

Deferral of the Effective Date of SFFAS 54, Leases

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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.

Yes, the Peace Corps agrees with the proposed two-year deferral of the effective date of SFFAS 54 Leases. After conducting a readiness assessment for the SFFAS 54 implementation, the Peace Corps would benefit from the additional time to ensure appropriate implementation. In our readiness assessment, we noted the following challenges:

- (I.) Policies, standard operating procedures, and business processes will need to be drafted and tested for feasibility. Additionally, a materiality threshold for leases will need to be established which will include an initial analysis to determine materiality, routing for approval and application to right to use property, plant, and equipment leases.
- (II.) The Peace Corps will need time to conform to technical guidance established by the Department of the Treasury (i.e. Crosswalks, USSGL Chart of Accounts) and Office of

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Management and Budget Circular A-136, Financial Reporting Requirements. This guidance has yet to be published. Once published, a realignment of existing financial system reports will likely need to occur in order to accommodate new USSGL accounts. The financial system will also need to conform to changes that are likely to occur with the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

- (III.) The Peace Corps has many internal stakeholders that will be involved in the SFFAS 54 implementation, including across multiple headquarters offices and 60 overseas posts. These stakeholders will need to be engaged and educated on the new reporting requirement and likely changes to business processes. The Peace Corps headquarters staff will require multiple data calls to discuss lease information held at posts overseas, which make up 90% of the Peace Corps current lease population. The lease population at posts overseas may include residential leases for each U.S. direct hire and potentially some volunteer housing.
- (IV.) The Peace Corps will require additional time to compile domestic and overseas leases. All leases will need to be reviewed against SFFAS 54 reporting requirements and assessed for materiality.