

From: [FASAB](#)
To: [Perry, Ricky \(Alan\)](#)
Subject: FW: Interior Comments re: Deferral of the Effective Date of SFFAS 54, Leases
Date: Tuesday, January 28, 2020 8:26:24 AM

From: Lane, Monica <monica_lane@ios.doi.gov>
Sent: Tuesday, January 28, 2020 6:56 AM
To: FASAB <FASAB@fasab.gov>; Monica Lane <monica_lane@ios.doi.gov>; Maribel Miller <maribel_miller@ios.doi.gov>; Eric Still <eric_still@ios.doi.gov>; Sherry Lee <sherry_lee@ios.doi.gov>
Subject: Interior Comments re: Deferral of the Effective Date of SFFAS 54, Leases

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 Phishing button.

FASAB,

The Department of the Interior agrees with the deferral of the effective date of SFFAS 54, Leases. This will allow timely and effective implementation of the financial system requirements as well as ensure Interior personnel are fully engaged in this major accounting change.

Thank you for the opportunity to comment.

--

Monica Taylor Lane
monica_lane@ios.doi.gov
Office of Financial Management, DOI
MIB 5521
1849 C Street, NW
Washington, DC 20240

(202) 219-0213
(202) 208-6940 (Fax)

From: [FASAB](#)
To: [Perry, Ricky \(Alan\)](#)
Subject: FW: Additional Interior Comments re: Deferral of the Effective Date of SFFAS 54, Leases
Date: Friday, January 31, 2020 8:41:18 AM
Attachments: [Additional DOI Comments - SFFAS 54 two year deferral proposal.docx](#)

From: Lane, Monica <monica_lane@ios.doi.gov>

Sent: Thursday, January 30, 2020 6:31 PM

To: FASAB <FASAB@fasab.gov>; Monica Lane <monica_lane@ios.doi.gov>; Maribel Miller <maribel_miller@ios.doi.gov>; Eric Still <eric_still@ios.doi.gov>; Sherry Lee <sherry_lee@ios.doi.gov>; doi_pfm_frd <doi_pfm_frd@ios.doi.gov>

Subject: Additional Interior Comments re: Deferral of the Effective Date of SFFAS 54, Leases

FASAB,

The Department of the Interior would like to submit additional comments of the *Deferral of the Effective Date of SFFAS 54, Leases*. New information has been made available through the Lease Implementation Task Force, that warrants additional comments from the Department of the Interior.

Please see the attached file.

Regards,
Monica Lane

--

Monica Taylor Lane
monica_lane@ios.doi.gov
Office of Financial Management, DOI
MIB 5521
1849 C Street, NW
Washington, DC 20240

(202) 219-0213
(202) 208-6940 (Fax)

Department of the Interior Comments to FASAB on the two-year deferral of SFFAS 54, *Leases*

The Department of the Interior (DOI) initially agreed with the proposed two-year deferral. However, after learning of the Lease Implementation Task Force's timeline on issuing the final implementation guidance, which is projected to be the fourth quarter of fiscal year 2021, DOI disagrees with the proposal. A two-year delay does not provide enough time to effectively help DOI and puts us back to where we started by only having less than one year to implement the requirements.

DOI does not believe the two-year deferral is sufficient to finalize and then interpret the FASAB Implementation guidance, develop and issue DOI agency implementation guidance, research and determine the affected personal and real property assets, develop the system changes, test the system functionality, provide training to the Bureaus on the how asset accounting will work in the system, release the design in the system, convert the existing assets and contracts, and start reporting the requirements. Expecting agencies to start development of this extremely complex asset accounting requirement prior to final issuance of the FASAB Implementation standards is not smart business. It causes development work to be done and then re-done when those standards change due to review and comments.

Multiple agencies expressed similar concerns during the January 28, 2020, lease implementation task force meeting.

Ideal Department of the Interior's Business Integration Office (System Manager) Schedule:**FY 2020**

- (Complete by End of Q4) Proof of concept co-innovation with SAP to implement Lease Contract Management software originally designed for IFRS 16/ASC 842 validating it can work with budgetary ledger and obligations correctly
- **Needs:** Rough draft of posting model, high level understanding of SFFAS 54 requirements

FY 2021

- (Complete by End of Q4) Final development of solution for SFFAS 54 compliant Lease Contract Management functionality with actual posting logic and finalized guidance
- (Complete by End of Q1) Identify gaps in related existing functionality to develop (i.e. reports identifying impacted contracts, discussion on PRISM integration, discussion on need for commitments, etc.)
- (Complete by End of Q4) Design solutions for agreed upon gaps to move forward with go-live
- (Complete by End of Q2) Begin process for identifying impacted contracts and identifying additional required data to support requirements
- **Needs:** Final posting model, Final SFFAS 54 requirements, earlier in FY at least semi-final draft to provide adequate development time and creation of Contract identification/data process

FY 2022

- (Complete by End of Q4) Develop gap solutions to deploy with core SFFAS 54 compliant Lease Contract Management functionality
- (Complete by End of Q2) Develop conversions for Lease Contract Management functionality
- (Complete by End of Q4) Finalize impacted Contracts and data
- (Complete by End of Q3) Mock conversions to validate no issues with October 1, 2022 go-live

Comments specific to proposed timeline:

- Development of core accounting solution is extremely complex and should include a two-year window with the first year having at least very close to final information
- Accounting solution impacts many other areas and is a prerequisite to understanding the full scope, including existing procurement processes that have to be considered and included within timeline requiring larger windows to incorporate all software impacts
- All data has to be converted, this process first requires clear ground rules on what will and will not be required (set by initial software development), then developing additional reports and processes to identify it as well as mock conversions to ensure data is collected appropriately and will work
- It needs to be clear to the task force that development is not just for the solution for the accounting needs, but also for identification, data cleansing, conversions, additional functionality impacted by the change, etc. These all take significant time and resource investments beyond just the core requirement but that core accounting solution is a prerequisite for answering all the downstream impacts so it must be front loaded in the process