

Memorandum
Annual Report Review
April 13, 2026

To: Members of the Board
From: Monica R. Valentine, Executive Director
Subject: **FASAB FY 2025 Annual Report Review** (Topic D)

OBJECTIVES

FASAB FY 2025 Annual Report & Three-Year Plan

On January 16, 2026, FASAB published its *Annual Report for Fiscal Year 2025 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 on our website [FASAB FY 2025 Annual Report & Three-Year Plan](#)

Staff will review with the Board responses to the report.

REQUEST FOR FEEDBACK BY April 23, 2026

Prior to the Board's April meeting, please review the attached staff recommendations and analyses and consider the ensuing questions.

NEXT STEPS

Pending Board member feedback on the annual report comments, staff will respond accordingly.

ATTACHMENTS

1. Staff Analysis: FY 2025 Annual Report review of respondents' comments
2. Summary tables of the respondents' comments
 - Full text of the responses received are available on the [FASAB website](#).

Staff Analysis
FY 25 Annual Report
Comment Review
April 13, 2026
Attachment 1

INTRODUCTION

The *Annual Report for Fiscal Year 2025 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 2025 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 January 16, 2026, with comments requested by March 13, 2026. 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 2025 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 April 10, 2026, FASAB has received 7 responses from the following sources:

	FEDERAL	NON-FEDERAL
Users, academics, & others		2
Auditors		
Preparers and financial managers	5	

Analysis

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

➤ *Current Projects:*

- Intangible Assets – recommend that the Board review clarifying the language, provide detailed examples of what system enhancements are, and the difference between an enhancement and operation & maintenance for development purposes; and encouraged the Board to consider how the GASB addressed this topic in their Statement 96 *(respondent comments are noted)*
- Leases – appreciate the Board’s work to provide implementation guidance on embedded leases *(respondent comments are noted)*
- Public-Private Partnerships – 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. In particular, we suggest that research identify potential inconsistencies in how agencies have implemented the standard. *((respondent comments are noted)*
- Reexamination of Existing Standards – supportive of this project and affirm the topics identified so far; continue to encourage consideration of a project to evaluate the structure of existing standards; and encourage the Board to consider moving to a codification and an updated model. *(respondent comments are noted)*
- Reporting Model – MD&A proposed implementation guidance did not seem to add much clarification or guidance from the standard itself, however more detailed guidance or illustrations are needed. *(respondent comments are noted)*
- Technical Clarifications – affirm the Board’s collaborative approach and ongoing efforts to resolve matters specific to the Department of Defense *(respondent comments are noted)*
- Other Comments – consider the cumulative effect of the existing body of standards and disclosure requirements on the clarity and usability of federal financial reporting. As it relates to the reporting entity reorganizations and abolishments project, recommend that the Board accelerates the activities related to this project sooner than planned with the objective of issuing technical guidance for this topic. *(respondent comments are noted)*

➤ *Outreach and Training:* continue to 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?

Table A: Topic – Intangible Assets/Software Technology

Intangible Assets/Software Technology			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	We are supportive of this project and agree with the working definition the Board has developed for internal use. We also agree that cloud-service arrangements are a different major category of intangible software technology assets. In particular, these arrangements are similar to leases and should be aligned with standards on leases unless there are compelling attributes or reasons to account differently. To that point, we encourage the Board to consider how the GASB addressed this topic in their Statement 96. 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.	Noted.
6	EPA	<p>In review of the Intangible Assets section, we feel there is a communications barrier in the guidance, i.e., Information Technology (IT) refers to Internal Use Software as IT Systems. From their perspective, software is a tool used to support an IT System. It would be helpful if the language in the guidance was bridged between accounting and IT terms.</p> <p>FASAB should consider expounding on terms or language such as <i>enhancements</i>, <i>significant functionality</i> related to development. These terms are too broad and it causes difficulty in mapping certain development activities for capitalization purposes. Even the Board has indicated there are challenges determining when to</p>	Noted. The Board continues to develop accounting guidance updates for software technology and has previously discussed updates for agile

Intangible Assets/Software Technology

Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>capitalize. Consequently, technical guidance should illustrate more effectively the criteria for capitalizing development costs.</p> <p>Currently, the Board is deliberating updates to guidance associated with Software Technology. Specifically, the Board intends to update guidance to address changes to development methodology, from traditional (waterfall) to agile development. We believe that as the Board deliberates these changes, it should also review clarifying the language, provide detailed examples of what system enhancements are, and the difference between an enhancement and operation & maintenance for development purposes.</p>	<p>development and enhancements. Staff will reach out to the agency to further discuss the comments.</p>

Table B: Topic – Land

Land			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	We were unsure on whether this project had ended since the table did not identify further activity beyond FY 25. In any case, we would encourage the Board to plan for continued monitoring and the possibility of additional implementation guidance needed after transition occurs in FY 26.	Noted. While further implementation guidance may be warranted, Staff observes, based on consultations with preparers and auditors, that targeted training and outreach initiatives may serve as the most effective recourse should additional technical inquiries persist. It has become evident that a segment of practitioners remains unfamiliar with the revised accounting treatment for General Property, Plant, and Equipment (G-PP&E) land under SFFAS 59, notwithstanding the recently published

**Topic D– FY 25 Annual Report Review
Attachment 2 – Summary of Respondents' Comments**

Land

Ref #	Respondent Organization	Summary Response	Staff Notes:
			Technical Bulletin. Specifically, ambiguities remain regarding the execution of attestation procedures for land ownership, the Board's underlying intent for acreage estimation, and the appropriate application of statistical sampling methodologies to aggregated land holdings characterized by diverse acquisition vintages.

TABLE C: Topic – Leases

Leases			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	We noted that the December Board meeting included discussion of implementation guidance on embedded leases. We agree with staff's recommendation on this topic, which would imply the need for additional guidance to be issued. This does not appear to be reflected in 3-year plan, but we would support proceeding with timely issuance of an exposure draft.	Noted

TABLE D: Topic – Public-Private Partnerships

Public-Private Partnerships			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p>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. In particular, we suggest that research identify potential inconsistencies in how agencies have implemented the standard. For example, situations where agencies have similar public-private partnerships, but some agencies disclose the agreement and others do not, and those agencies with disclosures present different information. We would also encourage research to consider the GASB’s Statement 94 on this topic.</p>	<p>Staff agrees and to ensure our analysis is comprehensive, we recommend that the AGA consider providing feedback on the following three areas:</p> <ol style="list-style-type: none"> 1. CEAR review findings regarding P3 disclosures. 2. Specific GASBS 94 observations or technical insights identified by FMSB. 3. Auditor variability and FMSB’s assessment of how inconsistent audit interpretations may be impacting the comparability of financial statements. <p>AGA’s perspective on these matters would be invaluable</p>

Public-Private Partnerships

Ref #	Respondent Organization	Summary Response	Staff Notes:
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			as we work toward enhancing reporting consistency and addressing the practical concerns of the community. We look forward to your thoughts on how we might best collaborate on these technical issues.
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TABLE E: Topic – Reexamination of Existing Standards

Reexamination of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p>We are supportive of this project and affirm the topics identified so far. We believe there could be more projects of interest – potentially more than would be feasible for the Board to pursue in the near-term.</p> <p>However, we would suggest that topics identified by the re-examination be moved to their own research or standard-setting project. This would allow for identification of a series of projects over time, each of which would stand on its own and proceed at its own pace. This would also allow for the re-examination project to end when the Board has finished reviewing input and made decisions on what issues will be addressed through research topics, technical clarifications, or standard-setting projects.</p> <p>As the Board considers further projects, we continue to 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 recently started a project evaluating the structure of its standards, so this may be an opportunity for the</p>	Noted.

Reexamination of Existing Standards

Ref #	Respondent Organization	Summary Response	Staff Notes:
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		Board to monitor lessons learned and outcomes. 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.	
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TABLE F: Topic – Reporting Model

Reporting Model			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	MD&A: Overall, we found that proposed implementation guidance did not seem to add much clarification or guidance from the standard itself. In order to accomplish the outcomes envisioned by the standard, we anticipate a need for more detailed guidance or illustrations, whether provided by FASAB or another source. See our separate comments on the MD&A implementation guidance exposure draft.	<p>Noted.</p> <p>Staff addressed this respondent’s comments on the SIG 64.1 exposure draft. Staff analysis and recommendations for those comments can be found in Topic E, Attachment 1.B of the April 2026 Board meeting.</p>

TABLE G: Topic – Technical Clarifications of Existing Standards

Technical Clarifications of Existing Standards			
Ref #	Respondent Organization	Summary Response	Staff Notes:
3	AGA - FMSB	<p>We appreciate the Board’s work to provide technical clarifications and updates to standards.</p> <p>We also affirm the Board’s collaborative approach and ongoing efforts to resolve matters specific to the Department of Defense. However, we suggest that the annual plan include a high-level identification of the areas that need clarifications or additional guidance. The plan references the establishment of a project in 2014 to address these areas; it is our understanding that this original project had identified a detailed list of areas. It would be helpful to know what areas remain on the list, or whether new emerging issues have been identified for needed guidance.</p>	Noted.

TABLE H: Topic – Other Comments

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
1	Library of Congress	<p>One perspective the Board may wish to consider as it looks ahead is the cumulative effect of the existing body of standards and disclosure requirements on the clarity and usability of federal financial reporting. In a reporting environment that is highly decentralized and operationally complex, incremental additions to requirements can be individually well-justified while still resulting, over time, in layered presentation and increased implementation burden. That layering can affect comparability across reporting entities, auditability at scale, and the ability of users to efficiently identify the most decision-useful information. For that reason, as part of the Three-Year Plan, the Board might consider incorporating a periodic, structured retrospective review of selected reporting areas focused on presentation and disclosure effectiveness (for example: reducing duplication, improving organization and cross-referencing, and clarifying the most decision-relevant drivers), while preserving core recognition and measurement principles. A mechanism of this kind could complement the Board’s forward agenda by helping ensure that federal financial reporting remains not only conceptually rigorous, but also durable and accessible to users.</p>	Noted.
3	AGA-FMSB	<p>We are concerned that appointments for the Board chair and incoming new members have not yet been realized timely, resulting in cancelation of the Board’s February meeting. The FASAB provides a critical and time-sensitive function for federal agencies that requires continuity of operations during Board member turnover. We call on sponsoring agencies to resolve this situation in an expedited manner. We further suggest review of operating procedures to prevent a similar situation from occurring in the future.</p>	Noted.

Other Comments			
Ref #	Respondent Organization	Summary Response	Staff Notes:
		<p>Regarding fiscal year 2025 accomplishments, we continue to appreciate the Board’s educational and outreach efforts. While we understand the approach to providing CPE-eligible training courses as live events, we suggest making recordings of these events available on the FASAB YouTube channel or website, even if for a limited time. While not being eligible for CPE, this would better serve federal employees and maximize benefits and outcomes of this effort by reaching additional staff who might have had a conflict with the live date or serving as a later reference for attendees.</p> <p>Finally, we wish to congratulate the Board on progress made with the Accounting Standards Implementation Committee. We view updates to the name, structure and governance of this committee as positive updates.</p>	
5	GWSCPA - FISC	<p>FASAB's Three-Year Plan outlines a forward-thinking agenda designed to continuously serve the users of Federal financial information. The plan prioritizes projects that aim to address current issues while improving the transparency and usefulness of Federal financial reporting for its users. Key projects identified by the Board will focus on areas shown to have considerable interest by users, such as government land, intangible assets, public-private partnerships, management’s discussion and analysis, and the reexamination of existing standards. We recognize that the Board agreed to move the reporting entity reorganizations and abolishments project to the research agenda and develop a project prospectus. The FISC supports the Board’s decision and recommends that the Board accelerates the activities related to this project sooner than planned with the objective of issuing technical guidance for this topic. This would provide reporting entities experiencing reorganizations with the guidance needed to ensure reorganizations and abolishments are addressed in reporting agencies’ annual reports timely and consistently.</p>	Noted.