

Exposure Draft Questions for Respondents (QFR)  
and Specific Matters for Comment (SMC)

Due: November 4, 2022

## ***Intragovernmental Leasehold Reimbursable Work Agreements***

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: <u>Financial Management Policy</u>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name: Lauren Webster and Corvada Washington

**Please identify your organization, if applicable.**

Organization: US Department of Justice (DOJ components' consolidated responses)

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

**QFR 1** Do you generally agree or disagree with the proposed Technical Bulletin as a whole? Please provide reasons for your views.

- The DOJ agrees with the proposed Technical Bulletin as a whole. The Technical Bulletin clarifies when a lessee should account for a leasehold improvement asset or when a lessee should account for an intragovernmental work agreement asset. The DOJ doesn't have any provider-lessor entities, so our feedback is based on the perspective of the customer-lessee.

**QFR 2** 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.

- No, the DOJ does not disagree with any aspects of the proposed Technical Bulletin.

**QFR 3** 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.

- The language in the exposure draft is hard to interpret due to the need to alternate through which sections apply or do not apply. We suggest the creation of a decision tree or flowchart that would show the two options that should be reported and what should be reported by the customer-lessee and provider-lessor.
- The DOJ would like guidance on Paragraph 13 which states, "...provider-lessor is expected to derive a what is more-than-insignificant level of residual economic benefits and services from the reimbursable work". Is this based on each provider's level of materiality, the value of the asset itself, or a dollar threshold (PP&E capitalization threshold)? What is the baseline when considering more-than-insignificant levels of residual economic benefits and services?
- Could you address ICASS agreements for space in foreign countries? Is the provider-lessor the State Department in that scenario?

**QFR 4** Are there specific aspects of this proposal that you otherwise wish to provide comments on?

- No.

**SMC 1** 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.

- The DOJ does not have any issues with the inclusion of paragraph 15 as a proposed requirement but would like additional guidance from GSA. All of the DOJ's RWAs are with GSA, so they would be the provider-lessor determining if they receive a more-than-insignificant benefit for a leasehold improvement. It will help promote consistency across the federal government if GSA issues guidelines to determine when GSA receives the "more than insignificant benefit" of the leasehold improvement.

**SMC 2** 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 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.

- The DOJ does not have an issue with the proposed disclosure requirements in paragraphs 28 and 34. Readers of the financial statements will benefit from the proposed disclosure requirements as it will clarify significant reimbursable work agreement activities of the Federal Government. Costs associated with the proposed disclosure requirements would be minimal, mostly additional time to prepare in a financial statement footnote during the financial reporting period.