Shared Services, and (4) Other types.

Fiscal believes guidance for IUS should be looked at within re-examination, or a consideration given to implement any new guidance the Board approves within this existing software project before the conclusion of the entire project. (i.e., Publish any new guidance which would amend SFFAS 10 before the completion of the Shared Services/Other projects.)

	SFFAS 15, Management's Discussions and Analysis ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"
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High Priority

SFFAS 32 modifies some disclosure requirements contained in previously issued standards to reduce detail for government-wide reporting and eliminates others because of excessive detailed information required that is inappropriate for a government-wide report.

⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment

Reexamination of Existing Standards

The "Omnibus Concepts Amendments" Exposure Draft exposed to the federal community in 2023 proposes expanded concepts to include the types of information that may be presented in note disclosures and the role of note disclosures as an integral part of the basic financial statements.

Should this Exposure Draft be adopted and published by the Board, SFFASs 24 & 32 should be re-examined for consistency with those expanded concepts.

As preparers of the Financial Report of the U.S. Government, Fiscal agrees with the conceptual guidance of SFFAC 2 & SFFAC 4, along with objectives of SFFAS 32:

- 1) "If information relevant to assessing operating performance for individual programs were included in the CFR it would not be concise. A concise CFR will be more appealing and therefore more accessible to citizens and citizen intermediaries. The Board believes that including references to other sources of information appropriately balances the appeal of a concise CFR with the disaggregated information necessary to assess operating performance." (SFFAS 32, Par. 38)
- 2) "To be relevant, a logical relationship must exist between the information provided and the purpose for which it is needed... Information is relevant if it is capable of making a difference in a user's assessment of a problem, condition, or event." (SFFAC 2, Par. 161, Relevance)
- 3) "Information should be expressed as simply as possible... To be fully intelligible, financial information in general purpose reports may need to be presented in relation to the goals, service efforts, and accomplishments of the reporting entity." (SFFAC 2, Pars. 157-159, Understandability)

Fiscal believes disclosures within the Financial Report of the U.S. Government should:

- 1) Aide users in understanding and assessing the government's performance and accountability;
- 2) Provide the most meaningful information to users and appropriately match the presentation of data/information with the significance of the accounting event(s); and
- 3) Be cost-justifiable based on benefits to the user.

Further, Fiscal notes that Governmental reports, not just financial and budgetary reports, are voluminous and users often times may need reporting guidance to find the data they need. The Board may consider where links to other sources of similar information are most appropriate for certain types of data. Fiscal believes disclosure requirements for broad descriptions of asset/liabilities, general references to agency reports, and succinct descriptions of significant accounting policies offer users the most concise and meaningful data. Specifically, Fiscal notes:

- 1) Opportunities for data reduction have already been noted in the Geospatial Data Act (FAA Reauthorization Act of 2018 (H.R. Con. Res. 302, 2018)) to modernize the collection of data across agencies and prevent duplicative data purchases.
- 2) Opportunities may exist to leverage identified findings of the Digital Accountability and Transparency (DATA) Act's work in eliminating unnecessary duplication in financial reporting.
- 3) Opportunities exist to enhance timeliness: Certain budgetary reports are published annually, but users have access to USASpending.gov in which they can access quarterly budgetary data. "Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had." (SFFAC 2, Par. 162)

Topic #11	SFFAS 27, <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Low Priority

Invitation to Comment *Reexamination of Existing Standards*

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
Low Priority	

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Medium Priority

Gray areas exist between the nature of information to be included in accounting standards and what information should be provided by sponsor agencies to assist agencies in the implementation of new standards.

The SFFAS 47 Exposure Draft originally stated that “any component reporting entity that publishes financial reports pursuant to the accounting and reporting standards issued by the FASB should disclose intragovernmental amounts measured in accordance with federal financial accounting standards to facilitate elimination entries in preparation of the government-wide financial statements.” However, this requirement was later dropped within due process of Board discussions. Now, “information such as this should not be required through accounting standards, but instead Treasury could require through the closing package or through the TFM.”

B) “SFFAS 47 is a principles-based approach... As stated in paragraph A42 “the role of standard-setters is to set accounting standards and consider the potential implications.” Further, while developing SFFAS 47, it was clear that any additional guidance would be provided by central agencies to ensure consistent application and government-wide consistency. This is conveyed multiple times in SFFAS 47 (including footnote 27 and paragraphs A70. & A101.).”

C) “Central agencies are anticipated to determine if there is a need for coordinated guidance to be developed to ensure government-wide consistency. A coordinated effort from the central agencies could promote a process to ensure the component reporting entities are performing the necessary procedures to capture the material organizations from their perspectives and also for consideration at the

Invitation to Comment *Reexamination of Existing Standards*

government-wide level.” (SFFAS 47, Par. A70)

D) “The Board initially proposed that activities measured in accordance with FASAB standards and amounts related to intragovernmental were required to be disclosed in the notes of component reporting entities to facilitate eliminations at the government-wide reporting level. However, the board determined this information may not be relevant for the component reporting entity GPFFRs and was more appropriately obtained in the Treasury closing package. Likewise, the budgetary reporting issues highlighted by respondents appeared to be a reconciliation and system issue that should be addressed in the Treasury Financial Manual instead of an accounting standard...” (SFFAS 47, Par. A84)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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High Priority

Fiscal acknowledges and agrees with FASAB that the role of reporting entities/preparers is to assess each organization using SFFAS 47 principles and to reach conclusions using professional judgement. However, Fiscal also believes there are inconsistencies in SFFAS 47 that should be addressed during re-examination.

1) First, SFFAS 47, Footnote 27 states: “It is anticipated that central agencies will determine if there is a need for coordinated guidance to ensure government-wide consistency.”

Invitation to Comment
Reexamination of Existing Standards

Fiscal believes that Level A GAAP guidance should be sufficient and thoroughly sound to stand alone, without the need for additional guidance from sponsor agencies to supplement implementation efforts or understanding in the federal community. “Ensuring governmentwide consistency” is well beyond the scope of “form and content” of financial statements.

Fiscal agrees with the Board’s conceptual guidance on consistency of financial statements: “Financial reports should be consistent over time; that is, once an accounting principle or reporting method is adopted, it should be used for all similar transactions and events unless there is good cause to change. The concept of consistency in financial reporting extends to many areas, such as valuation methods, basis of accounting, and determination of the financial reporting entity.” (SFFAC 1, Par. 163)

Further, the Board previously noted it will need to consider certain cost-benefit factors between “comparable consistency” and “relevant customization” when addressing specific issues in its future projects. Fiscal hopes that SFFAS 47 will be one of those areas during the re-examination: “comparable consistency” because administrative resources for information processing systems are limited and because new systems take time to install, externally-imposed requirements for comparable consistency could compete with addressing internally perceived needs for relevant customization. The Board acknowledges this trade-off. This is just one of many cost-benefit factors that the Board will need to consider as it addresses each specific issue in subsequent projects. (SFFAC 1, Par. 247)

Entities that are quasi-governmental and/or financially independent (Federally Funded Research and Development Centers, museums, performing arts organizations, universities, and venture capital funds) must be assessed objectively and are classified uniquely on an individual basis using the available SFFAS 47 guidelines. Therefore, inconsistencies in application of SFFAS 47 may be found during the process of individual classification. Different preparers may reach different conclusions due to the unique and developing nature of FFRDCs.

“Because details may differ among organizations in each example type, an objective assessment may classify some individual organizations as consolidation entities rather than disclosure entities.” (SFFAS 47, Par. A56)

2) “Central agencies are anticipated to determine if there is a need for coordinated guidance to be developed to ensure government-wide consistency. A coordinated effort from the central agencies could promote a process to ensure the component reporting entities are performing the necessary procedures to capture the material organizations from their perspectives and also for consideration at the government-wide level. The effective date considered this and allowed sufficient time for a coordination of efforts as well as development of any needed implementation guidance.” (SFFAS 47, Par. A70)

Fiscal believes that Level A GAAP guidance should be sufficient and thoroughly sound to stand alone, without the need for additional guidance from sponsor agencies to supplement implementation efforts or the federal community’s understanding. “Ensuring governmentwide consistency” is well beyond the scope of “form and content” of financial statements. Irrespective of the time available in 2014 for the central agencies to develop coordinated guidance, Fiscal believes Implementation Guidance and/or clarifying guidance during re-examination efforts will be helpful for the federal community as a whole.

3) The Board issued SFFAC 9 in 2020 to enhance preparers’ and auditors’ understanding of materiality concepts in federal financial reporting. While the conceptual SFFAC 9 guidance does not amend authoritative standards, the clarifications within it warrants a fresh look of how materiality should be considered when assessing reporting entities.

Invitation to Comment

Reexamination of Existing Standards

A) Qualitative materiality considerations may change from year to year. Thus, a preparer may make the correct judgement that an organization is qualitatively material for inclusion in Year 1. After circumstances, sensitivities, and/or risk factors have changed, a separate preparer could reach a different determination in Year 2 and make a correct decision to omit the organization. The users of the financial statement would be left to wonder what happened to the organization, or could be confused by another disclosure explaining why the organization was included in Year 1 but omitted in Year 2.

B) "...After quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity." (SFFAC 9, Par. 164c.) SFFAS 47 does not specifically address how materiality may vary during entity analysis.

Topic #21	SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>
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High Priority

SFFAS 49 remains ambiguous on what activities are considered P3s; examples of transactions which are not P3s and/or are excluded from the disclosure requirements; and where required P3 information should be captured in financial statements.

Topic #22	SFFAS 51, <i>Insurance Programs</i>
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Low Priority

In FY 2019, FASB-reporting entities accounted for 93% of the government-wide balance of Insurance Guarantees reported in the Financial Report of the U.S. Government. FASAB reporters had recently implemented SFFAS No. 51, Insurance Programs, but FASB reporters had implemented FASB-issued insurance standards, creating differences related to contingent liabilities reporting. Consequently, Treasury disclosed insurance risks for those FASB entities in the Financial Report within the Contingencies footnote instead of the Insurance Guarantees footnote with other FASAB reporters.

SFFAS 51 requires certain disclosures for the Consolidated Financial Report of the U.S. Government (SFFAS 51, Par. 69.) The Board should re-examine its intent for disclosures of Insurance Programs of FASAB-reporting entities to determine what level of risks/details should be disclosed at the government-wide level.

Topic #23	SFFAS 52, <i>Tax Expenditures</i>
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Low Priority

Please explain your response. [Click here to enter text.](#)

	SFFAS 54, <i>Leases</i>⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Disagree

Agree with respect to Levels A—C; disagree with respect to Level D for “practices that are widely recognized and prevalent in the federal government.”

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Agree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

Level D for “practices that are widely recognized and prevalent in the federal government” is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:

The FY 2022 A-136, Page 17, states:

Accounting principles included in requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:

- Budgetary reporting requirements, including disclosures,
- Note 38: Reclassification of Financial Statement Line Items,
- Non-Federal investments reporting requirements, including valuation and disclosures, and;
- Commitments.

Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.

FY 2023 A-136, Page 18, states:

Lastly, the following is not a GAAP reporting requirement, but is necessary for the preparation of the Financial Report:

- Note 37: Reclassification of Financial Statement Line Items.

Refer to the green highlighting. In FY 2022, DOL’s Note 24 (Reclassification of FS Line Items for Financial Report Compilation Process) was part of Level D GAAP; but, in FY 2023, DOL’s Note 24 is not part of Level D GAAP. This is inconsistent.

Refer to the yellow highlighting. In FY 2022, DOL’s Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.

Level D for “practices that are widely recognized and prevalent in the federal government” is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:

The FY **2022** A-136, Page 17, states:

Accounting principles included in requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to

be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:

- Budgetary reporting requirements, including disclosures,
- Note 38: Reclassification of Financial Statement Line Items,
- Non-Federal investments reporting requirements, including valuation and disclosures, and;
- Commitments.

Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.

FY 2023 A-136, Page 18, states:

Lastly, the following is not a GAAP reporting requirement, but is necessary for the preparation of the Financial Report:

- Note 37: Reclassification of Financial Statement Line Items.

Refer to the green highlighting. In FY 2022, DOL's Note 24 (Reclassification of FS Line Items for Financial Report Compilation Process) was part of Level D GAAP; but, in FY 2023, DOL's Note 24 is not part of Level D GAAP. This is inconsistent.

Refer to the yellow highlighting. In FY 2022, DOL's Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide *no more than five* high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

Please note: DOL is responding only to items 9 and 14.

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12, SFFAS 25 Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23, SFFAS 40, SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20, SFFAS 21, SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7
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	Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting TB 2017-1, Intragovernmental Exchange Transactions
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #8	SFFAS 10, Accounting for Internal Use Software
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 15, Management's Discussions and Analysis⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17, Accounting for Social Insurance AS AMENDED BY: SFFAS 26 , SFFAS 37
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High Priority

Change the reporting requirement for the Black Lung Disability Trust Fund (BLDTF) so that it is solely Required Supplementary Information (RSI) instead of the current reporting that requires SOSI, SCSIA, related notes, MD&A, and RSI. For example, report BLDTF in a similar manner to the current reporting for Unemployment Insurance, which is RSI. The BLDTF has future outflows in the form of

- long-term actuarial liabilities for medical and compensation benefits,
- administrative expenses, and
- debt service.

The BLDTF has future inflows of funds from dedicated collections in the form of excise taxes on domestic coal sales.

Topic #10	SFFAS 24, Selected Standards for the Consolidated Financial Report of the United States Government SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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High Priority

Issue 1: Federal Employees' Compensation Act (FECA) Exemption. FECA workers' compensation is considered an Other Postemployment Benefit. Currently SFFAS 33 exempts the FECA program from the accounting standard:

FASAB Handbook, v. 21 (06/22), SFFAS 33, paragraph 14 states: "14. This Statement applies exclusively to entities that report liabilities for federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation,⁴ in general purpose financial reports prepared pursuant to Federal Accounting Standard Advisory Board (FASAB) standards. This Statement does not apply to the Federal Employees Compensation Act (FECA) program."

The Board's reasoning is provided in the Basis for Conclusions, but the Basis for Conclusions paragraphs are not authoritative as GAAP:

"A19. The Board considered the applicability of this standard to the Federal Employees Compensation Act program. The Board concluded that it was not appropriate or necessary for the Department of Labor to provide the information concerning gains and losses from changes in assumptions to the employer agencies, nor for the employer agencies to separately report or disclose such information. Under the particular circumstances of FECA accounting and reporting, the Board decided that the value of the FECA information provided pursuant to this

standard would not offset the burden and cost of providing it.”

DOL believes the cost still exceeds the benefit. DOL requests the Board to clarify that SFFAS 33 in its entirety should not apply to the FECA program and that SFFAS 33 should not be applied selectively, e.g., discount rates.

Issue 2: Energy Employees Occupational Illness Compensation Benefits (the Energy program), Federal employee vs. non-Federal employee (contractors) benefits. The Energy program’s benefits paid to former Federal employees (but not benefits paid to former Federal contractors) are workers’ compensation/other postemployment benefits; this means that SFFAS 33 could be applied to the Federal employees portion of benefits.

DOL’s Office of Workers’ Compensation Programs performs Q3 and Q4 analyses of Federal employee vs. non-Federal employee benefits expenses; DOL considers benefits payments to be a proxy for future actuarial liability. Benefits paid to former Federal employees are a low percentage (less than 1.0 percent) of total benefits. DOL requests the Board to clarify that SFFAS 33 applies to those programs/funds that are predominantly pensions, ORB, and OPEB (these are benefits for former Federal employees) and that DOL does not have to split out the small portion for Federal employee benefits from the Energy program/fund and apply SFFAS 33 to that portion.

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61 TB 2023-1 , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 56 , <i>Classified Activities</i> ⁶ Interpretation 8 , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective.

Respondents may provide general comments and feedback for the Board's consideration.

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, Accounting and Reporting of Government Land ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Questions for Respondents

Responses Due: September 15, 2023

Invitation to Comment
Reexamination of Existing Standards

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

FASAB GAAP HIERARCHY QUESTIONS

QUESTION 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general-purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

Neither Agree nor Disagree

Please explain your response. [Click here to enter text.](#)

DOE suggests that other accounting literature, as described in paragraph 8, be included in the primary hierarchy listed in paragraph 5 as subparagraph 5(e). This will help clarify other accounting literature can be utilized when FASAB guidance does not address a particular accounting scenario. For example, DOE utilizes FASB standards for reporting the assets and liabilities associated with private-sector pension and benefits plans that are included as DOE assets and liabilities for the purposes of financial reporting.

QUESTION 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

Invitation to Comment *Reexamination of Existing Standards*

Neither Agree nor Disagree

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

See response to question 1.1 regarding the explicit integration of other accounting literature into the hierarchy.

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide **no more than five** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Invitation to Comment
Reexamination of Existing Standards

- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1, Accounting for Selected Assets and Liabilities Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 TB 2020-1, Loss Allowance for Intragovernmental Receivables
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Low Priority

No Comment

Topic #2	SFFAS 2, Accounting for Direct Loans and Loan Guarantees AS AMENDED BY: SFFAS 18 , SFFAS 19
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Low Priority

No Comment

Topic #3	SFFAS 3, Accounting for Inventory and Related Property AS AMENDED BY: SFFAS 48 Interpretation 7, Items Held for Manufacture
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Low Priority

No Comment

Topic #4	SFFAS 4, Managerial Cost Accounting Standards and Concepts AS AMENDED BY: SFFAS 55
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Low Priority

No Comment

Topic #5	SFFAS 5, Accounting for Liabilities of The Federal Government AS AMENDED BY: SFFAS 12 , SFFAS 25
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Invitation to Comment
Reexamination of Existing Standards

	Interpretation 2 , Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4 , Accounting for Pension Payments in Excess of Pension Expense TB 2002-1 , Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1 , Intragovernmental Exchange Transactions
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Low Priority**No Comment**

Topic #6	SFFAS 6 , Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9 , Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1 , Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2 , Assigning Assets to Component Reporting Entities
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High Priority

DOE requests changes to or clarifications of FASAB's guidance regarding environmental liabilities, including Technical Release 2, Determining Probably and Reasonably Estimable for Environmental Liabilities in the Federal Government. Specifically, DOE requests:

- a) Clarifications regarding the use of contingencies in estimates of environmental liabilities, and
- b) Clarifications on time period for which cleanup liabilities are deemed to be reasonably estimable.

Additionally, DOE offices noted the general difficulty of applying the FASAB guidance on this topic that is spread among nine different publications. FASAB should rescind all of them and issue a revised SFFAS 6 with current requirements.

Topic #7	SFFAS 7 , Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5 , Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11 , Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 TB 2002-2 , Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting TB 2017-1 , Intragovernmental Exchange Transactions
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Low Priority

Invitation to Comment
Reexamination of Existing Standards

No Comment

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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High Priority

DOE offices noted the general difficulty of applying the standard as written and recommended that the standard be reevaluated to simplify requirements and thus promote a consistent interpretation. The standard can expand more upon cloud computing arrangements and shared services.

DOE offices also noted the general difficulty of applying FASAB guidance when it consists of multiple, overlapping standards, bulletins, and interpretations. For this topic, FASAB should rescind SFFAS 10 and reissue a standard that updates and simplifies the internal use software guidance while providing clarity on requirements relating to cloud computing arrangements and shared services.

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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No Comment

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Low Priority**No Comment**

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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Low Priority**No Comment**

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

High Priority

No comment as of 10/13/23. DOE plans to submit a revised response for this topic once a consensus has been reached internally.

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Low Priority**No Comment**

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Low Priority**No Comment**

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Low Priority**No Comment**

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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High Priority

As noted in response to question 1.2, DOE suggests that other accounting literature, as described in paragraph 8, be included in the primary hierarchy listed in paragraph 5 as subparagraph 5(e). This will help clarify other accounting literature can be utilized when FASAB guidance does not address a particular accounting scenario. For example, DOE utilizes FASB standards for reporting the assets and liabilities associated with private-sector pension and benefits plans that are included as DOE assets and liabilities for the purposes of financial reporting.

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Low Priority**No Comment**

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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Invitation to Comment
Reexamination of Existing Standards

Low Priority

No Comment

Topic #18	SFFAS 39 , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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Low Priority

No Comment

Topic #19	SFFAS 44 , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Low Priority

No Comment

Topic #20	SFFAS 47 , <i>Reporting Entity</i>
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Low Priority

No Comment

Topic #21	SFFAS 49 , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Low Priority

No Comment

Topic #22	SFFAS 51 , <i>Insurance Programs</i>
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Low Priority

No Comment

Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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Low Priority

No Comment

	SFFAS 54 , <i>Leases</i> ⁵ AS AMENDED BY: SFFAS 57 , SFFAS 60 , SFFAS 61
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⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

Invitation to Comment
Reexamination of Existing Standards

	TB 2023-1, <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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No Comment

	SFFAS 56, <i>Classified Activities</i> ⁶ Interpretation 8, <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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No Comment

	SFFAS 59, <i>Accounting and Reporting of Government Land</i> ⁷
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No Comment

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.

October 19, 2023

Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, D.C. 20548
emailed to: fasab@fasab.gov

Dear FASAB members and staff:

Truth in Accounting has adopted a cautious stance towards responding to the Financial Accounting Standards Advisory Board (FASAB) Invitation to Comment: Reexamination of Existing Standards. The foundation for this reluctance is rooted in a practical understanding that advocating for desired accounting standards can be a difficult and expensive endeavor, often yielding little success. This conviction stems from our prior encounters with FASAB, particularly in relation to our comments and research concerning the accounting treatment of Social Insurance liabilities. Notably, these experiences have underscored concerns about the independence of FASAB "public" members during the deliberation process, especially when the interests of governmental members are at stake.

Understanding the dynamics of FASAB is crucial to grasping these comments. The principals responsible for appointing FASAB members are the Secretary of the Treasury, the Comptroller General of the Government Accountability Office, and the director of the Office of Management and Budget (OMB). Among their various duties, these principals appoint both government members and public members to the board. While each of their agencies nominates a government member, they also collectively appoint six public members. A key criterion for public membership is that an individual cannot be currently employed by the federal government. Public members are appointed to the FASAB to bring an independent, external perspective to the board's decision-making processes. They are typically individuals with expertise in accounting, finance, or related fields. These public members are expected to stand for the interests of the public and the broader financial reporting community and are intended to promote transparency, objectivity, and fairness in developing federal accounting standards. By having individuals who are not directly affiliated with the federal government take part in the board's activities, it helps ensure that

accounting standards are established in the best interest of the public and with a focus on accurate and reliable financial reporting for federal agencies. TIA finds this process to be flawed.

In an illustrative incident, dating back to 2008, all FASAB public members came together to vote in favor of an exposure draft that proposed the inclusion of accrued Social Security and Medicare benefits on the Federal balance sheet. This issue was of paramount importance to our organization and others, prompting us to allocate significant resources and make the effort to draft a compelling response in support of the majority position advocated in the exposure draft. We were so committed to this cause that we even went the extra mile, incurring expenses to testify in person in Washington D.C.

However, during the critical deliberation process, a surprising turn of events occurred. One of FASAB's public members ended their second and final five-year term, while another public member completed a first five-year term and was not reappointed. The latter was a prominent and vocal advocate for the majority position in the exposure draft. What made this situation unprecedented was that, in the entire history of FASAB, no public board member had ever failed to be reappointed for a second term. It is important to note that these public members were replaced by individuals who had previously represented the Office of Management and Budget on FASAB, arguably non-independent contributors. The selection of FASAB members and the procedures used to set standards must facilitate neutrality and objectivity.

In our 2009 testimony before FASAB we observed:

This seems like a form of jury tampering---the deliberate attempt to influence the composition and/or decisions of a jury during the course of a trial to get a desired outcome. Jury tampering undermines the public confidence in the deliberation process, the verdict and the whole judicial system.

In November 2006 FASAB had issued a document titled, "Clarifying FASAB's Near-Term Role in Achieving the Objectives of Federal Financial Reporting." This document correctly noted, "Independence has been identified as the most significant criterion for a GAAP standards-setter." The 2008 FASAB Facts states that, "To accomplish its mission, the FASAB acts to: Be objective and neutral and ensure, as much as possible, that the information resulting from its proposed standards is a faithful representation of the effects of Federal Government activities." This document continues, "Objective and neutral mean free from bias, precluding the FASAB from placing any particular interest above the interests of the many who rely on the information contained in financial reports." To ensure public confidence the independence of the FASB needs to be above question.

Yet, despite these goals of independence, many question the FASAB's objectivity and neutrality. The Board's three principals are appointed to their positions by elected officials and four Board members are employed by elected officials. Because most of the principals and federal members of the Board hold their position based upon their relationship to elected officials, they have a vested interest in the content and format of information reported to the voting public. The clear

conflict of interest faced by the Federal government employees places them in an awkward and untenable position when considering decisions that can have a direct or even indirect impact on their agencies. And virtually all FASAB decisions have a direct impact on these members' employers. This is especially true with the Invitation to Comment Reexamination of Existing Standards.

In an article written by James Patton, PhD and David Mosso, CPA in the *Journal of Government Financial Management* titled "Can the Federal Accounting Standards Advisory Board Be More Independent?", they conclude with this appropriate thought:

Federal members have made it clear that they do not intend to yield sovereignty to FASAB and that they will act to prevent implementation of Standards and Concepts Statements that they fundamentally do not agree with. They have a number of methods available to reach this end, short of actually vetoing a standard passed by the board.

While the Patton/Mosso piece was written in the late 2000s, Truth in Accounting does not see evidence of greater independence. The result is our hesitancy to provide comment on FASAB's Invitation to Comment: Reexamination of Existing Standards. Despite this hesitancy we do appreciate the opportunity to provide our comments and have prepared the following based upon the form provided by FASAB. In your deliberations, please consider that citizens need a clear and prompt view of all relevant facts regarding our country's financial position in an easily understandable form.

Thank you for your consideration,

A handwritten signature in dark ink, reading "Sheila A. Weinberg". The signature is fluid and cursive, with the first name "Sheila" being the most prominent part.

Sheila A. Weinberg

Truth in Accounting Founder & CEO

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input checked="" type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

FASAB GAAP Hierarchy Questions

NO COMMENTS FOR SPECIFIC QUESTION 1

A GENERAL COMMENT ABOUT FASAB GAAP

Truth in Accounting questions the validity of FASAB GAAP.

On October 19, 1999, AICPA Council designated FASAB as the body which sets GAAP for Federal government entities under Rule 203 of the AICPA’s Code of Professional Conduct. The council’s decision worried some observers. Among them were Manuel Johnson, chair of the Financial Accounting Foundation, and the heads of the other two GAAP standard setting bodies; Edmund L. Jenkins, chair of the Financial Accounting Standards Board (FASB); and Tom Allen, chair of the Government Accounting Standards Board (GASB). They objected to the fact that FASAB contains several members who clearly lack independence. Jenkins stated, “The Treasury is subject to the standards promulgated by FASAB, yet it has veto power over those same standards.” He added that the Treasury, the GAO or the OMB can unilaterally terminate FASAB’s authority with 120 days notice. “Where is the independence under this veto power and termination arrangement?” he asked. Some objections were made that if the standards generated by the non-independent FASAB were considered GAAP, then the stature and credibility of all GAAP would be in jeopardy.

Government officials use the GAAP recognition as evidence of the credibility of government accounting practices. OMB noted in its Analytical Perspectives of 2004 Budget that, “Under Generally Accepted Accounting Principles (GAAP), Social Security is not considered to be a liability, so not counting it as such in this chapter is consistent with proper accounting standards.” When answering the question “Why can’t the government keep a proper set of books?” OMB asserted, “The federal government does follow generally accepted principles (GAAP) just as businesses and state and local governments do for their activities.”

In a Journal of Government Financial Management piece titled “Can the Federal Accounting Standards Advisory Board Be More Independent?”, Former FASAB chair David Mosso and former FASAB member James Patton questioned the FASAB’s ability to set independent standards. Their article concluded:

Unless changes are made to make FASAB more independent, the federal government should not continue to assert that FASAB is independent in the AICPA sense. If FASAB is not going to be a more independent body, perhaps it would be better to save the government some money and revert to federal government employees setting federal reporting standards as they see fit. Or, if nonfederal board members are to be retained as advisers, it would be appropriate to explicitly acknowledge that their role is strictly advisory, and that the board is not an independent standards-setter. This would be equivalent to reverting to FASAB’s standing in its first 10 years of operation.

As mentioned in the cover letter to this document, Truth in Accounting questions the independence of FASAB and believes that FASAB should not be a designated GAAP standard setting body.

REEXAMINATION OF FASAB STANDARDS QUESTION QUESTION 2

Topic #1-8	No comment at this time.
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Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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High Priority

FASAB Statement of Federal Financial Accounting Concepts 1 includes stewardship as one of the major objectives of the federal financial report. The statement indicates the following:

Federal financial reporting should provide information that helps the reader to determine:

Assessing whether the government’s financial position improved or deteriorated over the period is important not only because it has financial implications but also because it has social and political implications. This is because analysis of why financial position improved or deteriorated helps to explain whether financial burdens were passed on by

current-year taxpayers to future-year taxpayers without related benefits. The latter notion is sometimes referred to as “interperiod equity.”

The current federal financial report does not provide adequate and transparent information needed to determine if the social insurance programs have passed a financial burden onto future taxpayers without related benefits.

Topic #10-22	No comment at this time
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Topic #23	SFFAS 52 , <i>Tax Expenditures</i>
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High Priority

The Office of Management and Budget estimates that [tax expenditures for 2022](#) totaled \$1.47 trillion, which equals 30% of the 2022 tax revenues. Greater transparency of tax expenditures would exist if a schedule of these tax expenditures were available in the basic financial statements of the federal financial report.

Additional Topic	Management Discussion and Analysis
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* High Priority*

Table 1 included at the end of this document is from page 14 of the 2022 Financial Report of the United States Government. This table does a decent job of summarizing the government’s financial position and condition. The table would be more useful and understandable if all the dollar values were in billions. It is confusing to have most of the numbers in billions, then Sustainability Measures in trillions. The numbers on the schedule should be totaled. The Social Insurance Net Expenditures, which should be called obligations, should be added to the government’s Net Position totaling \$109,961 billion.

This would be a very easy and inexpensive change which would provide users, including ordinary citizens, with greater transparency about their government’s finances.

**U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

**441 G St. N.W.
Washington, DC 20548**

November 13, 2023

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

GAO's Response to FASAB's Invitation to Comment on the Reexamination of Existing Standards

Dear Ms. Valentine:

Thank you for the opportunity to provide our comments on the Federal Accounting Standards Advisory Board's (FASAB) Invitation to Comment on the Reexamination of Existing Standards. In the enclosure to this letter, we respond to FASAB's questions on its generally accepted accounting principles hierarchy and provide observations concerning certain general issues we have noted in our audits. We are aware that other respondents have raised additional issues.

Please contact Robert Dacey, Chief Accountant, at (202) 512-7439 or daceyr@gao.gov or me at (202) 512-2623 or davisbh@gao.gov if you have questions on our perspectives.

Sincerely yours,

A handwritten signature in dark ink that reads "Beryl H. Davis". The signature is written in a cursive, flowing style.

Beryl H. Davis
Managing Director
Financial Management and Assurance

Enclosure

Enclosure

GAO Responses to FASAB's Questions

Responses to Questions on the Federal GAAP Hierarchy

Question 1.1: The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general-purpose financial reports of federal entities that conform with GAAP. Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?

GAO response: We believe that Statement of Federal Financial Accounting Standards (SFFAS) 34 clearly and sufficiently explains the federal generally accepted accounting principles (GAAP) hierarchy and its application to federal accounting and reporting.

Question 1.2: Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

GAO response: We have not experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34, including applying administrative directives from the Office of Management and Budget (OMB) and the Department of the Treasury, to resolve accounting and reporting issues.

Responses to Questions on Reexamination Topics

Question 2 provided 23 reexamination topics and asked respondents to indicate the priority level for reexamination (high, medium, or low) and the corresponding rationale. Below we provide a suggested level of priority and observations on certain topics.

Topic 1: Accounting for Selected Assets and Liabilities

Priority: Low

The Federal Accounting Standards Advisory Board (FASAB) should consider whether updates are needed to reflect the current environment. For example, FASAB may revisit the discussion of "other current liabilities" and the definition of "intragovernmental." We also note that SFFAS 1 lacks guidance for nonfederal investments. However, we believe that current OMB guidance referring to relevant standards issued by the Financial Accounting Standards Board adequately addresses this area. Accordingly, we do not believe FASAB needs to address this relatively complex area.

Topic 2: Accounting for Direct Loans and Loan Guarantees

Priority: Medium

The disclosure requirements in SFFAS 2, as amended, may benefit from FASAB reexamination, considering changes that have occurred since the standard was last updated. For example, "pre-1992" activity has become less relevant and income-driven repayment plans have become an important component of education-related loans.

Topic 3: Accounting for Inventory and Related Property

Priority: Low

We acknowledge and support FASAB's current work on a proposal concerning digital assets to clarify certain issues relating cryptocurrency. Otherwise, we have no specific issues to raise.

Topic 5: Accounting for Liabilities of the Federal Government

Priority: Medium

We suggest engaging the federal government's actuarial community to discuss whether changes in FASAB standards would improve the financial reporting of pension, other retirement benefits, and veteran benefits. For example, FASAB might consider whether the Aggregate Entry Age Normal (AEAN) actuarial cost method is the most appropriate method for valuing related liabilities and costs. AEAN includes certain complexities and may limit comparability with the more commonly used Projected Unit Credit method.

In addition, it may be helpful to review the guidance for recognition and disclosure of certain pension benefits; other retirement benefits; and veteran benefits, including education and training that have become more significant over time. (Also see related discussion in topic 14 below.)

Also, FASAB may consider whether additional disclosure related to pension and other retirement benefits in employer entities is appropriate. While most federal employer entities disclose the key attributes of pension and other retirement benefits provided to their employees, the accounting standards currently do not have a requirement for these entities to make such disclosures.

Topic 6: Accounting for Property, Plant, and Equipment

Priority: Low

We believe that SFFAS 6, as amended, and related guidance could benefit from a review for consistency and clarity. Currently, the standards include the term "general property plant and equipment" (PP&E). FASAB should consider updating the term to reflect the current environment. Also, FASAB may consider whether the terms "depreciation" and "amortization" are used consistently in SFFAS 6, and whether the definition of PP&E should be broadened.

Topic 7: Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting

Priority: Medium

FASAB may consider clarifying the accounting and reporting requirements relating to when a collecting entity retains a portion of the collections. There have been some conflicting views about the application of the current standard in this area. The Board may also consider clarifying the accounting and reporting requirements relating to custodial activity, including custodial distributions.

Topic 8: Accounting for Internal Use Software

Priority: Low

We acknowledge and support FASAB's current project on revisiting intangible assets that includes this software topic.

Topic 10: Consolidated Financial Report of the United States Government

Priority: Low

We support the guidance in SFFAS 32 that requires the government-wide financial statements to describe the reporting entity and to disclose the significant accounting policies. FASAB may consider requiring component entities to also include such disclosures. Component entities generally include such disclosures consistent with OMB guidance.

Topic 13: Accounting for Fiduciary Activities

Priority: Low

We suggest that FASAB research whether the standard is achieving its intended objectives.

Topic 14: Pensions, Other Retirement Benefits, and Other Postemployment Benefits

Priority: Low

We suggest that FASAB consider clarifying the wording in SFFAS 33 relating to the selection of discount rates. This guidance has been interpreted inconsistently, raising issues about comparability across government entities. Also, reviewing the valuation date guidance in SFFAS 33 for pension benefits, other retirement benefits, and other postemployment benefits may be helpful to achieve further consistency government-wide and align with the time needed to prepare and audit the actuarial calculations.

Topic 21: Public-Private Partnerships

Priority: Medium

SFFAS 49, as discussed by FASAB staff at multiple board meetings, has presented challenges to preparers and auditors. We encourage FASAB to continue its current project in evaluating whether this standard is achieving its original objective. As part of the project, we suggest that FASAB consider whether the current disclosure requirements provide appropriate information to help users understand material federal government financial risks resulting from public-private partnerships.