

FASAB Exposure Draft: *Omnibus Amendments***Questions for Respondents due April 23, 2019**

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.”

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Please provide your name.

Name: U.S. General Services Administration, Office of the CFO

Please identify your organization, if applicable.

Organization: Office of Financial Management, Financial Policy Division

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

- Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

GSA Response: We agree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category. We agree that the separate category did create undue confusion, and that RSI or other categories are sufficient to cover the reporting of stewardship information. We further agree with the Board’s conclusions that alternative sources of information on the remaining investments covered by SFFAS 8 are available to users, removing the necessity of this standard.

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- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

GSA Response: We do not believe that further changes to Standards related to MD&A are necessary. If there are specific topical areas that agencies/Departments are considered to be lacking substantive discussion in MD&A, it would seem more appropriate that such areas be emphasized via OMB's Circular A-136.

- Q3. SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

GSA Response: We generally agree with the proposed changes, except for the following suggested changes.

1) For the re-written SFFAS 6 paragraph 18 shown in the ED, we recommend adjusting the first bulleted item to move the words, "and leasehold improvements" within the parenthetical comment. Requirements for leasehold improvement recognition as PP&E assets are also contained in SFFAS 54 and such improvements are "assets recognized as a result of leases". The sentence structure as proposed in the ED creates the implication that leasehold improvements are in addition to assets resulting from leases, and are not covered by SFFAS 54. Our suggested rewording would be as follows:

- *assets recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and related leasehold improvements to be recognized as PP&E assets);*

2) Since this Omnibus ED is amending SFFAS 6 paragraph 26, we request consideration of an amendment to the bulleted item "labor and other direct or indirect production costs (for assets produced or constructed);" contained within this paragraph.

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We have the understanding that this item, in conjunction with SFFAS 4 requirements for full cost accounting of cost objects, provides for capitalization of allocated overhead costs that can be reasonably associated with the acquisition of assets. The wording of this quoted bullet has periodically caused questions to be raised. While the wording leading into the bulleted list indicates the items to be “examples” of things that “may” be included in the capitalized costs, we believe that the parenthetical “for assets produced or constructed” creates limits that may be unintended.

For assets acquired directly as a purchase, there are also often indirect acquisition costs that can be reasonably allocated to an asset purchase. In such instances where acquisition costs can be reasonably assigned, it would seem appropriate that indirect costs should also be capitalized with the other costs of a purchased asset for consistency in asset cost recognition. We recommend a rewording of this bulleted item to remove the parenthetical clause, and add “acquisition” to read as:

- *labor and other direct or indirect production or acquisition costs;*

This proposed rewording removes the implied limitation that full cost recognition (to include indirect costs) of an asset purchase would only apply to produced or constructed assets.