

Deferral of the Effective Date of SFFAS 54, Leases

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Accounting Firm	<input type="checkbox"/>	
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Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please fax your comments 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.

DHS agrees with the proposed two-year deferral date of SFFAS 54, *Leases*, for the following reasons:

- Additional time to design adequate internal controls to help ensure all leases are captured and the lease data necessary to apply the new leases standard including disclosure is compiled efficiently.
- Additional time to identify leases under the new lease standard. Some leases may involve significant levels of judgement and complexities as there could be leases embedded in service contracts involving the use of real assets or equipment.
- Additional time to review lease classification and accounting (i.e. short-term lease vs. lease) and to document analysis for new classifications.

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- Additional time to analyze accounting change impact on financial statements and to complete implementation preparation activities including pro-forma statements and reconciliations.
- Additional time to perform validation testing of lease data in the financial systems.
- Additional time to update/draft policies and procedures to account for the new leases standard.
- Additional time to work with stakeholders including the procurement office to ensure completeness of leases population.