

Memorandum
**Annual Report/
Technical Agenda Review**
January 31, 2025

To: Members of the Board
From: Monica R. Valentine, Executive Director
Subject: **FASAB FY 2024 Annual Report & Three-Year Plan/Mid-Fiscal Year 2025
Technical Agenda Review (Topic H)**

OBJECTIVES

FASAB FY 2024 Annual Report & Three-Year Plan

On November 15, 2024, FASAB published its *Annual Report for Fiscal Year 2024 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 2025 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 19, 2025

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 by February 19.

NEXT STEPS

Pending Board member feedback on the technical agenda review and the annual report responses staff will allocate available resources accordingly.

ATTACHMENTS

1. Staff Analysis
 - a. FY 2024 Annual Report review of respondents' comments
 - b. Mid-Fiscal Year 2025 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 24 Annual Report
Comment Review
January 31, 2025
Attachment 1a

INTRODUCTION

The *Annual Report for Fiscal Year 2024 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 2024 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.

Based on staff's review of the responses, stakeholders generally supported the current work of the Board. Staff does not recommend any change at this time in the Board's current technical agenda.

STAFF ANALYSIS AND RECOMMENDATION

FASAB issued the report on November 15, 2024, with comments requested by January 17, 2025. 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

Staff reviewed all comment letters received on FASAB's FY 2024 Annual Report and Three-Year Plan and provided staff notes to those comments. As needed, staff also followed up with respondents for further clarification or additional information. See **Attachment 2**: Summary tables of the respondents' comments.

[Summary of Outreach Efforts](#)

As of January 31, 2025, FASAB has received 10 responses from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		3
Auditors		
Preparers and financial managers	7	

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**.

Analysis

Below is a brief summary and general assessment of the annual report comments.

➤ *Current Projects:*

- Climate-Related Financial Reporting – climate related financial reporting is difficult, nuanced, and complicated; encourage the Board to consider continuing this effort as a research project, rather than a standard setting project (*respondent comments are noted*)
- Intangible Assets – recommend that the Board expand the scope of the software technology project to include providing guidance for the other significant software technology topics, including, artificial intelligence, digital assets, and cybersecurity; recommend that the Board continue to work diligently on developing updates for software technology guidance; this topic is significant to many federal agencies; encourage the Board to consider GASB's recently issued standard on this topic and strive for convergence to the extent appropriate for the federal environment (*respondent comments are noted*)
- Land – we were confused about the planned timing of this project. If the Board intends to address implementation challenges and assess the need for action prior to implementation, then we would expect that the exposure draft and finalization of guidance would be in FY25 rather than FY26; we would encourage the Board to plan for continued monitoring and the possibility of additional implementation guidance after FY 2026 (*this topic will be discussed at the February 2025 meeting*)
- Leases – appreciate the Board's continuing work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance (*respondent comments are noted*)
- Public-Private Partnerships – consider the FASB standards regarding the recording of assets, liabilities, gains, and losses associated with joint ventures; support for the project; consider existing GASB guidance and strive for convergence (*noted that the Board has not yet addressed recognition and measurement of P3s*)
- Reexamination of Existing Standards – support for the project; we strongly encourage consideration of a project to evaluate the structure of existing standards. Specifically, we encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB; commends the Board on identifying the *Federal GAAP Hierarchy* topic as one of the top areas for reexamination; request a reexamination of the current standards in SFFAS 3 and/or Technical Release 4 –, as it relates to the disclosure of non-valued (prohibited) seized and forfeited property be moved from basic information (financial note) to the RSI (*respondent comments are noted*)

- Reporting Model – appreciate the Board’s plans to monitor implementation and provide additional implementation guidance as needed on the new standard related to MD&A (*respondent comments are noted*)
 - Technical Clarifications – appreciate the collaborative approach and ongoing efforts to resolve matters specific to DoD; several topics suggested for consideration (*a detailed staff response is noted in Attachment 2*)
 - Other Comments – consider technical guidance on going concern, such as situations in which policy decisions have been made or are threatened that could affect either the services a federal agency provides or its ability to continue to exist (*respondent comments are noted*)
- *Outreach and Training*: recommend offering NASBA-certified trainings; recommend more frequent/on-demand trainings; appreciate the Board’s educational and outreach efforts

Staff 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 2025
Technical Agenda Review
February x, 2025
Attachment 1b

INTRODUCTION

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.

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 2025 at the August 2024 FASAB meeting. The Board also agreed to conduct a mid-year review of the technical agenda at the February 2025 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

Analysis

The Board has several active projects on its technical agenda and two research topics currently underway. 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.

At the **August 2024** technical agenda session, the Board agreed to the following plan.

- ❖ Continue with the current technical agenda projects
 - Intangible Assets
 - Intangible Assets guidance
 - Software Technology
 - Land Post-issuance
 - Leases Post-issuance
 - MD&A Post-issuance
 - Public-Private Partnerships (P3)
 - Phase I – SFFAS 49 Post-issuance Review
 - Phase II – Recognition and Measurement
 - Reexamination of Existing Standards
 - Commitments
 - GAAP Hierarchy
 - Direct Loan and Loan Guarantee Disclosures
 - Technical Clarifications of Existing Standards
 - ASIC – Leases Implementation Guidance Updates
 - ASIC – P3 Implementation Guidance
- ❖ Add two research topics
 - Climate Related Financial Reporting
 - Revenue Reexamination
- ❖ 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 several 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 Standards Implementation Committee (ASIC) 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 active projects, including related sub-topics, on the Board's technical agenda and the current phase of each project. The ASIC 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)].

- Intangible Assets
 - Software Technology (DE)
 - Intangible Asset Guidance (DE)
- Land Post-issuance (RE)
- Leases Post-issuance (RE)
- Public-Private Partnerships
 - Phase I – SFFAS 49 Post-issuance Review (RE)
 - Phase II – Recognition and Measurement (RE)
- Reporting Model
 - Management's Discussion & Analysis Post-issuance (RE)
- Reexamination of Existing Standards:
 - Commitments (RE)
 - Direct Loan and Loan Guarantee Disclosures (RE)
 - GAAP Hierarchy (RE)
- Technical Clarifications of Existing Standards (*not currently active*)
- ASIC
 - Leases Post-issuance Implementation (RE)
 - Public-Private Partnerships Post-issuance Implementation (DE)

Staff Recommendation

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 ASIC as needed?

Table A: Topic – Climate-Related Financial Reporting

Climate-Related Financial Reporting			
Ref #	Respondent Organization	Summary Response	Staff Notes:
9	NASA - OCFO	NASA agrees that climate related financial reporting is difficult, nuanced, and complicated. On the project side, there is nuance to what could/should be considered a climate related project (example beach replenishment) versus projects that may address climate adaptation/resilience as a baked in element of a project's design, but the purpose of the project is mission need (examples, utility tunnel repair, electrical upgrade; projects are executed to ensure the mission can occur, but we look to improve the resilience of assets when we repair, replace or build).	Noted
10	AGA - FMSB	<p>We affirm this is an important emerging topic that the Board should be monitoring. We also affirm the Board's concerns regarding the nature of this topic as primarily non-financial with an emerging scope, data and methodologies.</p> <p>For this reason, we encourage the Board to consider continuing this effort as a research project, rather than a standard setting project. This would allow the Board to prioritize resources on other valuable standard setting projects while concepts and frameworks for this topic evolve and mature based on the work of other standard setters, such as the International Sustainability Standards Board.</p>	Noted

Climate-Related Financial Reporting

Ref #	Respondent Organization	Summary Response	Staff Notes:
		In any case, if new estimates or disclosures will be required in the future, it will be important for the standards to identify reliable data and methodologies for developing this information. We see this as a necessary focus for standard setting in order for any requirements to be reasonable for federal agencies to implement and result in comparable, auditable and useful information for financial statement users.	

Table B: Topic – Intangible Assets – Software Technology

Intangible Assets –			
Ref #	Respondent Organization	Summary Response	Staff Notes:
1	GWSCPA - FISC	The FISC recommends that the Board expands the scope of the software technology project to include providing guidance for the other significant software technology topics discussed in the Three-Year Plan, including, artificial intelligence, digital assets, and cybersecurity. Given the increased use of these technologies throughout the Federal community, guidance on how to account for and report these technologies will be of great importance to Federal agencies.	Noted.
6	DOD - OCFO	<p>The suggested definition for an intangible asset incorporates the condition that it must "have a useful life exceeding two years." It's important to highlight that the current guidelines classify similar Property, Plant, and Equipment (PP&E) assets as those with a useful life of two years or more. Adopting this proposed definition on page 19 would exclude assets that are currently categorized as analogous with a useful life of exactly two years. The potential consequences of this alteration should be carefully evaluated. If this is merely a wording mistake, the working definition should be corrected to prevent any misunderstanding.</p> <p>The Department recommends that the Board continue to work diligently on developing updates for software technology guidance. The DoD faces software reporting challenges that likely exist across other Federal agencies as well. The DoD remains committed to supporting and collaborating on this project.</p>	<p>The current intangible asset guidance framework now mirrors the useful life of PP&E in SFFAS 6 – a useful life of two years or more.</p> <p>Noted.</p>
10	AGA - FMSB	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	Noted.

Intangible Assets –

Ref #	Respondent Organization	Summary Response	Staff Notes:
		cloud service arrangements, 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. For example, a positive aspect of the GASB's standard was a strong alignment of recognition guidance between leases and subscription-based information technology arrangements.	

Table C: Topic – Land

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
10	AGA - FMSB	<p>We agree that assessment of implementation issues and transition guidance is needed.</p> <p>However, we were confused about the planned timing of this project. If the Board intends to address implementation challenges and assess the need for action prior to implementation, then we would expect that the exposure draft and finalization of guidance would be in FY25 rather than FY26. This would match the graphic on page 3 of SFFAS 59 which states “FY 2025 the Board plans to complete its assessment of remaining implementation issues before the RSI requirements transition to the notes.” In other words, if guidance or action is needed before implementation, then agencies will need to know in FY25 before the standard becomes effective in FY26.</p> <p>Regarding action needed, we have been in support of this solution for reporting land and acknowledge that the location of this information in either RSI or Note Disclosures continues to be a valid question. In particular, with regard to concept statement criteria, we note that information is primarily non-financial in nature and there may be cost-benefit considerations.</p> <p>Finally, we noted that the table indicates the project would be concluded at the end of FY 2026. However, we would encourage the Board to plan for continued monitoring and the possibility of additional implementation guidance after that point.</p>	<p>Noted. The Board acknowledges that satisfactory implementation of any standard is an on-going requirement and has processes in place to assist in that regard. Please note that (1) staff has been monitoring, addressing and reporting any and all questions arising from the field concerning the SFFAS 59 requirements and (2) GAO has been actively engaged with the audit community regarding the same. GAO will provide a briefing at the February meeting concerning what auditors have</p>

Topic H– FY 24 Annual Report Review
Attachment 2 – Summary of Respondents' Comments

Land

Ref #

Respondent
Organization

Summary Response

Staff Notes:

reported to entity management and GAO's audit observations regarding the fiscal year 2024 audits in relation to SFFAS 59. In turn, FASAB plans to consider actions necessary to address any identified challenges in preparation for the transition of RSI requirements to note disclosure requirements in fiscal year 2026. Board decisions will be communicated as appropriate.

TABLE D: Topic – Leases

Leases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
10	AGA - FMSB	We appreciate the Board's continuing work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance.	Noted

TABLE E: Topic – Public-Private Partnerships

Public-Private Partnerships			
Ref #	Respondent Organization	Summary Response	Staff Notes:
6	DOD - OCFO	<p>The Department suggests the following for the P3s project:</p> <p>The Board should consider the Financial Accounting Standards Board (FASB) standards regarding the recording of assets, liabilities, gains, and losses associated with joint ventures. While it is appropriate to disclose relationships and discuss risks in MD&A or other descriptive disclosures, the financial recognition of P3s in the basic financial statements should be based strictly on current legal agreements and commitments, avoiding any speculation about the intentions of Congress or potential future government actions that are not mandated. Investment balances should be recognized based on existing legal requirements, with considerations for impairment where applicable. The recognition of assets, where the return to the Government is highly unlikely due to the structural design of the legal venture and historical operational experience, is not appropriate. Similarly, recognizing liabilities or obligations based on anticipated future bailouts, which are not required by the venture agreements, is also unsupportable. FASB principles take these factors into account, and FASAB should consider aligning with these standards.</p> <p>We recognize that these requests deviate from the standard fundamental accounting practices for supply and assets. However, the cost and time required to fully account for these moderate to short-lived assets are undermining the credibility of the Government's financial functions. The benefit of achieving greater precision in the timing of cost</p>	<p>Noted. Please be reminded that the Board has not yet begun deliberating Phase 2 dealing with measurement and recognition. Please further note that staff has provided written technical inquiry responses to DoD consistent with FASB guidance regarding joint ventures and agrees that in principle, such guidance can be used as a baseline to measure and recognize certain P3 arrangements in a fairly transparent manner.</p> <p>Staff and a P3 Working Group have initially identified the following five broad balance sheet measurement and recognition alternatives that could be adopted for P3 accounting. Staff looks</p>

Public-Private Partnerships

Ref #	Respondent Organization	Summary Response	Staff Notes:
		recognition for assets that are consumed over a short to moderate period, particularly on the battlefield or in other operations, does not justify the associated costs.	<p>forward to any input or advice respondents may have in regards to these potential approaches:</p> <ol style="list-style-type: none"> Capital asset classification has three approaches: a. Treat as a fee-simple acquisition, b. Treat as PP&E acquired through an Exchange, c. Treat as a leased asset acquisition. Investment asset classification has three approaches: a. Cost approach – initial plus future investments, b. Fair value approach – percentage of the partnership net assets, c. Equity approach – adjust investment yearly for P&L, dividends, etc. Reporting entity classification has one

Public-Private Partnerships

Ref #	Respondent Organization	Summary Response	Staff Notes:
			<p>approach: consolidation. Please refer to the current draft Technical Release Exposure Draft document for related comments.</p> <p>4. Subsidy classification has one approach: net present value of cash flows.</p> <p>5. Intangible asset classification: leased asset approach.</p>
10	AGA - FMSB	We are supportive of this project and affirm the importance of research and engagement with agencies both in finalizing any new standards and in developing implementation guidance. We would also 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 looks forward to any insights or comments respondents may have in this regard in light of the fact that the federal portfolio of assets is quite diverse and broad when generally compared to states and local governments, etc.

Public-Private Partnerships

Ref #	Respondent Organization	Summary Response	Staff Notes:
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			Nevertheless, staff agrees that convergence to the extent appropriate, can be both economical and efficient for the community-at-large. convergence to the extent appropriate for the federal environment. Please refer to staff comments above the DoD response.
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TABLE F: Topic – Reexamination of Existing Standards

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
1	GWSCPA - FISC	The FISC commends the Board on identifying this topic [<i>Federal GAAP Hierarchy</i>] as one of the top areas for reexamination. Given the importance of this project to members of the Federal financial reporting community, the FISC recommends that the Board consider accelerating the activities and timeline for this project to address the potential inconsistency that might exist in application by preparers of Federal agencies’ financial statements.	The Federal GAAP Hierarchy is one of the top priorities identified for reexamination and is on the current technical agenda. A project plan, including a projected timeline will be discussed at the April 2025 meeting.
7	DHS - OCFO	<p>DHS has completed its review of FASAB’s 2024 Annual Report and Three-Year Plan and would like to request a reexamination of the current standards in Statements of Federal <i>Financial</i> Accounting Standards (SFFAS) No. 3 – <i>Accounting for Inventory and Related Property</i> and/or Technical Release No. 4 – <i>Reporting on Non-Valued Seized and Forfeited Property</i>. DHS is requesting that the disclosure of non-valued (prohibited) seized and forfeited property be moved from basic information (financial note) to the Required Supplementary Information (RSI).</p> <p>DHS brings this to FASAB’s attention as the publication of TR 4 produced an unforeseen consequence during DHS’s FY2024 financial audit. In short,</p>	Staff notes that an ITC respondent (GWSCPA-FISC) also recommended that the Board consider whether the non-financial information related to seized and forfeited property, would be

Reexamination of Existing Standards

Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>during the FY2024 audit, DHS came very close to receiving a modified audit opinion, and also faced potentially having to “restate” the prior year data (with no dollar amount impact), solely due to this non-valued property note which has absolutely no impact on our financial statements. If DHS had been unable to overcome some significant audit challenges and sustain a clean audit opinion on our FY2024 financial statements, the alternate outcome probably would have been an unprecedented, and arguably unanticipated, audit outcome for any agency (i.e., non-financial disclosure item with no dollar impact on the principle financial statements and other valued notes single-handedly causing a financial statement audit qualification...) DHS believes that FASAB could not have imagined this scenario when TR No. 4 was published.</p> <p>Our rationale for the recommendation includes the following major considerations:</p> <ol style="list-style-type: none"> 1) usefulness of this disclosure information to the average readers of the financial statements (FS) is low; 2) adverse impact and complexity of having to accommodate financial reporting needs/requirements (in order to satisfy financial statement audit rigor) over the law enforcement operational needs/priorities that require expedited transfers of seized items to the custodial agencies (e.g., without any additional delays incurred to satisfy the accuracy required for audit (in weight/count); 3) questionability of whether the cost of auditing this disclosure (by Independent Public Auditors, which has been growing in recent years) 	<p>more appropriately reported as RSI.</p> <p>Staff will obtain additional information from DHS regarding their issue and perform preliminary research on the topic. If appropriate, this issue would be included with the reexamination issues to be prioritized by the Board.</p>

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>justifies the benefit of having the audited information – i.e., what meaningful difference are there to the readers of FS whether the information is audited (presented as notes) or unaudited (presented as RSI)?</p> <p>The close call DHS had with potentially losing our clean audit opinion for FY2024 is driving our request for reexamination by FASAB. DHS believes that relocating the seized and forfeited property footnote to RSI would enhance the overall usability of the financial statements without compromising their integrity or completeness. We respectfully request that FASAB consider our request to modify SFFAS 3 and/or TR 4.</p>	
10	AGA - FMSB	<p>We are supportive of this project and affirm the Board's approach to use the input to identify a series of standard setting projects over time. We understand that further steps on this project for the next three years are to-be-determined. We believe there could be more projects of interest – potentially more than would be feasible for the Board to pursue in the near-term. Therefore, the end point for the re-examination project may be in a list of future standards or research projects that must be prioritized and compared to resources in order to determine the Board's three-year plan. This could potentially result in a new category of identified future projects that are not currently a part of the three-year plan.</p> <p>As the Board considers further projects, we strongly encourage consideration of a project to evaluate the structure of existing standards. Specifically, we encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB. The handbook is currently organized by</p>	<p>The Board determined a priority approach to address the reexamination issues would be most beneficial to stakeholders and be most responsive to critical issues. Each year the Board will continue to reassess and determine priorities.</p>

Reexamination of Existing Standards

Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>the history of standard setting, rather than logically organized by topic. And 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. The current handbook is over 2,900 pages long, and we would expect that projects resulting from the re-examination will further add to its length and complexity. We notice that the GASB has started a project evaluating the structure of its standards, so this may be an opportunity for the Board to monitor lessons learned and outcomes from this project. As we described in our original comment letter on the re-examination project, we believe this is an opportunity for standards to be significantly more accessible and usable to a new generation of learners.</p>	<p>The Board believes evaluating the structure and format of the standards is an important area for continued staff research. Limited resources do not currently provide for an active project. In the meantime, staff continues to explore opportunities to improve the FASAB Handbook. As time permits, staff will research other standard setter formats, such as IPSASB, that would enable FASAB to transition to an improved format</p>

TABLE G: Topic – Reporting Model

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
10	AGA - FMSB	MD&A: We appreciate the Board's plans to monitor implementation and provide additional implementation guidance as needed on the new standard related to Management's Discussion and Analysis.	Noted

TABLE H: Topic – Technical Clarifications of Existing Standards

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
6	DOD - OCFO	<p>DoD has been diligently working towards achieving auditability. The Board has provided valuable guidance, especially in easing the research required to establish historical asset values when detailed records are unavailable. However, constructing values to meet cost-based standards moving forward continues to be highly challenging, particularly for assets such as supply, ordnance, and smaller equipment. To expedite the achievement of auditability without significantly diminishing the value of DoD operations reporting, it would be beneficial if the Board could further liberalize the definitions of 'assets in the hands of the end-users' and permit additional estimation processes beyond strict cost tracking.</p> <p>The Department suggests the following topics for the Liaison with DoD project:</p> <ol style="list-style-type: none"> 1. Consider including guidance on how to establish a beginning balance for no-year funds when detailed supporting transactions do not exist (as only summary totals are available), and financial data in legacy systems that are not United States Standard General Ledger compliant should be considered. We continue to encounter these issues year after year and want to ensure that our approach consistently meets the established standards. 2. Allow for the purchase method of accounting for OM&S without the requirement for the cost-benefit analysis when it is implemented. The 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 Independent 	<p>1. DoD previously submitted a technical inquiry regarding establishing an auditable opening balance for FBwT. FASAB conveyed the request was outside the scope of FASAB's work and suggested that DoD seek assistance from the sponsor agencies.</p> <p>2. Purchases versus consumption method is one</p>

Technical Clarifications of Existing Standards

Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>Public Accountants 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 consider removing the cost-benefit analysis requirement which will provide DoD components the flexibility to apply the OM&S accounting method most appropriate for their type of operations and usage of OM&S.</p> <p>3. Consider including Revenue Forgone and the SF-133 to Statement of Budgetary Resources reconciliation process as a focus area under SFFAS 7 or other relevant standard(s). Revenue Forgone should be incorporated as it is one of the reporting requirements in the Agency Financial Report (AFR). Incorporating Revenue Forgone would provide a comprehensive view of the government's financial situation, aiding stakeholders in better understanding the impact of policy decisions and the actual cost of programs. As more agencies are now required to analyze their Revenue Forgone and report it in the AFRs, including guidance in the standards would enhance consistency and transparency.</p> <p>4. Consider adding cryptocurrencies as a research topic. Research efforts could focus on evaluating the need for new guidelines, appropriate valuation methods for cryptocurrencies, reporting standards, risk management, and potential use cases.</p>	<p>of the next issues in the reexamination project queue and will be addressed.</p> <p>3.The Revenue Forgone request is noted and will be considered along with other issues in the Revenue Research topic.</p> <p>4. Noted. Staff continues to monitor digital asset use in the federal government and will notify the Board of any potential accounting guidance implications.</p>

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

TABLE I: Topic – Other Comments

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
1	GWSCPA - FISC	The FISC recommends that the Board considers incorporating into an existing or potential project the task of providing Federal agencies with technical guidance on going concern, such as situations in which policy decisions have been made or are threatened that could affect either the services a Federal agency provides or its ability to continue to exist. Recent statements by members of the incoming Administration point to increased risk that such circumstances could exist in the near future. Such guidance would provide Federal agencies with examples of indicators that may raise substantial doubt about a Federal agency's ability to continue as a going concern for a reasonable period of time and related reporting requirements.	Although staff acknowledges this matter as an interesting conceptual issue, its implications and ramifications extend beyond financial

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Attachment 2 – Summary of Respondents' Comments

Other Comments

Ref #	Respondent Organization	Summary Response	Staff Notes:
			matters. That is, economic and monetary policy issues have a direct bearing on an entity's going-concern and in most cases, solvency matters tend to be more program-driven rather than entity-specific. Furthermore, sovereign governments such as ours with the ability to issue their own currency or certain federal entities that have been given the ability to issue debt instruments can

Topic H– FY 24 Annual Report Review
Attachment 2 – Summary of Respondents' Comments

Other Comments

Ref #	Respondent Organization	Summary Response	Staff Notes:
			<p>in theory in most cases, avoid going-concern issues.</p> <p>Staff looks forward to any analyses or white papers respondents may have as well as any practical audit procedures employed when evaluating either entity-specific or program-specific going concern issues.</p> <p>Also refer to SFFAS 36: Comprehensive Long-Term Projections for</p>

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
			the U.S. Government
2	Christopher Hanks	<p>The "financial statements" addressed within the Mission paragraph are not defined anywhere within the Mission paragraph itself. That failure to define what precisely is meant by the term "financial statements" will confuse those among your readers who understand what financial statements are and the purposes they serve <u>in the context of business and non-profit entities in the private-sector</u>; they will be puzzled (justifiably) by what purposes such statements serve in the government context.</p> <p>The assertion that <i>"financial statements prepared in conformity with GAAP are essential for public accountability and for an effective and efficient functioning of our democratic system of government."</i> is tautologically true.</p>	<p>Staff notes that FASAB Concepts Statement 2, <i>Entity and Display</i> clearly describe the basis (i.e., financial statement types) for general purpose reporting purposes.</p> <p>General purpose financial reporting has limitations and in many cases users need to consult other information</p>

Topic H– FY 24 Annual Report Review
Attachment 2 – Summary of Respondents' Comments

Other Comments

Ref #	Respondent Organization	Summary Response	Staff Notes:
			sources to satisfy their needs. Moreover, FASAB has noted that it may be necessary at times to combine nonfinancial information with reported financial information to satisfy users. In part, federal financial reporting is designed to assist the public in assessing the impact that government operations have on the nation's financial

Topic H– FY 24 Annual Report Review
Attachment 2 – Summary of Respondents' Comments

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
			<p>condition.</p> <p>Lastly, to the extent financial statements or the reporting model they are predicated on are bounded, it stands to reason that any resultant analyses, especially those which are forward-looking must be meticulously corroborated before reaching any conclusion. For related comments please refer to SFFAS Concepts 1, Objectives of Federal</p>

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
			<i>Financial Reporting.</i>
3	HUD - OCFO	FASAB should consider developing a public version of the complicated FS and notes to improve readability and understanding by the general public.	Staff believes the respondent is referring to the CFR and not FASAB's annual report. Staff has reached out to the respondent for clarification.
6	DOD - OCFO	<p>The DoD recommends removing collaboration with the Defense Audit Remediation Working Group (DARWG) as we are in the process of disbanding it. Additionally, the DARWG has not been active for several years.</p> <p>The FASAB training programs are currently not certified by the National Association of State Boards of Accountancy (NASBA). The Department recommends that FASAB begin offering NASBA-certified training sessions to allow participants to earn recognized Continuing Professional Education (CPE) credits.</p> <p>Additionally, the Department recommends that FASAB provide more frequent or on-demand training sessions and record the sessions held so participants can access them online and earn CPE credits.</p>	Noted.

Other Comments

Ref #	Respondent Organization	Summary Response	Staff Notes:
10	AGA - FMSB	<p>We affirm these topics as good selections for standard setting projects, especially the direct loans and loan guarantees. We also affirm the Board's plans to additionally pursue the topic of revenue by first performing research to clarify the scope of standard setting projects in this area. We look forward to seeing project details and participating in due process for these in the future.</p> <p>We continue to appreciate the Board's educational and outreach efforts. FASAB training can be helpful, especially when made available in virtual formats and aligned with priorities and implementation schedules. While FASAB is limited to providing CPE-eligible training courses to federal employees, providing educational content on YouTube may make this information more accessible to a wider audience and can serve as a later reference for attendees of live training events. To that end, we would encourage the Board to consider making more of its training content available as recordings on its YouTube channel.</p>	Noted

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January 7, 2025

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

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.

FASAB’s Three-Year Plan is an ambitious agenda and is designed to continue to meet the needs of users of Federal financial information. The plan includes projects that are considered priorities of the Board that are intended to address emerging issues and improve the usefulness and transparency of the Federal financial information to the users. A number of projects identified by the Board are intended to address issues and areas of growing interest of users, including climate-related financial reporting, accounting and reporting of intangible assets, and reexamination of existing standards. We also provide the following suggestions:

- **Federal GAAP Hierarchy:** The FISC commends the Board on identifying this topic as one of the top areas for reexamination. Given the importance of this project to members of the Federal financial reporting community, the FISC recommends that the Board consider accelerating the activities and timeline for this project to address the potential inconsistency that might exist in application by preparers of Federal agencies’ financial statements.
- **Intangible Assets:** The FISC recommends that the Board expands the scope of the software technology project to include providing guidance for the other significant software technology topics discussed in the Three-Year Plan, including, artificial intelligence, digital assets, and cybersecurity. Given the increased use of these technologies throughout the Federal community, guidance on how to account for and report these technologies will be of great importance to Federal agencies.
- **Going Concern:** The FISC recommends that the Board considers incorporating into an existing or potential project the task of providing Federal agencies with technical guidance on going concern, such as situations in which policy decisions have been made or are threatened that could affect either the services a Federal agency provides or its ability to continue to exist. Recent statements by members of the incoming Administration point to increased risk that such circumstances could exist in the near future. Such guidance would provide Federal agencies with examples of indicators that may raise substantial doubt about a Federal agency’s ability to continue as a going concern for a reasonable period of time and related reporting requirements.

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

From: Christopher Hanks

Sent: Wednesday, January 8, 2025 4:20 PM **To:**

FASAB <FASAB@FASAB.gov>

Subject: Comment on 2024 Annual Report

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.

This letter is to offer comments on the FASAB's "Mission Statement (the "MISSION" paragraph in particular) as it currently appears at the beginning of the 2024 Annual Report:

The Mission Supports Public Accountability Financial reports, which include financial statements prepared in conformity with GAAP, 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.

My main comment concerns the assertion in the MISSION paragraph that financial statements prepared in conformity

with GAAP are *"essential for public accountability and for an efficient and effective functioning of our democratic system of government."* Before offering my main comment, however, a preliminary comment is necessary:

The "financial statements" addressed within the Mission paragraph are not defined anywhere within the Mission paragraph itself. That failure to define what precisely is meant by the term "financial statements" will confuse those among your readers who understand what financial statements are and the purposes they serve in the context of business and non-profit entities in the private-sector; they will be puzzled (justifiably) by what purposes such statements serve in the government context. The readers I'm referring to understand that the federal government and its agencies, by both their nature and definition, are "public-sector" entities - *not* private-sector entities - and thus require wholly different forms of "performance-evaluation" mechanisms, different from the performance-evaluation function that financial statements provide for private-sector entities. For that reason, I suggest that the Mission paragraph be revised to *clearly* explain that the financial statements in question first became required following the passage the CFO Act of 1990, thereby creating the need for the creation of a wholly new set of "Generally Accepted Accounting Principles" for the federal government, in recognition of the fact that GAAP sensibly applies to private-sector entities, not public-sector entities. Rewriting the

MISSION paragraph to make that clear and placing it before of the ORGANIZATION paragraph (rather than after, where it currently sits) would accomplish that goal.

And now my main comment - on the assertion that *"financial statements prepared in conformity with GAAP are essential for public accountability and for an effective and efficient functioning of our democratic system of government."*

That assertion is tautologically true and thus a "fact" when stated as follows: "financial statements (balance sheets, income statements, and statements of cash flow) prepared in conformity with traditional (i.e., private-sector) GAAP are essential for public accountability and for effective and efficient functioning of our market-system economy.

With the replacement of the phrase "our market-system economy" with "our democratic system of government," however, the assertion relies on the truth of the market-system version of the statement to fool readers into thinking that your government-system version of the statement must also be a true - when it arguably isn't: For example, the financial statements being produced by the Department of Defense are not "essential" to the Department's "accountability" to the public. It is only because the GAO (and the media in lockstep) has spent the last 30 years, year in and year out, claiming the Department is at "high risk" for waste,

fraud and abuse for lack of auditor-blessed financial statements that the public now considers the DoD to be perniciously "unaccountable." The GAO's claim would be true if the DoD were a publicly traded business in the private sector, but it isn't. The DoD's "failure" to produce auditor-blessed, private-sector-style financial statements has nothing to do with how adequately (or not) the DoD is delivering on its national-security mission. Nor are federal financial-statements "essential for an effective and efficient functioning of our democratic system of government." Recent history has shown that proper functioning of our democratic system of government depends on many intangible things far more meaningful and important than auditor opinions on balance sheets and income statements. Indeed, it has become increasingly more likely that the Congress will begin "punishing" the DoD by reducing or rescinding funding based not on what the DoD says it needs or how well it's performing its national- security missions but rather on its perceived financial-management sins.

The problem, which the FASAB has never squarely faced, is that the federal agencies run on budgets (and thus budget-formulation, approval, execution, and review processes) that require sound and reliable budgetary accounting and reporting, not private-sector-style financial accounting and reporting. Yes, it is true that the long-term liabilities - driven mainly by growth in non-discretionary spending - are a problem

for the country, but the FASAB has famously side-stepped *that* problem (based on the argument that because the Congress can always do something, it's not for accountants and auditors to be the arbiters) and focussed its attention instead on trying to shoehorn traditional GAAP into something that makes sense for government operations (which will never happen because the government is not, and never will be, a business).

The fundamental category error made by the Congress when it passed the CFO Act (and subsequent legislation) calling for the production of private-sector-style financial statements by federal agencies has been compounded by the FASAB's decision to devote the lion's share of its attention and energies over the last 30 years on a hopeless quest to adapt private-sector-style financial-accounting and reporting procedures to the government, when what has been needed all along are improved budgetary accounting and reporting procedures and systems to make it clearer to both the Congress and the public about how well (or not) the government is doing its job.

-Christopher Hanks

From: Guilford, William E
Sent: Monday, January 13, 2025 8:35 AM
To: FASAB <FASAB@FASAB.gov>
Cc: Kain, Heather L
Subject: HUD Response - Review of FASAB Annual Report and Three-Year Plan

Good morning,

Thank you for the opportunity to review the Annual Report for Fiscal Year 2024 and Three-Year Plan. The Department of Housing and Urban Development has reviewed the report and has one comment for consideration for future efforts by FASAB:

- FASAB should consider developing a public version of the complicated FS and notes to improve readability and understanding by the general public.

Thanks again for the opportunity to review the FASAB Annual Report for Fiscal Year 2024 and Three-Year Plan.

Have a great day!

Bill

***William Guilford
Director, Financial Policies and Procedures Division
Office of the CFO, Financial Management
US Dept. of Housing & Urban Development
Headquarters, Washington DC***

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

From: Hellie, Christian

Sent: Monday, January 13, 2025 2:44 PM

To: FASAB

Cc: Hellie, Christian Clodfelter, Keith Wohlfort, Mark Broglie, Jeffrey Hull, Stephen Webster, Paul D. Long, Christopher Fye, Steven G. Nesmith, Maceo Truhe, Janet ; DCBFM OFPO Controls

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

We appreciate the opportunity to review the Federal Accounting Standards Advisory Board's *Annual Report for Fiscal Year 2024 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

From: OFP Accounting Policy

Sent: Wednesday, January 15, 2025 10:24 AM

To: FASAB

Cc: Koontz, Jennifer; Magdon, Leyna C.; Del Bianco, Rebecca; Baldwin Wilson, Lisa M. ; Iyassu, Sossina A. ; OFP Accounting Policy

Subject: FASAB Annual Report and Three-Year Plan

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Good Morning,

VA does not have any comments to provide to FASAB's Annual Report and Three-Year Plan.

Thank you,
Sossina Iyassu
Department of Veterans Affairs (VA)
Office of Financial Policy, Accounting Policy Service (APS)
810 Vermont Avenue Northwest, Washington D.C., 20420

Department of Defense Comments on the Federal Accounting Standards Advisory Board
Annual Report Fiscal Year Ended September 30, 2024 and Three-Year Plan Fiscal Years 2025-2027
Attachment

Department of Defense (DoD or "the Department")

#	Technical Projects	Comments
1	Public-Private Partnership (P3s)	<p>The Department suggests the following for the P3s project:</p> <p>The Board should consider the Financial Accounting Standards Board (FASB) standards regarding the recording of assets, liabilities, gains, and losses associated with joint ventures. While it is appropriate to disclose relationships and discuss risks in MD&A or other descriptive disclosures, the financial recognition of P3s in the basic financial statements should be based strictly on current legal agreements and commitments, avoiding any speculation about the intentions of Congress or potential future government actions that are not mandated. Investment balances should be recognized based on existing legal requirements, with considerations for impairment where applicable. The recognition of assets, where the return to the Government is highly unlikely due to the structural design of the legal venture and historical operational experience, is not appropriate. Similarly, recognizing liabilities or obligations based on anticipated future bailouts, which are not required by the venture agreements, is also unsupportable. FASB principles take these factors into account, and FASAB should consider aligning with these standards.</p> <p>We recognize that these requests deviate from the standard fundamental accounting practices for supply and assets. However, the cost and time required to fully account for these moderate to short-lived assets are undermining the credibility of the Government's financial functions. The benefit of achieving greater precision in the timing of cost recognition for assets that are consumed over a short to moderate period, particularly on the battlefield or in other operations, does not justify the associated costs.</p>
2	Intangible Assets	<p>1. The suggested definition for an intangible asset incorporates the condition that it must "have a useful life exceeding two years." It's important to highlight that the current guidelines classify similar Property, Plant, and Equipment (PP&E) assets as those with a useful life of two years or more. Adopting this proposed definition on page 19 would exclude assets that are currently categorized as analogous with a useful life of exactly two years. The potential consequences of this alteration should be carefully evaluated. If this is merely a wording mistake, the working definition should be corrected to prevent any misunderstanding.</p> <p>2. The Department recommends that the Board continue to work diligently on developing updates for software technology guidance. The DoD faces software reporting challenges that likely exist across other Federal agencies as well. The DoD remains committed to supporting and collaborating on this project.</p>
3	Technical Clarifications and Omnibus Amendments	<p>DoD has been diligently working towards achieving auditability. The Board has provided valuable guidance, especially in easing the research required to establish historical asset values when detailed records are unavailable. However, constructing values to meet cost-based standards moving forward continues to be highly challenging, particularly for assets such as supply, ordnance, and smaller equipment. To expedite the achievement of auditability without significantly diminishing the value of DoD operations reporting, it would be beneficial if the Board could further liberalize the definitions of 'assets in the hands of the end-users' and permit additional estimation processes beyond strict cost tracking.</p>

4	Liaison with DoD	The Department suggests the following topics for the Liaison with DoD project:
		1. Consider including guidance on how to establish a beginning balance for no-year funds when detailed supporting transactions do not exist (as only summary totals are available), and financial data in legacy systems that are not United States Standard General Ledger compliant should be considered. We continue to encounter these issues year after year and want to ensure that our approach consistently meets the established standards.
		2. Allow for the purchase method of accounting for OM&S without the requirement for the cost-benefit analysis when it is implemented. The 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 Independent Public Accountants 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 consider removing the cost-benefit analysis requirement which will provide DoD components the flexibility to apply the OM&S accounting method most appropriate for their type of operations and usage of OM&S.
		3. Consider including Revenue Forgone and the SF-133 to Statement of Budgetary Resources reconciliation process as a focus area under SFFAS 7 or other relevant standard(s). Revenue Forgone should be incorporated as it is one of the reporting requirements in the Agency Financial Report (AFR). Incorporating Revenue Forgone would provide a comprehensive view of the government's financial situation, aiding stakeholders in better understanding the impact of policy decisions and the actual cost of programs. As more agencies are now required to analyze their Revenue Forgone and report it in the AFRs, including guidance in the standards would enhance consistency and transparency.
		4. Consider adding cryptocurrencies as a research topic. Research efforts could focus on evaluating the need for new guidelines, appropriate valuation methods for cryptocurrencies, reporting standards, risk management, and potential use cases.

#	Annual Report	Comments
1	Outreach Activities	The DoD recommends removing collaboration with the Defense Audit Remediation Working Group (DARWG) as we are in the process of disbanding it. Additionally, the DARWG has not been active for several years.
2	Ongoing Educational & Outreach Activities	<p>The FASAB training programs are currently not certified by the National Association of State Boards of Accountancy (NASBA). The Department recommends that FASAB begin offering NASBA-certified training sessions to allow participants to earn recognized Continuing Professional Education (CPE) credits.</p> <p>Additionally, the Department recommends that FASAB provide more frequent or on-demand training sessions and record the sessions held so participants can access them online and earn CPE credits.</p>

Subject: DHS comment on FASAB Annual Report and Three-Year Plan

From: Vetter, Barbara

Sent: Friday, January 17, 2025 1:02 PM

To: FASAB

Cc: MCCONNELL, LEAH; Beard, Robert; Eun, James

Subject: DHS comment on FASAB Annual Report and Three-Year Plan

DHS has completed its review of FASAB's 2024 Annual Report and Three-Year Plan and would like to request a reexamination of the current standards in Statements of Federal *Financial* Accounting Standards (SFFAS) No. 3 – *Accounting for Inventory and Related Property* and/or Technical Release No. 4 – *Reporting on Non-Valued Seized and Forfeited Property*. DHS is requesting that the disclosure of non-valued (prohibited) seized and forfeited property be moved from basic information (financial note) to the Required Supplementary Information (RSI).

DHS brings this to FASAB's attention as the publication of TR 4 produced an unforeseen consequence during DHS's FY2024 financial audit. In short, during the FY2024 audit, DHS came very close to receiving a modified audit opinion, and also faced potentially having to "restate" the prior year data (with no dollar amount impact), solely due to this non-valued property note which has absolutely no impact on our financial statements. If DHS had been unable to overcome some significant audit challenges and sustain a clean audit opinion on our FY2024 financial statements, the alternate outcome probably would have been an unprecedented, and arguably unanticipated, audit outcome for any agency (i.e., non-financial disclosure item with no dollar impact on the principle financial statements and other valued notes single-handedly causing a financial statement audit qualification...) DHS believes that FASAB could not have imagined this scenario when TR No. 4 was published.

Our rationale for the recommendation includes the following major considerations:

- 1) usefulness of this disclosure information to the average readers of the financial statements (FS) is low;
- 2) adverse impact and complexity of having to accommodate financial reporting needs/requirements (in order to satisfy financial statement audit rigor) over the law enforcement operational needs/priorities that require expedited transfers of seized items to the custodial agencies (e.g., without any additional delays incurred to satisfy the accuracy required for audit (in weight/count);
- 3) questionability of whether the cost of auditing this disclosure (by Independent Public Auditors, which has been growing in recent years) justifies the benefit of having the audited information – i.e., what meaningful difference are there to the readers of FS whether the information is audited (presented as notes) or unaudited (presented as RSI)?

The close call DHS had with potentially losing our clean audit opinion for FY2024 is driving our request for reexamination by FASAB. DHS believes that relocating the seized and forfeited property footnote to RSI would enhance the overall usability of the financial statements without compromising their integrity or completeness. We respectfully request that FASAB consider our request to modify SFFAS 3 and/or TR 4.

Barbara Z. Vetter
Financial Policy Branch
Financial Management Division
Office of the Chief Financial Officer
Department of Homeland Security

Subject: FASAB Issues its Annual Report and Three-Year Plan - DOC response

From: Smith, Sean

Sent: Friday, January 17, 2025 1:27 PM

To: FASAB

Subject: FASAB Issues its Annual Report and Three-Year Plan - DOC response

Good afternoon,

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

Thank you,

Sean Smith
Staff Accountant
U.S. Department of Commerce
Office of Financial Management

Integrity | Inclusiveness | Excellence
Our OCFO/ASA Core Values

From: Hale, Laurese H.
Sent: Friday, January 17, 2025 4:16 PM
To: FASAB
Subject: NASA Response to FASAB Annual Report and Three-Year Plan

Happy New Year FASAB,

NASA reviewed the Annual Report and Three-Year Plan. We have comments below on the Climate-Related Financial Reporting. Thank you.

Comment: NASA agrees that climate related financial reporting is difficult, nuanced, and complicated. On the project side, there is nuance to what could/should be considered a climate related project (example beach replenishment) versus projects that may address climate adaptation/resilience as a baked in element of a project's design, but the purpose of the project is mission need (examples, utility tunnel repair, electrical upgrade; projects are executed to ensure the mission can occur, but we look to improve the resilience of assets when we repair, replace or build).

Laurese

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



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January 17, 2025

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

RE: Comments on FASAB 2024 *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. FASAB training can be helpful, especially when made available in virtual formats and aligned with priorities and implementation schedules. While FASAB is limited to providing CPE-eligible training courses to federal employees, providing educational content on YouTube may make this information more accessible to a wider audience and can serve as a later reference for attendees of live training events. To that end, we would encourage the Board to consider making more of its training content available as recordings on its YouTube channel.

A. Accounting and Reporting of Government Land

We agree that assessment of implementation issues and transition guidance is needed.

However, we were confused about the planned timing of this project. If the Board intends to address implementation challenges and assess the need for action prior to implementation, then we would expect that the exposure draft and finalization of guidance would be in FY25 rather than FY26. This would match the graphic on page 3 of SFFAS 59 which states "FY 2025 the Board plans to complete its assessment of remaining implementation issues before the RSI requirements transition to the notes." In other words, if guidance or action is needed before implementation, then agencies will need to know in FY25 before the standard becomes effective in FY26.

Regarding action needed, we have been in support of this solution for reporting land and acknowledge that the location of this information in either RSI or Note Disclosures continues to be a valid question. In particular, with regard to concept statement criteria, we note that information is primarily non-financial in nature and there may be cost-benefit considerations.

Finally, we noted that the table indicates the project would be concluded at the end of FY 2026. However, we would encourage the Board to plan for continued monitoring and the possibility of additional implementation guidance after that point.

B. Climate-Related Financial Reporting

We affirm this is an important emerging topic that the Board should be monitoring. We also affirm the Board's concerns regarding the nature of this topic as primarily non-financial with an emerging scope, data and methodologies.

For this reason, we encourage the Board to consider continuing this effort as a research project, rather than a standard setting project. This would allow the Board to prioritize resources on other valuable standard setting projects while concepts and frameworks for this topic evolve and mature based on the work of other standard setters, such as the International Sustainability Standards Board.

In any case, if new estimates or disclosures will be required in the future, it will be important for the standards to identify reliable data and methodologies for developing this information. We see this as a necessary focus for standard setting in order for any requirements to be reasonable for federal agencies to implement and result in comparable, auditable and useful information for financial statement users.

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 cloud service arrangements, 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. For example, a positive aspect of the GASB's standard was a strong alignment of recognition guidance between leases and subscription based information technology arrangements.

D. Leases

We appreciate the Board's continuing work to provide implementation guidance for leases and encourage the Board to continue monitoring for the potential need for additional implementation guidance.

E. Public-Private Partnerships

We are supportive of this project and affirm the importance of research and engagement with agencies both in finalizing any new standards and in developing implementation guidance. We would also 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.

F. Re-examination of Existing Standards

We are supportive of this project and affirm the Board's approach to use the input to identify a series of standard setting projects over time. We understand that further steps on this project for the next three

years are to-be-determined. We believe there could be more projects of interest – potentially more than would be feasible for the Board to pursue in the near-term. Therefore, the end point for the re-examination project may be in a list of future standards or research projects that must be prioritized and compared to resources in order to determine the Board's three-year plan. This could potentially result in a new category of identified future projects that are not currently a part of the three-year plan.

As the Board considers further projects, we strongly encourage consideration of a project to evaluate the structure of existing standards. Specifically, we encourage the Board to consider moving to a codification-and-update model, such as the one used by the FASB. The handbook is currently organized by the history of standard setting, rather than logically organized by topic. And 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. The current handbook is over 2,900 pages long, and we would expect that projects resulting from the re-examination will further add to its length and complexity. We notice that the GASB has started a project evaluating the structure of its standards, so this may be an opportunity for the Board to monitor lessons learned and outcomes from this project. As we described in our original comment letter on the re-examination project, we believe this is an opportunity for standards to be significantly more accessible and usable to a new generation of learners.

G. Reporting Model

We appreciate the Board's plans to monitor implementation and provide additional implementation guidance as needed on the new standard related to Management's Discussion and Analysis.

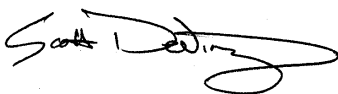
H. Technical Clarifications and Omnibus Amendments

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

New Technical Projects

We affirm these topics as good selections for standard setting projects, especially the direct loans and loan guarantees. We also affirm the Board's plans to additionally pursue the topic of revenue by first performing research to clarify the scope of standard setting projects in this area. We look forward to seeing project details and participating in due process for these in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', is written over a horizontal line.

Scott DeViney, CPA
Chair, Financial Management Standards Board



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AGA
Financial Management Standards Board

The FMSB comprises 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
Orinda Basha
Eric Berman
Alexander Billstrom
Gerry Boaz
David Cook
Jim Dawson
Christopher Goeman
Simcha Kuritzky

Qi Li
Dean Michael Mead
Lealan Miller
Mickey Moreno
Audrea Nelson
Kerrey Olden
Mark Reger
Stacie Tellers
John Troyer
Brittney Williams
Ann Ebberts, CEO, AGA