Below please find comments from the U.S. Department of Labor (DOL), Office of the Chief Financial Officer (OCFO), Division of Financial Reporting (DFR), on the exposure draft (ED) of proposed Statement of Federal Financial Accounting Standards (SFFAS), “Deferral of the Effective Date of SFFAS 54.” Comments were requested by January 31, 2020. DOL/OCFO/DFR is a Federal entity preparer.

We appreciate the opportunity to provide comments. If there are any questions, please contact:

Cynthia Simpson, simpson.cynthia@dol.gov or Jennifer Maurer, Maurer.Jennifer@dol.gov

Regards,

Cynthia D. Simpson
U.S. Department of Labor
Office of the Chief Financial Officer
Division of Financial Reporting

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.

DOL/OCFO/DFR Response to Q1: Agree.

The two-year delay of the effective date would allow time for FASAB to publish additional implementation guidance.

Other aspects of the proposed Statement

“... the Board also welcomes your comments on other aspects of the proposed Statement.”

For the purposes of this comment, the references to “fiduciary” are not references to SFFAS 31, “Accounting for Fiduciary Activities.” DOL’s use of the “fiduciary” term is with reference to Treasury Financial Manual I TFM 2-4700 (July 2019 version) intragovernmental transactions:

Fiduciary Transactions—Intragovernmental transactions that consist of Fiscal Service investments and borrowings; Federal Financing Bank (FFB) borrowings; Department of Labor (DOL) employee benefit transactions; and Office of Personnel Management (OPM) employee benefit transactions.

As required by I TFM 2-4700, DOL is the fiduciary agency with regard to intragovernmental transactions on workers’ compensation and unemployment insurance for Federal employees. As the fiduciary agency, DOL has...
the lead role in determining other agencies’ intragovernmental revenues, expenses, receivables, and payables. In a similar manner, for intragovernmental leases between GSA and other reporting entities, Treasury should designate GSA as the fiduciary agency for the intragovernmental lease transactions. The implementation guidance for SFFAS 54 should be consistent with GSA taking a lead role in determining the revenues, expenses, assets, and liabilities associated with the intragovernmental leases.

From: FASAB <FASAB@updates.gao.gov>
Sent: Wednesday, December 18, 2019 3:19 PM
To: Simpson, Cynthia - OCFO <Simpson.Cynthia@dol.gov>
Subject: FASAB Issues Exposure Draft: Deferral of the Effective Date of SFFAS 54

Federal Accounting Standards Advisory Board

NEWS RELEASE
12/18/2019

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

The chair of the Federal Accounting Standards Advisory Board (FASAB), George A. Scott, announced today that the Board is seeking input on the proposed Statement of Federal Financial Accounting Standards (SFFAS) titled Deferral of the Effective Date of SFFAS 54, Leases.

The Board is proposing to defer the effective date for SFFAS 54, Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment, for two years.

Under this proposal, the requirements of SFFAS 54 would become effective for reporting periods beginning after September 30, 2022. Early adoption would not be permitted, which is an existing stipulation under SFFAS 54 that would remain unchanged under this proposal. Reporting entities would continue to follow the current FASAB guidance that addresses lease transactions. This comprises paragraphs 43-46 of SFFAS 5 and paragraphs 20 and 29 of SFFAS 6. These paragraphs are not rescinded by SFFAS 54 until SFFAS 54 becomes effective.

“In learning more about implementation challenges faced by reporting entities, particularly with respect to developing and implementing systems and data requirements, the Board agreed that providing additional time to complete ongoing implementation preparation activities would be appropriate,” noted Chairman Scott. “This proposed deferral of the new lease accounting requirements would allow agencies to improve the quality and completeness of their data and update their lease accounting systems and controls to conform their financial reporting to the new standards.”

Respondents are encouraged to respond to the specific question contained in the exposure draft and provide the reasons for their positions. Comments on the exposure draft are due by January 31, 2020.

The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website: https://www.fasab.gov/documents-for-comment/.