Proposed Response

FASAB Exposure Draft: Deferral of the Effective Date of SFFAS 54, Leases

Questions for Respondents due January 31, 2020

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm
Federal Entity (user)
Federal Entity (preparer)
Federal Entity (auditor)
Federal Entity (other) ☒
Association/Industry Organization
Nonprofit organization/Foundation
Other
Individual

If other, please specify: Department of Housing and Urban Development

Please provide your name.

Name: N/A

Please identify your organization, if applicable.

Organization: Department of Housing and Urban Development

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

Q1. Do you agree with the proposed two-year deferral of the effective date of SFFAS 54, Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment? The new effective date would provide for full implementation of SFFAS 54 for reporting periods beginning after September 30, 2022. Please provide supporting details behind reasons for your position.

Do you agree or disagree? Please provide the rationale for your answer.

HUD generally agrees with the proposed two-year deferral of the effective date of SFFAS 54, Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment. HUD recently updated its PP&E policy and implemented new processes and internal controls centered around PP&E asset categories, specifically with leasehold improvements. This deferral would allow HUD the opportunity to continue to become more familiar with managing these new PP&E processes and importantly prepare for the new accounting standard for leases.
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HUD's Ginnie Mae is a dual reporting entity, utilizing FASB standards for purposes of Government Corporation Control Act ("Commercial") reporting to Congress and utilizing FASAB standards for component reporting to HUD. As such, Ginnie Mae anticipates implementing the revised FASB Lease standard (Topic 842) for FY22 reporting. Under the current exposure draft language, Ginnie Mae would be required to implement a revised FASB lease standard in FY22, and a revised FASAB lease standard in FY23. A staggered implementation of new lease standards may be unnecessarily burdensome and complex. Allowing for early adoption would alleviate some of this burden and allow for greater consistency between the two reporting structures.