

Memorandum

Non-Agenda Topics

July 30, 2024

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

INTRODUCTION

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

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

- Commitments Research
- Intangible Assets Guidance
- Land Implementation
- Leases
- Management's Discussion and Analysis
- Omnibus Concepts Amendments 2024
- Public-Private Partnerships
- Technical Clarifications of Existing Standards

REQUEST FOR FEEDBACK

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

ATTACHMENTS

1. Project updates

Project Updates

Non-Agenda Topics

July 30, 2024

Attachment 1

COMMITMENTS RESEARCH

At the February 2024 meeting, the Board discussed staff's 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 agreeing. The Board discussed whether to amend SFFAS 5 to include commitments as part of an annual omnibus or as part of the SFFAS 5 reexamination project.

Staff is currently researching further on differentiating between commitments and contingencies and on defining and classifying federal commitments.

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

As previously reported, at the May 9th FASAB Annual Update session on land, preparers noted the following concerning this year's implementation: positive data-cleansing results; subcategory clarifications concerning land usage; system integration concerns; and GAO audit guidance and U.S. Standard General Ledger (USSGL) FY 2026 journal entry concerns. Entities represented included the Departments of Defense (Navy), Energy, Interior, Veteran's Affairs, and General Services Administration.

LEASES

In May, staff provided technical comments to GAO on draft updates to the *Financial Audit Manual (FAM): Volume 3*. Updates to the FAM, which were issued by GAO on July 8, primarily relate to Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*.

The volume of technical inquiries on leases remains low. As of July 8, staff has received three formal technical inquiries on leases during the fiscal year. Staff commonly receives simple and narrow-scope questions handled over phone calls, emails, and live trainings. These informal inquiries are generally readily answerable based on the requirements of SFFAS 54 and Technical Release 20, *Implementation Guidance for Leases*. Common inquiry topics include

paragraphs 14-21 (lease term topic area) and 96-98 (implementation topic area, including the transitional amendments).

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Board voted to approve the release of proposed SFFAS 64: *Management’s Discussion and Analysis, Rescinding and Replacing SFFAS 15*. The proposed SFFAS 64 was sent to sponsors for review on June 28, 2024. If no objection is received by September 26, 2024, SFFAS 64 will be issued on September 27, 2024.

OMNIBUS CONCEPTS AMENDMENTS

The Board voted to approve the release of proposed Statement of Federal Financial Accounting Concepts (SFFAC) 10: *Omnibus Concepts Amendments 2024, Amending SFFAC 2 with Note Disclosures and MD&A Concepts and Rescinding SFFAC 3*. The proposed SFFAC 10 was sent to sponsors for review on June 28, 2024. If no objection is received by September 26, 2024, SFFAC 10 will be issued on September 27, 2024.

PUBLIC-PRIVATE PARTNERSHIPS

On June 18th, staff provided a presentation to the Financial Statement Audit Network (FSAN) entitled, “Properly Applying SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*.” Topics addressed included: illustrations of structural and transaction P3s; classifying P3s as either structural or transactional; likely related guidance to each; aligning P3 disclosure requirements with SFFAS 47; and examples of agency disclosures. The FSAN provides the Inspector General audit community with a forum to identify, discuss, and resolve key issues concerning the preparation and audit of federal financial statements.

TECHNICAL CLARIFICATIONS OF EXISTING STANDARDS

Technical Bulletin 2024-1, *Seized and Forfeited Digital Assets* was issued on June 21, 2024.