

**Memorandum**  
**Annual Report/  
Technical Agenda Review**  
February 5, 2024

To: Members of the Board  
From: Monica R. Valentine, Executive Director  
Subject: **FASAB FY 2023 Annual Report & Three-Year Plan/Mid-Fiscal Year 2024  
Technical Agenda Review (Topic E)**

**INTRODUCTION**

FASAB FY 2023 Annual Report & Three-Year Plan

On November 15, 2023, FASAB published its *Annual Report for Fiscal Year 2023 and Three-Year Plan*. The combined report allows stakeholders to consider FASAB's progress and invites them to advise the Board about its plans.

The report is available at <https://fasab.gov/about-fasab/our-annual-reports/>.

Staff will review with the Board responses to the report.

Mid-Fiscal Year 2024 Technical Agenda Review

The Board annually reviews its technical agenda in August to determine priorities for the upcoming year and conducts a mid-year review of the technical agenda at the February meeting.

Staff is seeking the Board's feedback on the current technical agenda projects.

**REQUEST FOR FEEDBACK BY February 15, 2024**

**Prior to the Board's February meeting**, please review the attached project information and staff recommendations and analyses and consider the ensuing questions. If members have any comments or questions prior to the meeting, please contact me at [ValentineM@fasab.gov](mailto:ValentineM@fasab.gov) by February 15.

## **NEXT STEPS**

Staff will allocate available resources based on feedback from the Board on the technical agenda review and the annual report responses.

## **ATTACHMENTS**

1. Staff Analysis
  - a. FY 2023 Annual Report review of respondents' comments
  - b. Mid-Fiscal Year 2024 technical agenda review
2. Summary tables of the respondents' comments
3. Full text of the responses received - Respondent [comment letters](#) are also posted on the FASAB website.

**Staff Analysis**  
**FY 23 Annual Report**  
**Comment Review**  
February 5, 2024  
**Attachment 1a**

**CONTEXT**

The *Annual Report for Fiscal Year 2023 and Three-Year Plan* allows stakeholders to consider FASAB's progress and invites them to advise the Board about its plans.

The report reviews the Board's efforts and accomplishments during fiscal year 2023 and provides information and three-year timelines for current projects.

FASAB requested comments regarding the content of the annual report and the three-year plan.

**SUMMARY OF OUTREACH EFFORTS**

FASAB issued the report on November 15, 2023, with comments requested by January 18, 2024. Upon release of the report, FASAB notified constituents through the FASAB website and listserv, the Federal Register, and FASAB newsletter. FASAB also provided news releases to its press contacts, including various news organizations and committees of professional associations generally commenting on reports in the past. To encourage responses, FASAB sent a reminder notice to the listserv near the comment deadline.

As of February 5, 2024, FASAB has received 11 responses from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		2
Auditors		
Preparers and financial managers	9	

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

## STAFF ANALYSIS

Based on staff's review of the responses, stakeholders generally supported the current work of the Board. Below is a brief summary and general assessment of the annual report comments.

### ➤ *Current Projects:*

- Climate-Related Financial Reporting – prioritize research and monitoring progress made by other standard setters; affirm the importance of the topic and the need for clear standards; consider agency's limited resources; consider disclosing qualitative information on climate-related financial risks in the AFR due to existing required climate action plans and sustainability reports
- Intangible Assets: Software Technology – support for the project; topic is significant to many federal agencies as legacy applications are being replaced with new cloud-based systems; consider existing GASB guidance and strive for convergence; recommend the mention of paragraphs 94-95 of SFFAS 54, *Leases*, as a catalyst for software technology; consider agencies' limited resources
- Land – implementation guidance will be helpful to support change in standards; recommend continued work with agencies on implementation challenges until SFFAS 59 is fully effective in FY 2026
- Leases – recommend clarifying the objective of the leases project and summarizing the final conclusion, recommendations, and summary of changes; encourage continued monitoring for the potential need for additional implementation guidance; report should acknowledge the fact that many agencies do not have systems in place to implement SFFAS 54
- Omnibus Amendments – support for the project
- Public-Private Partnerships – support for the project; consider existing GASB guidance and strive for convergence
- Reexamination of Existing Standards – support for the project; there is an opportunity to identify some matters for earlier action in accordance with the purpose of the project; recommend accelerating and finalizing the completion of the related activities
- Reporting Model – support for the project; recommend further clarification of what will be required to meet the new requirements; recommend providing a sample MD&A
- Technical Clarifications – appreciate the collaborative approach and ongoing efforts to resolve matters specific to DoD; several topics suggested for consideration

### ➤ *Outreach and Training:* recommend offering NASBA-certified trainings; recommend more frequent/on-demand trainings; appreciate the educational and outreach efforts; encourage a hybrid format.

## RECOMMENDATION

Based on staff's assessment of the responses, we do not recommend any change at this time in the Board's current technical agenda. Staff plans to continue its outreach and training efforts.

### Questions for the Board:

1. Does the Board want to follow up with any of the respondents to get further information or clarity on their comments?
2. Does the Board agree with staff's assessment of the responses, recommendations, and planned actions?
3. Does the Board have other specific comments on any of the responses?

**Staff Analysis**  
**Mid-Fiscal Year 2024**  
**Technical Agenda Review**  
February 5, 2024  
**Attachment 1b**

**CONTEXT**

The Board has 13 active projects on its technical agenda and one research topic currently underway.

**BACKGROUND**

At the **August 2023** technical agenda session, the Board agreed to the following plan.

- ❖ Continue with the current technical agenda projects
  - Climate-Related Financial Reporting
  - Intangibles Assets
    - Software Technology
    - Intangible Assets Guidance
  - Land Post-issuance
  - Leases Post-issuance
  - Omnibus Amendments
  - Public-Private Partnerships (P3)
  - Reexamination of Existing Standards
  - Reporting Model
    - Concepts Omnibus
    - Management's Discussion & Analysis
  - Technical Clarifications of Existing Standards
    - SFFAS 3 Seized and Forfeited Digital Assets
  - AAPC
    - Conforming Amendments
    - Leases Implementation
- ❖ Add one research topic
  - Commitments
- ❖ Use detailees and interns to supplement FASAB staff resources and continue moving projects forward

The current FASAB staff resources include four assistant directors, two senior analysts, one analyst, one communications analyst, one executive assistant, and the executive director. The Board currently has 13 active projects on the technical agenda.

Staff has been successful in leveraging resources through various task forces and agency details; however, such assistance is sporadic and normally short term in nature.

Given the limited resources, staff continues to provide well-written, well-researched, and technically sound products to the Board and the Accounting and Auditing Policy Committee (AAPC) for deliberations. In addition, staff regularly provides responses to technical inquiries, conducts task force meetings, attends government-wide meetings, and participates in a variety of outreach activities. The Board should be cognizant of the fact that such continued exceptional performance in light of FASAB's staffing limitations is contingent on a host of variables, some of which are unknown and/or uncontrollable. Variables could include staff attrition, changes in Board priorities, or other factors affecting Board progress.

## **CURRENT TECHNICAL AGENDA PROJECTS**

Below is a list of the 13 active projects, including related sub-topics, on the Board's technical agenda and the current phase of each project. The AAPC projects are also included and require staff resources. These projects are at various phases of the Board's due process [research (RE); development & exposure draft (DE); and resolution & finalization (FI)].

### **Current Technical Agenda Projects**

- Climate-Related Financial Reporting
  - Phase I – Staff paper (FI)
  - Phase II – Climate-related Financial Disclosure Framework (DE)
- Intangible Assets
  - Software Technology (DE)
  - Intangible Asset Guidance (RE)
- Land Post-issuance (RE)
- Leases Post-issuance (RE)
- Omnibus Amendments 2024-1: SFFAS 38 and SFFAS 49 (FI)
- Public-Private Partnerships
  - Phase I – SFFAS 49 Post Implementation Review (RE)
  - Phase II – Recognition and Measurement (RE)
- Reporting Model
  - Omnibus Concepts (FI)
  - Management's Discussion & Analysis (FI)
- Reexamination of Existing Standards (RE)
- Technical Clarifications of Existing Standards

- SFFAS 3 Seized and Forfeited Digital Assets (DE)
- AAPC
  - Conforming Amendments (DE)
  - Leases Post Issuance (RE)
  - Public-Private Partnerships Post Implementation (RE)

## STAFF ANALYSIS & RECOMMENDATION

The Board annually reviews its technical agenda to determine priorities for the upcoming year. The members reviewed the Board's technical agenda and established its priorities just prior to the start of fiscal year 2024 at the August 2023 FASAB meeting. The Board also agreed to conduct a mid-year review of the technical agenda at the February 2024 meeting.

The Board prioritizes projects based on the following factors:

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

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

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



Based on the progress of the current technical projects and the current staffing level, staff recommends no changes in the Board's technical agenda at this time.

**Question #4 for the Board:**

Does the Board agree with staff's recommendation that no changes be made to the Board's technical agenda at this time and that staff resources also be allocated to the work of the AAPC as needed?

**Table A: Topic – Climate-Related Financial Reporting**

<b>Climate-Related Financial Reporting</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>6</b>	AGA - FMSB	Given the emerging nature of this topic, we would encourage the Board to prioritize research and monitoring progress made by other standard setters. We continue to affirm the importance of this topic and the need for clear standards on information to be included in financial reporting. For example, if new estimates or disclosures will be required, it will be important for standards to identify reliable data and methodology for developing this information, such that it will be reasonable for federal agencies to implement.	Staff closely monitors all the other standard setters, including IFRS and IPSASB for updates on climate standards. New information is presented at Board meetings and regularly as “clippings” between meetings.
<b>10</b>	VA - OFP	As FASAB staff is researching and gathering information to provide guidance to agencies on how to report on climate-related events, requesting that FASAB Board and staff consider that agencies have limited resources and do not have the flexibility to invest in their accounting and financial systems due to budget constraints. FASAB should consider that disclosing qualitative information on climate-related financial risks in the AFR is feasible due to existing required climate action plans and sustainability reports. Disclosing quantitative financial data on climate will require greater burden on resources and systems. If it moves forward, a sufficient implementation window should be provided.	Staff is considering agency reporting challenges for this project.

**Climate-Related Financial Reporting**

Ref #	Respondent Organization	Summary Response	Staff Notes:
11	Energy	<p>DOE offers this suggestion:</p> <p>The stated objective of the Climate-Related Financial Reporting project presumes a need for future financial reporting on climate-related events and climate-related risk in federal financial reports.</p> <p>The financial impacts of climate-related risks may be too uncertain to be reasonably estimable or too imprecise, as a liability or contingency, to warrant federal financial reporting. Given the uncertainty in estimation, recording accrued liabilities or contingencies in advance of events would not provide a useful estimate of future expenditures, more like a sinking fund, or assist in agency planning and budgeting.</p>	<p>Staff will consider the uncertainty involved with reasonable estimates as recommendations are made to the Board for the climate-related financial disclosure framework.</p>

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

<b>Intangible Assets – Software Technology</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
6	AGA - FMSB	<p>We support this project. With legacy applications being replaced with new cloud-based systems, this topic is significant to many federal agencies.</p> <p>With regard to project C1, we encourage the Board to consider the Governmental Accounting Standards Board's (GASB's) recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.</p> <p>With regard to project C2, we encourage the Board to continue refining the working definition of intangible asset, in particular the “embodiment of future economic benefits” and “measurable value” criteria. For example, many federal agencies have invested significant resources in developing and maintaining data, which raises the question of whether – or under what conditions – data might be considered an intangible asset under the working definition.</p>	Noted. The Board has and will continue to consider guidance and projects of other standard setters during deliberations.
8	Treasury	<p>Thank you for publishing the FASAB Annual Report for Fiscal Year Ended September 30, 2023. We would like to provide one comment for your consideration. For project C. Intangible Assets, we recommend the mention of SFFAS No. 54 <i>Leases</i>, paragraphs 94 and 95 as a catalyst for Software Technology, specifically as Software Licenses from SFFAS No. 10 <i>Accounting for Internal use Software</i>, paragraph 67 was impacted. Alternatively, include the software impact in project D. Leases and include in Table 2 – Technical Agenda Consolidated Work Plan Matrix a</p>	Please note that this type of information is available on the relevant project pages on the FASAB website.

**Intangible Assets – Software Technology**

Ref #	Respondent Organization	Summary Response	Staff Notes:
		bullet point under D. Leases, for Software since SFFAS No. 58 <i>Deferral of the Effective Date of SFFAS 54, Leases</i> impacts SFFAS No. 10.	
10	VA - OFP	<p>Software Technology- Since the focus is currently on Cloud-service arrangements, recommend that FASAB consider providing an estimated timeline for addressing updates for the other three major source categories (Will they be in scope in the next Three-year plan?):</p> <ul style="list-style-type: none"> <li>ii. Shared services</li> <li>iii. Internal use software updates</li> <li>iv. Other software technology</li> </ul> <p>As FASAB staff is gathering information to provide guidance on software technology, it is recommended that FASAB Board and staff consider agencies limited resources and budget constraints.</p>	<p>Noted. The anticipated timeline for the entire C1. Software Technology project, including items i.- iv. are in the scope of the current three-year plan. Staff will re-evaluate the timeline as needed.</p>

Table C: Topic – Land

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
6	AGA - FMSB	We agree that providing implementation guidance will be helpful to support this important change in standards.	Please note that in cooperation with the Council of the Inspectors General on Integrity and Efficiency (CIGIE), GAO released its audit guidance (GAO-24-106986) Thursday, November 16, 2023. The procedures are designed to obtain additional information to (1) better understand the extent to which measurement and presentation of land information in RSI is consistent with SFFAS 59 and (2) identify any preparation and audit challenges related to reporting government

**Topic E – FY 23 Annual Report Review**  
**Attachment 2 – Summary of Respondents' Comments**

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
			land in RSI, consistent with the intent of FASAB's Basis for Conclusion in SFFAS 59. Auditors are expected to provide this additional information to entity management and GAO. In turn, FASAB plans to consider actions necessary to address the identified challenges in preparation for the transition of RSI requirements to note disclosure requirements in fiscal year 2026.
10	VA - OFP	VA experienced an implementation challenge with SFFAS 59 – Accounting and Reporting of Government Land as it relates to the categorization of land between 'PP&E Land' and 'Stewardship Land' as VA cemeteries have operational and preservation characteristics. There also remains some confusion about continuing to use the 'PP&E Land' categorization in FY 2026,	Noted and please refer to the above comments. Additionally, respondents are

Topic E – FY 23 Annual Report Review  
Attachment 2 – Summary of Respondents' Comments

Land

Ref #	Respondent Organization	Summary Response	Staff Notes:
		at which point land balances will be removed from the Balance Sheet and no longer capitalized. VA recommends that FASAB continue to work with agencies on implementation challenges until SFFAS 59 is fully effective in FY 2026.	reminded that Technical Inquiries can be submitted at this link: <a href="https://fasab.gov/technical-inquiries-2/">https://fasab.gov/technical-inquiries-2/</a>



**TABLE D: Topic – Leases**

<b>Leases</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>3</b>	DoD - OCFO	We recommend clarifying the objective of the leases project and summarizing the final conclusion, recommendations, and summary of changes for both D1, Leases Omnibus Amendments, and D2, Intragovernmental Leasehold Reimbursable Work Agreement in the FY23 Actions section on page 16 of the report.	Users of the annual report can refer to the final pronouncements and leases project page for this detailed information.
<b>6</b>	AGA - FMSB	We appreciate the Board's work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance. Regarding projects D3 and D4, we would refer to our recent comment letters for specific views. We were unclear why D1 and D2 are included in the plan, since these activities have already been completed.	The non-applicability of the three-year plan columns is evident based on final issuances noted in the FY 2023 actions column. Sub-projects D1 and D2 were completed in FY 2023. The table summarizes actions of the current year as well as plans <i>if the project is ongoing</i> .
<b>10</b>	VA - OFP	The FASAB report should also include that the representatives from many key agencies such as DOE, DOI, State, and the VA (representing 7 other federal agencies) stressed key agency pain points around lack of SFFAS 54 software and systems, lack of value proposition, significant cost, embedded lease complications, and accounting complexity to the	The purpose of this section of the annual report is to summarize fiscal year 2023 project activities and Board pronouncements, which

**Topic E – FY 23 Annual Report Review**  
**Attachment 2 – Summary of Respondents' Comments**

**Leases**

Ref #	Respondent Organization	Summary Response	Staff Notes:
		Board; and that 5 of 6 agencies, including FAA, requested FASAB delay Standard 54's effective date by at least a year. The FASAB report should acknowledge the fact that many agencies do not have systems in place to implement SFFAS-54 and therefore will require manual computations. For the Veterans Administration, this is further complicated by this requirement coming in the midst of a major financial systems transition impacting the entire organization.	are based on due process. The results of clarification discussions are public record and documented in meeting minutes and transcripts.

**TABLE E: Topic – Omnibus Amendments**

<b>Omnibus Amendments</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>6</b>	AGA - FMSB	We are supportive of this project and would refer to our recent comment letter for specific views.	Noted.

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

<b>Public-Private Partnerships</b>			
<b>Ref #</b>	<b>Respondent Organization</b>	<b>Summary Response</b>	<b>Staff Notes:</b>
<b>6</b>	AGA - FMSB	We are supportive of this project. We would encourage the Board to consider the GASB's recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.	Noted. Staff welcomes any technical advice or research that the FMSB may be willing to share in this regard and looks forward to sharing said information with the SFFAS 49 P3 Implementation Task Force.

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

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
1	GWSCPA FISC	The FISC noted FASAB's Three-Year Plan includes projects that are considered priorities of the Board and that are intended to provide financial information that improves financial accountability and meets user needs. The FISC recognizes the significance and comprehensive nature of the Reexamination of Existing Standards project and recommends that the Board consider accelerating and finalizing the completion of the related activities sooner than planned. This would allow sufficient time to incorporate the recommended updates to the standards into the existing active projects before they are finalized.	Noted.
6	AGA - FMSB	We are supportive of this project and would refer to our recent comment letter for specific views. Although the 3-year plan shows only research activities planned for FY24 and FY25, we think there is an opportunity to identify some matters for earlier action in accordance with the purpose of the project.	Noted.

**TABLE H: Topic – Reporting Model**

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
6	AGA - FMSB	<u>Concepts Omnibus and MD&amp;A:</u> We are supportive of this project and would refer to our recent comment letter for specific views.	Noted.
10	VA - OFP	<p>Section I (MD&amp;A) - recommend FASAB provide further clarification as it relates to the new updates and what all will be required of agencies to meet FASAB's requirements. Some of the new requirements may involve the need for system enhancements/updates that VA may or may not be able to implement either due to cost restraints or competing current system integration / system enhancement priorities.</p> <p>FASAB should clarify what is meant by reporting on key performance results and the associated costs. Currently VA can report minimal cost and budgetary information that can be readily gleaned from the SNC and SBR. However, if the Board is seeking more granular information, then VA absolutely cannot comply with the requirement. It would require significant investments in VA's IT systems which we do not have resources. We recommend the Board provide a sample MD&amp;A for agencies to utilize as a reference when updating their MD&amp;A.</p>	Staff received similar comments on the ED which will be addressed at the February 2024 Board meeting.

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

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	DOD - OCFO	<p><u>Implementation Guidance for DoD:</u></p> <p>The Department suggests the following topics for the Implementation Guidance for DoD project:</p> <p>1. Provide an alternative approach to establish an auditable opening balance for Fund Balance with Treasury (FBwT) account. Due to unsupportable prior year beginning balances, several DoD components are struggling to support their current year FBwT accounts because prior year balances roll-over to current year. In the case of revolving funds, an unsupported balance from many years prior could still be impacting current year reporting and auditability. In some cases (e.g., DLA National Defense Stockpile Transaction Fund), an unsupportable FBwT beginning balance is one of the last remaining audit obstacles for the reporting entity. Due to the lack of options for this component to support their opening balance, Congress included language in the 2024 NDAA regarding this component's FBwT beginning balance which auditors can rely on in lieu of supporting documentation. As several other DoD components have a similar issue, DoD requests that FASAB provides alternative methods for establishing FBwT beginning balances, such as a “deemed cost” type standard similar to SFFAS 48 and SFFAS 50.</p>	<p>DoD submitted a technical inquiry (TI) in November 2022. FASAB conveyed the request was outside the scope of FASAB’s work because it pertained to a DoD operational decision. FASAB has not received any further updates on the issue.</p>

**Technical Clarifications of Existing Standards**

Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>2. Allow for the purchase method of accounting for OM&amp;S without the requirement for the cost-benefit analysis when it's implemented. Purchase method of accounting is allowed under SFFAS 3, but only if an analysis is prepared to prove that the consumption method is not cost-beneficial. Several DoD components and IPAs agree that the purchase method of accounting is a viable accounting practice and have questioned the usefulness of the required cost-benefit analysis when this method is used. DoD requests that FASAB considers removing the cost-benefit analysis requirement which will provide DoD components the flexibility to apply the OM&amp;S accounting method most appropriate for their type of operations and usage of OM&amp;S.</p> <p>3. Support on DoD's intended approach for Medicare-Eligible Retiree Health Care Fund (MERHCF) reporting of custodial activity. Department of Treasury USSGL Issue Resolution Committee (IRC) has engaged FASAB staff to opine on DoD's proposed approach for MERHCF expense recognition process for healthcare costs. DoD has provided a white paper to FASAB to explain our position and the proposed accounting. DoD has received concurrence on our proposed approach from OMB and IRC, and a favorable reaction from our auditor, and receiving FASAB support on our proposed approach is the last step in resolving a long-standing audit issue for one of DoD's largest components in terms of asset value.</p> <p>4. FASAB's continued support for DoD's application of deemed cost for construction in progress (CIP) assets, which was challenged by one of DoD IPAs as not being explicitly allowed under SFFAS 6/50 and 3/48. FASAB staff has supported DoD's approach via the Technical Inquiry (TI) process, however, the IPA continues to express the need for authoritative guidance that explicitly allows deemed cost for CIP assets. This IPA holds more than 50% of DoD's audits and has stated that they intend to take the same position across all of their DoD engagements.</p>	<p>Comment will be included in the SFFAS 3 reexamination issues.</p> <p>FASAB is currently addressing a TI on this topic. A meeting with all parties was held in January 2024.</p> <p>FASAB responded to the TI on 1/12/2024. FASAB has not received any further</p>

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
			updates on the issue.
6	AGA - FMSB	We appreciate the Board's work to provide technical clarifications and updates to standards. We especially appreciate the FASAB's collaborative approach and ongoing efforts to resolve matters specific to the Department of Defense.	Noted.



**TABLE J: Topic – Other Comments**

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	DOD - OCFO	<p>The FASAB trainings are not certified by the National Association of State Boards of Accountancy (NASBA). The Department recommends FASAB offer NASBA certified trainings.</p> <p>Additionally, the Department recommends that FASAB offers more frequent/on-demand trainings and records the training sessions held so users can access the recorded trainings online and earn CPEs.</p>	Noted.
6	AGA - FMSB	<p>We continue to appreciate the Board's educational and outreach efforts. We especially want to applaud the Board for again providing its annual update as a virtual event and would encourage the Board to plan to continue this format or a hybrid format in the future. We would further encourage the Board to consider making the recorded training available rather than just the slides. These practices make this training event more accessible to a wider audience regardless of location or scheduling conflicts.</p>	Noted.

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January 3, 2024

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 provide comments on the Federal Accounting Standards Advisory Board (FASAB or “the Board”) Three-Year Plan.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views, and the hard work and dedication by the Board members and staff on their contributions to improving Federal financial reporting.

The FISC noted FASAB’s Three-Year Plan includes projects that are considered priorities of the Board and that are intended to provide financial information that improves financial accountability and meets user needs. The FISC recognizes the significance and comprehensive nature of the Reexamination of Existing Standards project and recommends that the Board consider accelerating and finalizing the completion of the related activities sooner than planned. This would allow sufficient time to incorporate the recommended updates to the standards into the existing active projects before they are finalized.

\*\*\*\*\*

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

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**From:** Hellie, Christian  
**Sent:** Thursday, January 4, 2024 12:02 PM  
**To:** FASAB <FASAB@FASAB.gov>

**Subject:** SSA Response: FASAB Issues its Annual Report and Three-Year Plan

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Monica,

We appreciate the opportunity to review the Federal Accounting Standards Advisory Board's *Annual Report for Fiscal Year 2023 and Three-Year Plan*. The Social Security Administration does not have any comments.

If you have any questions or comments, please contact [Jeffrey Broglie](#).

Thanks,

Christian Hellie  
Deputy Chief Financial Officer  
Social Security Administration

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**Subject:** [EXTERNAL] FASAB Issues its Annual Report and Three-Year Plan

Federal Accounting Standards Advisory Board
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**NEWS RELEASE**

**11/15/2023**



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

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 or Department) greatly appreciates the opportunity to offer feedback on the Federal Accounting Standards Advisory Board (FASAB) Annual Report for Fiscal Year Ended September 30, 2023 and Three-Year Plan for Fiscal Years 2024-2026. Enclosed are our comments.

We recognize the importance of FASAB's mission to issue new and update the existing standards, and updated guidance may assist the Department in resolving some of its complex challenges with financial reporting. We look forward to continuing our working relationship with FASAB through active participation on the various task forces and working groups.

Thank you for considering the DoD's input.

Sincerely,

Kim R. Laurance  
Assistant Deputy Chief Financial Officer

Enclosure:  
As stated

Department of Defense (DoD or "the Department")

#	Technical Projects	Comments
1	Implementation Guidance for DoD	<p>The Department suggests the following topics for the Implementation Guidance for DoD project:</p> <ol style="list-style-type: none"> <li>1. Provide an alternative approach to establish an auditable opening balance for Fund Balance with Treasury (FBwT) account. Due to unsupportable prior year beginning balances, several DoD components are struggling to support their current year FBwT accounts because prior year balances roll-over to current year. In the case of revolving funds, an unsupported balance from many years prior could still be impacting current year reporting and auditability. In some cases (e.g., DLA National Defense Stockpile Transaction Fund), an unsupportable FBwT beginning balance is one of the last remaining audit obstacles for the reporting entity. Due to the lack of options for this component to support their opening balance, Congress included language in the 2024 NDAA regarding this component's FBwT beginning balance which auditors can rely on in lieu of supporting documentation. As several other DoD components have a similar issue, DoD requests that FASAB provides alternative methods for establishing FBwT beginning balances, such as a "deemed cost" type standard similar to SFFAS 48 and SFFAS 50.</li> <li>2. Allow for the purchase method of accounting for OM&amp;S without the requirement for the cost-benefit analysis when it's implemented. Purchase method of accounting is allowed under SFFAS 3, but only if an analysis is prepared to prove that the consumption method is not cost-beneficial. Several DoD components and IPAs agree that the purchase method of accounting is a viable accounting practice and have questioned the usefulness of the required cost-benefit analysis when this method is used. DoD requests that FASAB considers removing the cost-benefit analysis requirement which will provide DoD components the flexibility to apply the OM&amp;S accounting method most appropriate for their type of operations and usage of OM&amp;S.</li> <li>3. Support on DoD's intended approach for Medicare-Eligible Retiree Health Care Fund (MERHCF) reporting of custodial activity. Department of Treasury USSGL Issue Resolution Committee (IRC) has engaged FASAB staff to opine on DoD's proposed approach for MERHCF expense recognition process for healthcare costs. DoD has provided a white paper to FASAB to explain our position and the proposed accounting. DoD has received concurrence on our proposed approach from OMB and IRC, and a favorable reaction from our auditor, and receiving FASAB support on our proposed approach is the last step in resolving a long-standing audit issue for one of DoD's largest components in terms of asset value.</li> <li>4. FASAB's continued support for DoD's application of deemed cost for construction in progress (CIP) assets, which was challenged by one</li> </ol>
2	Leases	We recommend clarifying the objective of the leases project and summarizing the final conclusion, recommendations, and summary of changes for both D1, Leases Omnibus Amendments, and D2, Intragovernmental Leasehold Reimbursable Work Agreement in the FY23 Actions section on page 16 of the report.
#	Annual Report	Comments
1	Ongoing Educational & Outreach Activities	<p>The FASAB trainings are not certified by the National Association of State Boards of Accountancy (NASBA). The Department recommends FASAB offer NASBA certified trainings.</p> <p>Additionally, the Department recommends that FASAB offers more frequent/on-demand trainings and records the training sessions held so users can access the recorded trainings online and earn CPEs.</p>

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**From:** Salzer, Kristin (Federal)  
**Sent:** Wednesday, January 17, 2024 8:14 AM  
**To:** FASAB <FASAB@FASAB.gov>  
**Cc:** Henshel, Bruce (Federal) ; Smith, Sean (Federal)  
**Subject:** Annual Report/3 Year Plan

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Good Morning,

The Department of Commerce has reviewed FASAB's *Annual Report* and *Three-Year Plan* and has no comments on either document.

Thanks,

Kristin Salzer, CPA, CGFM  
Director, Office of Financial Reporting & Policy/Acting Director, Travel Management Division  
U.S. Department of Commerce

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

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**From:** Osborne, Christopher <  
**Sent:** Thursday, January 18, 2024 10:35 AM  
**To:** FASAB <FASAB@FASAB.gov>  
**Subject:** FW: FASAB Issues its Annual Report and Three-Year Plan

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Thank you for the opportunity to review the 2023 Annual Report and Three Year Plan. Staff within the Office of Controller reviewed the document. At present, we have no comments to offer.

Christopher S. Osborne, CPA  
Senior Financial Adviser  
Office of the Controller

Mailing Address:  
Environmental Protection Agency  
Ronald Reagan Building.  
Washington, DC 20460

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**From:** FASAB  
**Sent:** Wednesday, November 15, 2023 2:23 PM  
**To:** Osborne, Christopher  
**Subject:** FASAB Issues its Annual Report and Three-Year Plan

**Caution:** This email originated from outside EPA, please exercise additional caution when deciding whether to open attachments or click on provided links.

Federal Accounting Standards Advisory Board







Advance. Grow. Accelerate.

January 18, 2024

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

RE: Comments on FASAB 2023 *Annual Report and Three-Year Plan*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board on its three-year plan for its technical agenda.

#### General Comments

We continue to appreciate the Board's educational and outreach efforts. We especially want to applaud the Board for again providing its annual update as a virtual event, and would encourage the Board to plan to continue this format or a hybrid format in the future. We would further encourage the Board to consider making the recorded training available rather than just the slides. These practices make this training event more accessible to a wider audience regardless of location or scheduling conflicts.

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

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

#### B. Climate-Related Financial Reporting

Given the emerging nature of this topic, we would encourage the Board to prioritize research and monitoring progress made by other standard setters. We continue to affirm the importance of this topic and the need for clear standards on information to be included in financial reporting. For example, if new estimates or disclosures will be required, it will be important for standards to identify reliable data and methodology for developing this information, such that it will be reasonable for federal agencies to implement.

#### C. Intangible Assets

We support this project. With legacy applications being replaced with new cloud-based systems, this topic is significant to many federal agencies.

With regard to project C1, we encourage the Board to consider the Governmental Accounting Standards Board's (GASB's) recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.



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With regard to project C2, we encourage the Board to continue refining the working definition of intangible asset, in particular the “embodiment of future economic benefits” and “measurable value” criteria. For example, many federal agencies have invested significant resources in developing and maintaining data, which raises the question of whether – or under what conditions – data might be considered an intangible asset under the working definition.

#### D. Leases

We appreciate the Board’s work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance. Regarding projects D3 and D4, we would refer to our recent comment letters for specific views. We were unclear why D1 and D2 are included in the plan, since these activities have already been completed.

#### E. Omnibus Amendments

We are supportive of this project and would refer to our recent comment letter for specific views.

#### F. Public-Private Partnerships

We are supportive of this project. We would encourage the Board to consider the GASB’s recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment.

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

We are supportive of this project and would refer to our recent comment letter for specific views. Although the 3-year plan shows only research activities planned for FY24 and FY25, we think there is an opportunity to identify some matters for earlier action in accordance with the purpose of the project.

We also notice that the GASB has started a project evaluating the structure of standards and would encourage the Board to monitor lessons learned from this project. As we described in our comment letter, we believe there is an opportunity for standards to be organized in a way that is more accessible to a new generation of learners.

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

We are supportive of this project and would refer to our recent comment letter for specific views.

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

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



Advance. Grow. Accelerate.

Sincerely,

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

Scott DeViney, CPA  
Chair, Financial Management Standards Board

AGA  
Financial Management Standards Board

The FMSB is comprised of the following 22 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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

**From:** [FASAB](#)  
**To:** [Valentine, Monica R](#)  
**Subject:** FW: NASA Response to FASAB Annual Report and Three-Year Plan  
**Date:** Thursday, January 18, 2024 11:50:17 AM

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**From:** Hale, Laurese H.  
**Sent:** Thursday, January 18, 2024 11:43 AM  
**To:** FASAB <FASAB@FASAB.gov>  
**Cc:** Brown, Shepherd W.  
**Subject:** NASA Response to FASAB Annual Report and Three-Year Plan

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Good Morning FASAB,

NASA OCFO reviewed the Annual Report and Three-Year Plan. We have no comments.  
Thank you.

*Laurese*  
Laurese Hale, CPA  
**Senior Policy Analyst**  
Office of the Chief Financial Office  
Mary W. Jackson NASA Headquarters

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**From:** [FASAB](#)  
**To:** [Valentine, Monica R](#)  
**Subject:** FW: FASAB Issues its Annual Report and Three-Year Plan - Treasury Comment  
**Date:** Thursday, January 18, 2024 1:29:48 PM

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**From:** Shawn.Mickey  
**Sent:** Thursday, January 18, 2024 12:09 PM  
**To:** FASAB <FASAB@FASAB.gov>  
**Cc:** Williams, Joshua R ; Perry, Ricky (Alan); Karen.Czapla  
**Subject:** FASAB Issues its Annual Report and Three-Year Plan - Treasury Comment

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FASAB,

Thank you for publishing the FASAB Annual Report for Fiscal Year Ended September 30, 2023. We would like to provide one comment for your consideration. For project C. Intangible Assets, we recommend the mention of SFFAS No. 54 *Leases*, paragraphs 94 and 95 as a catalyst for Software Technology, specifically as Software Licenses from SFFAS No. 10 *Accounting for Internal use Software*, paragraph 67 was impacted. Alternatively, include the software impact in project D. Leases and include in Table 2 – Technical Agenda Consolidated Work Plan Matrix a bullet point under D. Leases, for Software since SFFAS No. 58 *Deferral of the Effective Date of SFFAS 54, Leases* impacts SFFAS No. 10.

Thank you,  
Shawn

Shawn M. Mickey, CPA, CGFM  
U.S. Department of the Treasury, DCFO-FRP/

**From:** [FASAB](#)  
**To:** [Valentine, Monica R](#)  
**Subject:** FW: FASAB Annual Report and Three Year Plan  
**Date:** Thursday, January 18, 2024 5:21:18 PM  
**Attachments:** [Comment Log](#)

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**From:** Barber, Christine (OS/ASFR) (CTR)  
**Sent:** Thursday, January 18, 2024 5:15 PM  
**To:** FASAB <FASAB@FASAB.gov>  
**Subject:** FASAB Annual Report and Three Year Plan

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Hello! Please find attached [a couple editorial comments](#).

Page 2: Add acronym for fiscal year in the first sentence.  
We began fiscal year (FY) 2023 operating...

Page 4: Remove period between amendments and to.  
"The Board released several pronouncements related to  
leases implementation, including conforming technical  
release amendments.to ensure adequate  
implementation guidance on final pronouncements."

Thanks,  
Christine Barber

**From:** [FASAB](#)  
**To:** [Valentine, Monica R](#)  
**Subject:** FW: VA Comments-FASAB's Three Year Plan  
**Date:** Friday, January 19, 2024 8:28:13 AM  
**Attachments:** [FASAB Input 01.18.2024 final.xlsx](#)

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**From:** OFP Accounting Policy  
**Sent:** Thursday, January 18, 2024 6:02 PM  
**To:** FASAB <FASAB@FASAB.gov>  
**Cc:** Koontz, Jennifer ; Magdon, Leyna C. ; Del Bianco, Rebecca ; Baldwin Wilson, Lisa M.; OFP Accounting Policy ; Iyassu, Sossina A.  
**Subject:** VA Comments-FASAB's Three Year Plan

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Good Evening,

Attached is VA's comments on FASAB's Three-Year Plan.

Please let us know if you have any questions.

Thank you,  
Sossina Iyassu  
Department of Veterans Affairs  
Office of Financial Policy, Accounting Policy Service (APS)

## VA's comments on FASAB's FY 2023 Three-Year Plan

Pg #	Comment
4 and 16 (Leases)	<p>The FASAB report should also include that the representatives from many key agencies such as DOE, DOI, State, and the VA (representing 7 other federal agencies) stressed key agency pain points around lack of SFFAS 54 software and systems, lack of value proposition, significant cost, embedded lease complications, and accounting complexity to the Board; and that 5 of 6 agencies, including FAA, requested FASAB delay Standard 54's effective date by at least a year. The FASAB report should acknowledge the fact that many agencies do not have systems in place to implement SFFAS-54 and therefore will require manual computations. For the Veterans Administration, this is further complicated by this requirement coming in the midst of a major financial systems transition impacting the entire organization.</p>
4 and 14 (Climate)	<p>As FASAB staff is researching and gathering information to provide guidance to agencies on how to report on climate-related events, requesting that FASAB Board and staff consider that agencies have limited resources and do not have the flexibility to invest in their accounting and financial systems due to budget constraints.</p> <p>FASAB should consider that disclosing qualitative information on climate-related financial risks in the AFR is feasible due to existing required climate action plans and sustainability reports. Disclosing quantitative financial data on climate will require greater burden on resources and systems. If it moves forward, a sufficient implementation window should be provided.</p>
13 (Land)	<p>VA experienced an implementation challenge with SFFAS 59 – Accounting and Reporting of Government Land as it relates to the categorization of land between 'PP&amp;E Land' and 'Stewardship Land' as VA cemeteries have operational and preservation characteristics. There also remains some confusion about continuing to use the 'PP&amp;E Land' categorization in FY 2026, at which point land balances will be removed from the Balance Sheet and no longer capitalized. VA recommends that FASAB continue to work with agencies on implementation challenges until SFFAS 59 is fully effective in FY 2026.</p>



## VA's comments on FASAB's FY 2023 Three-Year Plan

<p>15 &amp;16 (Software Technology)</p>	<p>C1. Software Technology- Since the focus is currently on Cloud-service arrangements, recommend that FASAB consider providing an estimated timeline for addressing updates for the other three major source categories (Will they be in scope in the next Three-year plan?):</p> <ul style="list-style-type: none"> <li>ii. Shared services</li> <li>iii. Internal use software updates</li> <li>iv. Other software technology</li> </ul> <p>As FASAB staff is gathering information to provide guidance on software technology, it is recommended that FASAB Board and staff consider agencies limited resources and budget constraints.</p>
<p>19 (MD&amp;A)</p>	<p>Section I (MD&amp;A) - recommend FASAB provide further clarification as it relates to the new updates and what all will be required of agencies to meet FASAB's requirements. Some of the new requirements may involve the need for system enhancements/updates that VA may or may not be able to implement either due to cost restraints or competing current system integration / system enhancement priorities.</p> <p>FASAB should clarify what is meant by reporting on key performance results and the associated costs. Currently VA can report minimal cost and budgetary information that can be readily gleaned from the SNC and SBR. However, if the Board is seeking more granular information, then VA absolutely cannot comply with the requirement. It would require significant investments in VA's IT systems which we do not have resources. We recommend the Board provide a sample MD&amp;A for agencies to utilize as a reference when updating their MD&amp;A.</p>

**From:** [FASAB](#)  
**To:** [Valentine, Monica R](#)  
**Subject:** FW: Department of Energy Response: FASAB 2023 Annual Report and Three-Year Plan  
**Date:** Monday, January 29, 2024 8:58:37 AM

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**From:** Douglass, Tynesha  
**Sent:** Saturday, January 27, 2024 5:48 AM  
**To:** FASAB <FASAB@FASAB.gov>  
**Cc:** Griffin, Thomas ; Artis, Tiffany D ; Gallegos, Carrie ; Denchfield, Rachel ; Carr, Jeffrey ; Walter, Angela ; Ambrozewicz, Paul ; Malinowski, Patrick (CONTR)  
**Subject:** Department of Energy Response: FASAB 2023 Annual Report and Three-Year Plan

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Greetings,

The Department of Energy (DOE) appreciates the opportunity to comment on FASAB's FY 2023 Annual Report and Three-Year Plan for Fiscal Years 2024-2026.

With respect to FASAB's current project on climate-related financial reporting, DOE offers this suggestion:

*The stated objective of the Climate-Related Financial Reporting project presumes a need for future financial reporting on climate-related events and climate-related risk in federal financial reports.*

*The financial impacts of climate-related risks may be too uncertain to be reasonably estimable or too imprecise, as a liability or contingency, to warrant federal financial reporting. Given the uncertainty in estimation, recording accrued liabilities or contingencies in advance of events would not provide a useful estimate of future expenditures, more like a sinking fund, or assist in agency planning and budgeting.*

Thanks,

*Tynesha Douglass*

Office of Financial Policy and Audit Resolution