

From: [Financial Policy Working Group \(OS/ASFR\)](#)
To: [FASAB](#)
Cc: [Perry, Ricky \(Alan\)](#); [Financial Policy Working Group \(OS/ASFR\)](#); [Lee, Yianting \(OS/ASFR\)](#); [Mewborn, Carla \(HHS/ASFR\)](#); [Barber, Christine \(OS/ASFR\) \(CTR\)](#); [Beck, Chantz \(OS/ASFR\) \(CTR\)](#); [Moye, Kyra \(HHS/ASFR\)](#); [Farricker, Daniel \(OS/ASFR\)](#)
Subject: RE: Exposure draft on intragovernmental leasehold reimbursable work agreements released for public comment; comments due November 4
Date: Thursday, November 3, 2022 1:25:06 PM
Attachments: [FASAB Intragov Leasehold RWA ED \(HHS Comments\).docx](#)

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Good afternoon FASAB,

Attached are our responses to FASAB's *Intragovernmental Leasehold Reimbursable Work Agreements* Exposure Draft, as requested. (Note: The responses provided included consolidated comments on behalf of our Operating Divisions and applicable Department-level offices).

Please let us know if you have any questions.

Thank you,

HHS Financial Policy Support Team – HHSFPWG@hhs.gov

From: Perry, Ricky (Alan) <PerryRA@fasab.gov>
Sent: Monday, September 19, 2022 3:03 PM
Subject: Exposure draft on intragovernmental leasehold reimbursable work agreements released for public comment; comments due November 4

Hello leases task force members and RWA working group members –

FASAB staff released [an exposure draft Technical Bulletin, *Intragovernmental Leasehold Reimbursable Work Agreements*](#), today.

The proposal is intended to further explain and address accounting issues not directly covered under Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*, and other relevant Statements. Staff received numerous technical inquiries and requests for Board action to clarify aspects of intragovernmental leases-related reimbursable work agreements over the years.

This proposal was developed by staff based on extensive walkthroughs and consultations with affected parties, including the Department of the Treasury and the General Services Administration. Staff encourages affected reporting entities, their independent auditors, and other interested parties to submit comments for consideration.

Comments are due by November 4, 2022. The exposure period is only 45 days. Please note that the basis for conclusions section should be helpful to you when reviewing the proposals. The exposure draft is posted at <https://fasab.gov/board-activities/documents-for->

[comment/](#). Comment letters should be emailed to FASAB@fasab.gov. If you want, you can cc me for good measure. If you do not receive a receipt confirmation within a few days of submitting your comments, please follow up.

If you have any questions, please contact me. I will be on annual leave from September 22 – October 11. During that time, you may contact FASAB@fasab.gov if you have an urgent question, and someone else on staff will get back to you. If it can wait, please know that I will prioritize answering questions on the exposure draft when I return from leave.

A special thanks to the members of the working group from GSA, SSA, State, and Treasury for their technical assistance and input during the research and development process. And to Mr. Brian Casto, who contributed significantly to the research and development work behind this proposal during a part-time detail earlier this year.

Leases task force members have always provided outstanding feedback with every leases-related exposure draft to date. The Board and staff look forward to hearing from many of you again this time around. Thank you in advance for your input.

Alan

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Disclaimer: This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

QUESTIONS FOR RESPONDENTS

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) encourages you to become familiar with all proposals in the Technical Bulletin before responding to the questions for respondents (QFR) and specific matters for comment (SMC) below. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Technical Bulletin. Because FASAB may modify the proposals before a final Technical Bulletin is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views are especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have regarding implementing this proposal.

The questions in this section are available for your use at <https://www.fasab.gov/documents-for-comment/>. Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please contact (202) 512-7350 to make alternate arrangements.

All responses are requested by November 4, 2022.

QFR1. Do you generally agree or disagree with the proposed Technical Bulletin as a whole? Please provide reasons for your views.

HHS Response – Generally agree. Exposure draft provides clarity on lessor/lessee baseline requirements associated with the recognition of leasehold improvement transactions.

QFR2. Are there specific aspects of the proposed Technical Bulletin that you disagree with? If so, please explain the reasons for your positions, the paragraph numbers(s), and/or topic area(s) of the proposal that are related to your positions, and any alternatives you propose and the basis for such alternatives.

HHS Response – None.

QFR3. Do any ambiguous areas remain that could lead to challenges with implementing the requirements? If so, please provide examples of the issues, references to applicable guidance, and any potential solutions you propose.

HHS Response – Paragraph 14 – In regards to recognizing whether the lessor or lessee is the ‘predominant beneficiary,’ is there guidance or criteria to be used (in addition to SFFAS 54 par. 14-21) to enable consistent application of this term across federal entities (objective is to prevent similar contractual scenarios where lessors/lessees apply this term differently depending on how federal entities may apply or interpret this definition differently)?

QFR4. Are there specific aspects of this proposal that you otherwise wish to provide comments on?

HHS Response – None.

- SMC1.** Paragraph 15 of the proposed Technical Bulletin provides that entities should establish, document, and consistently follow policies for recognizing leasehold improvement assets between reporting entities and reach agreement on such recognition. Please provide feedback on the extent to which you believe this would (or would not) facilitate consistent implementation of the intragovernmental accounting requirements. Also, please provide feedback on the inclusion of paragraph 15 as a proposed requirement in a Technical Bulletin and any potential implementation challenges. Please describe any alternative views or approaches, suggestions for improvement, and the reasons for your views.

HHS Response – Having policies and procedures in place in assessing leasehold improvement recognition would be beneficial between lessor/lessee. A key challenge will be establishing baseline policies and procedures that are consistent across all federal entities to prevent discrepancies in leasehold improvement recognition (i.e., lessee has different recognition requirements between different lessors or vice-versa). Depending on the nature of the leasehold improvement, some federal entities (whether as lessor or lessee) may assess the term 'predominant beneficiary' in a different manner based on the nature/extent of a federal entity's use of the asset and mission/operations.

- SMC2.** Paragraphs 28 and 34 provide proposed disclosure requirements. Please provide feedback on the extent to which these proposed disclosure requirements are appropriate. For example, is such information necessary to make the financial

HHS Response – No comments.

statements informative and relevant to users in assessing accountability? Please describe your views, the costs and benefits of including these proposed disclosures, and other reasons for your views. Also, please provide feedback on the inclusion of these paragraphs as proposed requirements in a Technical Bulletin and any potential implementation challenges.