

## Memorandum

### Non-Agenda Topics

April 3, 2024

To: Members of the Board  
From: Monica R. Valentine, Executive Director  
Subject: **Non-Agenda Project Updates** (Topic G)

#### INTRODUCTION

Staff is providing project updates on all active projects currently on the Board's technical agenda that will not be discussed at the April 2024 meeting.

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

- Climate-Related Financial Reporting
- Commitments Research
- Intangible Assets Guidance
- Land Implementation
- Leases
- Omnibus Amendments 2024
- Omnibus Concepts Amendments
- Technical Clarifications of Existing Standards: SFFAS 3 Seized and Forfeited Digital Assets

#### REQUEST FOR FEEDBACK

These topics do not include any questions for the Board or requests for member feedback. These topics will not be on the Board's discussion agenda for April. Members may provide input and submit follow-up questions on any of these projects to the related staff member at any time.

#### ATTACHMENTS

1. Project updates

# Project Updates

## Non-Agenda Topics

April 3, 2024

Attachment 1

### CLIMATE-RELATED FINANCIAL REPORTING

At the June 2022 meeting, the Board agreed that the Task Force for Climate-Related Financial Disclosure (TCFD) recommendations was a good starting point for developing the federal climate-related financial reporting framework (framework). TCFD recommended four pillars of climate-related disclosures governance, strategy, risk management and metrics and targets.

In July 2023, International Financial Reporting Standards (IFRS) incorporated TCFD into its climate standard S2 – *Climate Related Disclosures*. At the August 2023 Board meeting, members agreed to use S2 (TCFD) to begin developing the federal framework.

On February 29, 2024, staff closed the [Survey to Assist FASAB in Developing the Federal Climate-related Financial Reporting Framework](#). The purpose of the survey was to gain information from reporting entity preparers and providers on the level of effort needed to include TCFD information in FY 23 agency financial reports. Survey questions were based on OMB Circular A-136, section II.4.10.3, titled Optional Governance, Strategy, Risk Management, and Metrics Information. Staff anticipates Board briefings beginning in June 2024 with the survey results and recommendations on what to include from TCFD (IFRS S2) in federal framework.

### COMMITMENTS RESEARCH

At the February 2024 meeting, the Board discussed the staff research on the similarities and differences between commitments and contingencies. The Board generally agreed on the general direction of the research, with one member partially agreed. The Board needed further discussion on whether to amend SFFAS 5 to include commitments as part of the annual omnibus amendments or as part of the SFFAS 5 reexamination project.

Staff is currently researching further on differentiating between commitments and contingencies, and on the definition and classification of federal commitments for Board consideration.

### INTANGIBLE ASSETS GUIDANCE

At the February 2022 meeting, staff proposed a non-authoritative definition of intangible assets for the Board's internal use. The Board overwhelmingly supported the proposed definition while providing thoughts and suggested edits that generally related to potential reporting requirement concerns. Staff is currently researching cost and benefit options for an intangible asset guidance framework for the Board to consider at a future meeting.

## LAND IMPLEMENTATION

Staff has begun monitoring entity activities to identify potential preparer or auditor implementation challenges. To date, several major land holding entities have been contacted yielding the following information: (1) no significant implementation challenge(s) directly attributable to SFFAS 59 was brought to staff's attention; (2) data-scrubbing activities continue to show improvements from fiscal year 2022 when the Statement became effective; (3) questions about when the posting logic ( i.e., journal entries) for the fiscal year 2026 de-recognition will be issued by Treasury and (4) concerns over the attestation procedures noted in the GAO audit guidance (GAO-24-106986) released in November 2023.

The procedures in this audit guidance are in addition to those required by AU-C 730 and 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 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.

## LEASES

In January, staff provided technical comments to OMB on draft Circular A-136 requirements related to leases. Staff will continue to provide technical assistance to OMB during the development of the fiscal year 2024 circular, if requested.

The volume of technical inquiries on leases remains considerably lower than expected. As of March 25, 2024, staff has received 1 technical inquiry on leases during the fiscal year. The volume of leases-related inquiries is expected to increase as auditors begin interim testing later in the third and fourth quarters of fiscal year 2024. The Board's post-issuance activities and pronouncements appear to be addressing many of the anticipated implementation topics that may have otherwise resulted in additional technical inquiry volume. During the FASAB spring training season, staff will focus training content on recently issued pronouncements affecting implementation, including SFFAS 62, *Transitional Amendment to SFFAS 54*, and Technical Bulletin 2023-1, *Intragovernmental Leasehold Reimbursable Work Agreements*.

## OMNIBUS AMENDMENTS 2024-1

The Board voted to approve the release of proposed Statement of Federal Financial Accounting Standards (SFFAS) 63: *Omnibus Amendments 2024-1, Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1*. The proposed SFFAS 63 was sent to sponsors for review on January 12, 2024. If no objection is received by April 11, 2024, SFFAS 63 will be issued on April 12, 2024.

## OMNIBUS CONCEPTS AMENDMENTS

At the February 2024 meeting, the Board reviewed the comment letters received on the *Omnibus Concepts Amendments* exposure draft. The Board agreed to make minor changes to

the notes disclosure concepts and no changes to the MD&A concepts. The updates will be presented for a pre-ballot at a future meeting with MD&A.

### **TECHNICAL CLARIFICATIONS OF EXISTING STANDARDS: SFFAS 3 SEIZED AND FORFEITED DIGITAL ASSETS**

On March 4, 2024, staff released an exposure draft on proposed Technical Bulletin, *Seized and Forfeited Digital Assets*, with a 45-day public comment period. Staff plans to present an analysis of public comments for Board deliberation during the June 2024 meeting.