



THE FEDERAL ACCOUNTING
STANDARDS ADVISORY BOARD

Annual Report

Fiscal Year Ended September 30, 2021

Three-Year Plan

Fiscal Years 2022-2024

Comments Requested by January 18, 2022

Issued November 15, 2021

Current FASAB Members

George A. Scott | Chair | 2019–2025 | Non-federal representative | 2016–2019

R. Scott Bell | Department of the Treasury | 2017–present**

Gila J. Bronner | Non-federal representative | 2021–2025

Robert F. Dacey | Government Accountability Office | 2004–present**

Sallyanne Harper | Non-federal representative | 2019–2024*

Carol S. Johnson | Office of Management and Budget | 2021–present**

Patrick McNamee | Non-federal representative | 2017–2022*

Terry K. Patton | Non-federal representative | 2019–2024*

Graylin E. Smith | Non-federal representative | 2017–2022

*Member is eligible for a second five-year term.

**Federal members are not term limited.

Organization

Three federal officials responsible for federal financial reporting—the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States—established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. These three officials possess legal authority under various laws to establish accounting and financial reporting standards for the federal government. Together, they entered into and have periodically modified a Memorandum of Understanding creating the Board as a federal advisory committee.

Membership comprises individuals from each of the three federal agencies that established the Board (the sponsors) and six non-federal individuals. The American Institute of Certified Public Accountants (AICPA) has designated the Board as the body that establishes generally accepted accounting principles (GAAP) for federal reporting entities.

Mission

FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

The Mission Supports Public Accountability

Financial reports, which include financial statements prepared in conformity with GAAP, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government’s responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government’s accountability and its efficiency and effectiveness and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

Accounting and Auditing Policy Committee

The Accounting and Auditing Policy Committee (AAPC) is a permanent committee established by FASAB to improve federal financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues. The AAPC develops implementation guidance for existing accounting standards through Technical Releases (TRs). FASAB reviews all TRs before their issuance. The AAPC may not amend existing standards nor promulgate new standards.

The AAPC comprises representatives from the CFO Council, the Council of the Inspectors General on Integrity and Efficiency, the Department of the Treasury, the Office of Management and Budget, and the U.S. Government Accountability Office. FASAB’s executive director serves as chair of the committee. While the Board provides staff support, the committee accomplishes its mission largely through the efforts of task forces, which often include federal agencies representatives, independent public accounting firms, and nonprofit organizations.

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Annual Report

FROM THE CHAIR

Fiscal year 2021 began the fourth decade of operations of FASAB. While operating in a virtual environment since February 2020 has presented challenges, the Board continues robust deliberations and is effectively addressing critical issues of our stakeholders. The operating priorities established by the Board as a response to the COVID-19 pandemic in April 2020 continue to be invaluable to fulfilling our important mission.

The Board, staff, and volunteers have worked tirelessly on our current technical agenda as well as our expanding research agenda. An excellent example of this commitment was our continuing efforts to increase the usefulness of management's discussion and analysis (MD&A) in each reporting entity's annual financial report. Once the Board had agreed on an overall MD&A vision statement supported by preliminary objectives in December, it was both gratifying and overwhelming to see so many federal agencies volunteering to revise their 2020 MD&As to the Board's proposed vision. Coupled with all of the independent users volunteering to review the revised documents, the Board now has more insight into both the burden of the preparers and expectations of users. Clearly, this effort will be an example for future reporting model modifications.

Going forward the Board is committed to researching and seeking community input on issues that may be added to our technical agenda. In addition to the current processes, the Board may utilize invitations to comment documents, preliminary views documents, focus groups, expanded surveys, among others. Additionally, to support the FASAB staff with some of these efforts and provide opportunities for enhanced knowledge of FASAB and contribute to its work, we plan on reaching out to the Federal user community for detailees and fellows to supplement our team with subject matter experts for short durations

FY 2021 Accomplishments

During 2021, the Board has issued a variety of guidance documents on the accounting and reporting of government land, non-federal non-entity Fund Balance with Treasury, and leases. However much of our deliberations have been focused on several long-term projects as well as reviewing research on potential projects. At the August meeting, the Board approved the 2022 technical and research agendas which are discussed in more detail in this Annual Report. The Board's 2022 technical agenda will be both robust and challenging and will address the following topics:

- MD&A and Note Disclosure Concepts - amending existing concepts for note disclosures and management's discussion and analysis
- MD&A Reporting Standard – updating the existing MD&A standards
- Reporting of Government Land Phase II – providing SFFAS 59 implementation guidance
- Leases – providing SFFAS 54 implementation guidance
- Public Private Partnerships Phase II – addressing public-private partnership measurement and recognition
- Reexamination of Existing Standards – identifying areas within the existing standards in need of clarification or amending
- Accounting and Reporting of Intangibles – developing accounting and financial reporting guidance for federal intangible assets

All these projects clearly reflect the Board's focus on continuing to improve the transparency of financial activities and results for the federal government and its components.

I am pleased to report that the Board's educational outreach efforts have continued at the same pace as 2020. The Board and staff continue to explore venues and mediums to expand the Board's outreach. Outreach efforts are not just with our reporting community. Both the Board and staff are increasing communication and cooperation with other standard setting organizations. For example, I am participating in quarterly conversations with the Chair of the Governmental Accounting Standard Board regarding topics of mutual interest. I encourage anyone who follows the Board's activities to subscribe to our [listserv](#) and our [YouTube channel](#).

Staff and Board Transitions

We thank Ms. Regina Kearney, Chief, Financial Integrity and Risk Management Branch, for her temporary role as the OMB representative on the Board. Ms. Deidre Harrison, Deputy Controller at OMB, took over for Mr. Kearney in April and subsequently designated Ms. Carol S. Johnson, Policy Analyst, as her representative on the Board. We thank OMB for its continued support to the Board, and we look forward to continuing to work with Ms. Johnson in the future.

The Board was saddened to say farewell to Assistant Director Ross Simms. We thank him for his over 15 years of outstanding service to FASAB and offer best wishes in his well-deserved retirement. He will be missed.

In January 2021, FASAB welcomed spring intern, Rick Marcello. Mr. Marcello provided extensive research for the MD&A project and the climate impact and risk reporting research topic. Mr. Marcello expects to graduate in June 2022 with a Master's degree in Accountancy from DePaul University.

In October 2020, FASAB welcomed Ms. Susan Bernstein to serve a temporary assignment with the FASAB team. Ms. Bernstein worked closely with Ms. Leigha Kiger, FASAB's communications specialist, and the rest of the staff to improve the templates for the Board briefing materials. She also worked to find efficiencies staff could make to improve communication. Ms. Bernstein worked with FASAB until April 2021.

We also express our appreciation to the General Services Administration for extending Ms. Christi Dewhirst's fellow assignment with FASAB through April 2021. That extension allowed our team to successfully complete an omnibus statement and implementation guide for our continuing leases project in a timely manner.

Thank You

The Board enters its fourth decade with a renewed commitment to FASAB's mission. As always, I want to express my gratitude to all those engaged in FASAB's success—my fellow Board members, FASAB's executive director and her staff, the members of the Appointments Panel, members of the Accounting and Auditing Policy Committee, those serving on FASAB task forces, and all who read and respond to our requests for inputs. Your continuing passion and dedication make the Board's work possible.



George A. Scott
FASAB Chair

FROM THE EXECUTIVE DIRECTOR

2020 marked a significant milestone in the history of federal financial reporting – the 30th anniversary of FASAB. As we continue to celebrate FASAB’s contributions to improving federal financial reporting, 2021 represents a personal milestone for me – 30 years of public service with the federal government. I left the private sector in 1991 to join the staff of FASAB and to contribute to its mission of improving federal financial reporting through issuing federal financial accounting standards. I have had the opportunity to work with two phenomenal executive directors, numerous remarkable co-workers, as well as a host of brilliant board members. I have also had the pleasure of working with a multitude of dedicated members of the federal financial community. As I enter this fourth decade with FASAB, I am excited about the many challenges ahead.

The Board undertakes major projects and addresses other matters throughout the year as time and resources permit. This annual report and three-year plan summarize technical activities achieved to date, project relationships, and the Board’s plans for the next three years.

In August 2021, the Board discussed its priorities and adjusted the three-year plan. Awareness of emerging issues and other ideas help ensure the Board makes consistent decisions across related projects. *As such, FASAB invites you to provide your input on the three-year plan by January 18, 2022, to help identify opportunities for enhancing FASAB guidance.*

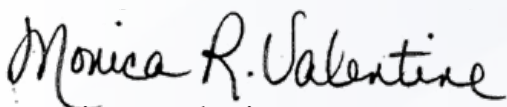
Each project on the technical agenda applies to the government-wide and component reporting entities that prepare and present general purpose federal financial reports (GPFFRs) in conformance with Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

The Board plans the technical agenda based on the following factors:

- The likelihood a potential project will significantly contribute to meeting the reporting objectives established in Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*
- The pervasiveness of the issue amongst federal entities, users of GPFFRs, Congress, and program managers
- The resource requirements and competing technical agenda priorities
- The effects on burden of preparers and auditors

The technical activities and three-year plan should help those who use, prepare, and audit federal financial reports to participate fully in the standard-setting process and plan for changes in generally accepted accounting principles (GAAP).

After considering factors that may influence project priorities, the Board begins its planning by reviewing its current research projects, as well as potential projects identified through submissions of technical inquiries from the public or identified by members, staff, and other sources. *FASAB encourages all stakeholders to submit suggestions on any aspect of this material or suggest additional ideas for inclusion in the Annual Report by January 18, 2022.*



Monica R. Valentine
FASAB Executive Director

Please provide your comments by email to fasab@fasab.gov. We will confirm receipt of your comments. If you do not get a confirmation, please contact our office at (202) 512-7350 or fasab@fasab.gov to determine if your comments were received. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements.

FISCAL YEAR 2021 COLLABORATION, EDUCATION, AND OUTREACH ACTIVITIES

FASAB engages in a number of outreach activities as part of its due process efforts throughout the year to support the federal financial management community.

Collaboration

During the research phase (RE) staff collects information to assist the Board in determining the best course of action for each project. RE outreach activities may include:

- **Educational sessions** – Staff recruits and coordinates with subject matter experts (SMEs) to deliver information during Board meetings that will enhance members' understanding of issues.
- **Coordination with other standard setters** – Staff researches the works of other standard setters, such as the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and International Public Sector Accounting Standards Board (IPSASB), to provide information to the Board.
- **Round tables** – Staff recruits SMEs from agency preparers, auditors, think tanks, GPFFR users, the Office of Management and Budget (OMB), the Congressional Budget Office (CBO), and congressional staff to participate in research sessions to provide information to the Board about what may be helpful in GPFFRs.
- **Surveys** – Staff occasionally conducts surveys through open calls to the public to help conduct research to present to the Board.

During the development and exposure draft phase (DE) staff collects information to assist the Board in developing exposure drafts (EDs), which solicit input from the federal financial community and users of GPFFRs on proposed guidance. DE outreach activities may include:

- **Collaboration with other standard setters** – Staff continues to monitor the work of other standard setters and look for collaboration opportunities.
- **Invitation to comment** – The Board may solicit comment on issues that might be addressed by the Board in the future or alternative solutions to issues currently under consideration.
- **Preliminary Views** – A PV document presents the Board's preliminary solution, although alternative solutions may be presented. For example, the Board issued a PV document on accounting for social insurance to communicate the primary and alternative views of members and to solicit feedback before developing an ED.
- **Task forces and working groups** – Staff recruits SMEs, such as agency preparers, auditors, OMB staff, and CBO researchers that work in collaboration with staff to prepare and deliver information during Board meetings, provide expert views, and develop recommended solutions.

During the resolution and finalization phase (FI) staff assists the Board with finalizing a pronouncement. FI outreach activities may include:

- **Clarification discussions** – The Board may invite certain respondents to clarify comment letters.
- **Public hearings** – The Board may request staff to identify and coordinate interested parties to address the Board directly before a pronouncement is finalized.

Before implementation of standards, outreach activities may include:

- **Implementation group meetings** – To assist in implementing standards government-wide, staff liaisons may meet with staff from agencies, OMB, and/or the Department of the Treasury's Bureau of the Fiscal Service (Fiscal) to provide implementation assistance. Staff coordinates updates to related guidance, including but not limited to A-136 – *Form and Content of Financial Statements* and Treasury's Treasury Financial Manual or U.S. Standard General Ledger.

Ongoing Educational & Outreach Activities

Mr. Scott and Ms. Valentine continued to address the need for outreach and training, and the entire FASAB staff dedicated their time, resources, and talents to FASAB's outreach program and training the community. In fiscal year 2021, FASAB gave 37 presentations, which reached 4,432 people. These trainings have not only aided in the community's specific knowledge and awareness of FASAB publications, but also helped establish relationships with our users throughout the community. Board members have also dedicated much time and effort to participating on panels and at conferences.

As part of its FY 21 outreach, FASAB entered into a Memorandum of Agreement (MOA) with the National Defense University (NDU). This agreement permits a selected FASAB staff member to serve as Visiting Professor at the CFO Academy, which is part of the College of Information and Cyberspace within the NDU. Mr. Scott named Mr. Domenic Savini as Visiting Professor. Mr. Savini primarily serves the Board in the area of infrastructure, addressing such issues as deferred maintenance and repairs, asset impairment, and public-private partnerships.

This significant increase in training opportunities and emphasis on outreach and communication continues to build on the legacy that FASAB has created. FASAB thanks all participants, organizers, and collaborators for their advice, assistance, and partnership. The Board is eager to continue serving you.

In addition to the outreach activities conducted during due process, members and staff engaged in outreach activities throughout the fiscal year for a wide array of audiences:

- **FASAB annual update** – Staff presents an update every spring, awarding four hours of free CPEs to those who attend. Unfortunately, due to COVID-19, FASAB staff was unable to host the annual update in FY 21.
- **Professional organization presentations** – Board members and staff provide updates and other relevant federal financial information to professional organizations, such as the American Institute of CPAs (AICPA); Association for Federal Enterprise Risk Management (AFERM); Association of Government Accountants (AGA)—national and local chapters; Institute of Internal Auditors; and Institute of Management Accountants.
- **Educational briefings** – Board members and staff develop and present targeted briefings to agencies as well as to congressional staff, agency leadership, college classes, and delegations from other countries about both Board efforts in general and specific issues of interest.
- **Published articles** – Board members and staff write articles to address current federal financial management topics.
- **Workshops and trainings** – Staff develops and delivers workshops and trainings in response to federal accounting professionals' educational needs. For example, staff developed a full day educational workshop to provide an in-depth discussion of authoritative federal GAAP, including the use of simulated case studies.
- **Staff liaisons to federal government working groups** – Staff collaborates with interagency councils and working groups to enhance their awareness of Board efforts and current issues, including the CFO Council, Council of the Inspectors General on Integrity and Efficiency; Defense Audit Remediation

FY 21 BY THE NUMBERS

Presentations

FASAB Board members and staff gave **37** presentations at federal agencies, conferences, and professional training events.

The FASAB chair, a member, and one staff member made presentations at the AICPA Governmental Accounting and Auditing Update Conference.

This outreach has reached approximately **4,432** people who have received about **6,643** CPEs.

NDU

FASAB established a Memorandum of Agreement with the National Defense University and named Mr. Domenic Savini as Visiting Professor at the CFO Academy.

Technical Inquiries

FASAB staff addressed **18** technical inquiries submitted by preparers, auditors, inspectors general, and consultants.

Working Group; Financial Statement Audit Network, and the Joint Financial Management Improvement Program.

- **FASAB Bits and Bytes Podcast** – As part of FASAB’s efforts to modernize and reinvigorate its communications strategy, FASAB continues to release podcast episodes to supplement its communications. Please see the [FASAB Bits and Bytes Podcast Archive](#) for more information.
- **YouTube Channel** – FASAB continues to work on its YouTube channel. Please see [FASAB’s YouTube channel](#) for more information.

Technical Inquiries

Staff engages in extensive research to provide clarification on federal GAAP-related technical inquiries (TIs) received from preparers, auditors, inspectors general, consultants, and individuals on general and agency- specific accounting issues.

As staff researches TIs received, assessments are made to determine if GAAP exists to address the technical issue or if the issue requires Board deliberation or AAPC guidance.

GOVERNANCE, OPERATIONS, AND BUDGETARY RESOURCES

Governance

The Steering Committee members continue to affirm their commitment to supporting the resource needs of the Board. The committee demonstrated this by maintaining FASAB staff levels despite ongoing budget constraints faced by all federal agencies.

Budgetary resources are reported on [page 10](#). Final FY 2022 resources are dependent upon appropriations established through the federal legislative process. The committee also conducted the executive director's annual performance appraisal and established expectations.

During the fiscal year, Lisa Motley (FASAB general counsel) and James Lager (GAO deputy ethics advisor) provided members with annual training on both Federal Advisory Committee Act requirements and ethics. Such training is helpful to update and remind members of important federal requirements and to answer questions.

During FY 2021, the Board made no revisions to its mission statement (adopted in 2012) or its rules of procedure (adopted in 2010).

Operations

Members confirm their independence and adherence to the ethics policy and complete a Board assessment survey. These actions provide information needed for an annual assessment of conformance to the five AICPA criteria essential for a GAAP standard-setting body. This report summarizes the results for the public and the Appointments Panel.

Each member's survey response identifies changes—positive or negative—in the Board's performance relative to the criteria (see [sidebar](#) for the criteria). Members explain their views and offer suggestions for improvement.

In addition to these annual processes, members agree that the AICPA will be notified of any reportable events of undue influence if and when they occur. Together, these efforts serve to alert the AICPA to significant changes relevant to the established criteria and to ongoing recognition of FASAB as the GAAP standard-setting body for federal governmental entities. To date, no reportable events have occurred. Again, this year all members confirmed they conformed to the requirements regarding independence, ethics, and reporting undue influence.



OUR GOVERNANCE TEAM

The **Steering Committee** is composed of the chair and the members representing the three federal sponsors. The committee annually reviews the operating budget, approves contracting activities, provides the executive director's annual performance appraisal, and collaborates with the executive director on the upcoming year's expectations. The committee also actively participates in the Appointments Panel.

The **Appointments Panel**, established in 1999, assists the Board's sponsors in recruiting and selecting non-federal members and advises the Board regarding improvement efforts. The panel comprises the members of the Steering Committee, two representatives of the AICPA, and one representative of the Financial Accounting Foundation (FAF). The panel's assistance contributes greatly to the Board's independence and continued conformance to the criteria for a GAAP standard-setting body. The panel reviews this annual report and monitors annual assessment survey results. The panel would convey any concerns to the AICPA in a timely manner.

Appointments Panel Members

George A. Scott, Chair
R. Scott Bell, Treasury
Robert F. Dacey, GAO
T. Eloise Foster, FAF
F. Carter Heim, AICPA
Deidre A. Harrison, OMB
Daniel J. Murrin, AICPA

FASAB General Counsel

Lisa Motley

FASAB Executive Director and Designated Federal Official

Monica R. Valentine

Further, member survey results identified several areas that contributed to the effectiveness and efficiency of the Board during the year:

- Leveraging technology, including engagement with the user and preparer communities to continue to work effectively and collaboratively, despite the ongoing challenges of operating in an environment that continues to limit in-person interaction as a result of the COVID-19 pandemic
- Ensuring that all interested parties were given the opportunity to express comments and discuss concerns on matters under Board consideration, including agency preparers, auditor representatives, and panels of subject matter experts
- Leveraging multi-agency task forces and detailed staff to support and facilitate staff research and development efforts
- Providing updates on the work of other standard-setting bodies, including participation at Board meetings by a GASB staff member, which enhances Board and staff knowledge
- Facilitating more efficient meeting discussions through member comments on draft Board papers provided to staff

AICPA CRITERIA FOR A GAAP STANDARDS-SETTING BODY

Independence: The body should be independent from the undue influence of its constituency.

Due Process and Standards: The body should follow a due process that is documented and open to all relevant aspects or alternatives. The body's aim should be to produce standards that are timely and that provide for full, fair, and comparable disclosure.

Domain and Authority: The body should have a unique constituency not served by another existing Rule 203 standard-setting body. Its standards should be generally accepted by its constituencies.

Human and Financial Resources: The body should have sufficient funds to support its work. Its members and staff should be highly knowledgeable in all relevant areas.

Comprehensiveness and Consistency: The body should approach its processes comprehensively and follow concepts consistent with those of existing Rule 203 standard-setting bodies for analogous circumstances.

ANNUAL CONFIRMATIONS PROVIDED BY EVERY MEMBER

Independence: I acknowledge that I have neither personal nor external impairments that will keep me from objectively reaching independent conclusions on matters under consideration by FASAB, nor did I during the preceding fiscal year. I will promptly notify the Chair if my independence is or may be impaired.

Ethics: I have reviewed the FASAB ethics policy and confirm that I satisfied all requirements and limitations established under the policy during the preceding fiscal year.

Undue Influence: I have notified the Chair of any and all matters that I judge to be undue influence. "Undue influence" is defined as external influences or pressures that impact a member's ability to objectively reach and/or communicate independent conclusions.

Budgetary Resources

Actual funding levels are dependent on final FY 2022 appropriations and will be determined after appropriations are provided to each of the Board's sponsors. [Table 1](#), *Budget FY 2019-2022*, presents budget resources made available from FY 2019 through FY 2021, as well as anticipated resources for FY 2022.

Table 1: Budget FY 2019 – 2022
(dollars in thousands)

	FY 2019	FY 2020	FY 2021	FY 2022 ¹
Salaries and Benefits	\$1,799.4	\$1,744.5	\$1,791.8	\$1,878.3
Member Compensation	158.6	160.6	167.2	186.3
Travel	45.0	45.0	36.0	35.0
Education and Training	9.5	10.0	10.5	11.0
Consultants and Other	81.9	80.2	152.7	143.1
Totals²	<u><u>\$2,094.4</u></u>	<u><u>\$2,040.3</u></u>	<u><u>\$2,158.2</u></u>	<u><u>\$2,253.7</u></u>

¹Actual funding levels are dependent on final FY 2022 appropriations and will be determined after appropriations are provided to each of the Board's sponsors.

²Amounts may not total correctly due to rounding.

FY 2021 Annual Report for Technical Activities & Three-Year Plan for the Technical Agenda

FASAB is subject to the Federal Advisory Committee Act and therefore follows a due process to manage the technical agenda and promulgate federal GAAP that can be summarized into three phases: research; development and exposure draft; and resolution and finalization.

During the **research phase (RE)**, the Board considers initial staff research, input from collaboration and outreach activities, and the project plan to determine the best course of action for the project. During the **development and exposure draft phase (DE)**, staff applies research and recruits task forces to help the Board develop an ED. During the **resolution and finalization phase (FI)**, the Board further deliberates on EDs based on comment letters, prepares pre-ballot revisions, and votes on final pronouncements. FASAB sends Board-approved pronouncements to its sponsors, OMB, GAO, and Treasury, before publication.

For detailed histories and context behind FASAB's projects, see the [Active Projects](#) and [Archived Projects](#) pages at [FASAB.gov](#). A consolidated work plan matrix is included in [table 2](#) on [page 20](#).

FY 2021 Standards & Guidance at a Glance	
Exposure Drafts	
Proposed Interpretation, <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> , released on October 29, 2020	
Joint Exposure Draft, <i>Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics: A Joint Exposure Draft</i> , released on November 2, 2020	
Proposed Interpretation, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> , released on May 25, 2021	
Final Issuances	
Interpretation 10, <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> , issued on May 10, 2021	
Statement of Federal Financial Accounting Standards 59, <i>Accounting and Reporting of Government Land</i> , issued on July 30, 2021	

A. Land – Accounting and Reporting

Assigned Staff: Dominic N. Savini, SaviniD@fasab.gov

Project Summary:

The Board issued Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*, on July 30, 2021. SFFAS 59 ensures consistent accounting treatment and reporting for land holdings while considering user information needs. The Statement (1) requires reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset, (2) clarifies the definition for the stewardship land (SL) category, (3) requires the reporting of G-PP&E land and SL using three predominant use sub-categories: conservation and preservation land; operational land; and commercial use land, and (4) requires consistent and comparable disclosures of information for land (that is, reporting estimated acres of land, estimated acres of land held-for-disposal or exchange, and predominant land use).

The Board believes that these requirements address concerns that the stewardship and operating performance reporting objectives and qualitative characteristics, such as relevance and comparability, are not being met. Balancing preparer concerns and user needs, the Board agreed to adopt a transitional approach wherein the changes will initially be presented as Required Supplementary Information (RSI) before transitioning to disclosures.

The Board agreed to adopt a transitional approach after receiving additional feedback from the preparer community and considering the impact of the COVID-19 pandemic on agencies' ability to implement this Statement. Accordingly, the Board delayed the Statement's effective date by one year and allowed information to be presented as RSI for fiscal years 2022 through 2025, with the expectation that in fiscal year 2026, RSI will transition to note disclosures and G-PP&E land and permanent land rights will be removed from the balance sheet. The Board believes that the extension and four-year transition period coupled with its monitoring process should allow adequate time to identify and address implementation challenges, including any cost-benefit considerations, while it is reported as RSI.

Given the potential implementation challenges related to SFFAS 59, the Board agreed to include a separate project on its technical agenda to monitor implementation challenges and to assess the need, as appropriate, for actions to address those challenges prior to transition of the RSI requirements to the notes. Consistent with Board principles and practice, such actions may include, among other things, staff guidance, AAPC guidance, interpretations, or additional standards, as determined appropriate based on Board deliberations. The Board intends to establish working groups, comprising stakeholders, including major landholding agencies and users to conduct these assessment and research activities.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
FI - The Board issued SFFAS 59, <i>Accounting and Reporting of Government Land</i> , on July 30, 2021.			
Implementation guidance for SFFAS 59	RE	RE	RE

B. Leases

Assigned Staff: Ricky A. Perry, Jr., PerryRA@fasab.gov

Project Summary:

FASAB issued SFFAS 54, *Leases*, in April 2018. SFFAS 54 provides a comprehensive set of lease accounting standards to recognize federal lease activities in GPFFRs and include appropriate disclosures. SFFAS 54 will become effective in FY 2024.

The Board developed implementation guidance through the Accounting and Auditing Policy Committee (AAPC) to facilitate effective implementation of SFFAS 54. Technical Release 20, *Implementation Guidance for Leases*, was finalized in FY 2021 and is expected to be issued in November 2021.

There are currently four sub-projects:

B1. Leases Omnibus Amendments

These amendments will provide clarifications, technical corrections, and facilitate implementation of Statement 54. SFFAS 60, *Omnibus Amendments 2021, Leases-Related Topics*, was finalized in FY 2021 and is expected to be issued in November 2021. The Board will continue to research and develop additional omnibus changes as appropriate.

B2. Leases Implementation Guidance

This guidance will facilitate implementation of SFFAS 54 requirements. The expected issuance date of November 2021 coincides with the expected issuance date of SFFAS 60. These pronouncements will be issued in tandem.

B3. Interpretations of SFFAS 54

The Board is considering implementation issues that may necessitate interpretations to clarify and/or expand upon certain provisions of SFFAS 54.

B4. Staff Implementation Guidance

Technical staff and leases task force members have identified implementation issues that do not necessitate the development of new accounting standards or complex guidance that would warrant the involvement of the AAPC under the Board's rules of procedure. Staff will continue to research and assess the need for providing staff implementation guidance (level-D GAAP) and leverage task force and agency expertise on development of such guidance as necessary.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
B1. Leases Omnibus Amendments FI – The Board developed and recently approved numerous omnibus amendments related to leases.	FI	RE	
B2. Implementation Guidance for SFFAS 54, Leases FI – The AAPC finalized and the Board approved implementation guidance for leases.	FI	RE	RE
B3. Interpretations of SFFAS 54, Leases RE – Staff identified numerous interpretation candidates for SFFAS 54 through research, task force input, and direct outreach.	RE DE	FI	
B4. Leases Staff Implementation Guidance RE – Staff identified numerous guidance candidates for SFFAS 54 through research, task force input, and direct outreach.	RE		

C. Public-Private Partnerships

Assigned Staff: Dominic N. Savini, SaviniD@fasab.gov

Project Summary:

FASAB added this project to the agenda because federal agencies have increasingly turned to public-private partnerships (P3s) to accomplish their goals. Budget pressures are likely to further increase the use of P3s. The overall objective of the project is to make the full costs and risks of such partnerships transparent.

In phase 1, the Board decided to address definitions and disclosures regarding risk before providing recognition and measurement guidance in phase 2. On April 27, 2016, the Board concluded its first phase with the issuance of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, effective for periods beginning after September 30, 2018.

Contingent upon a post-implementation SFFAS 49 (phase 1) review, the Board plans to resume its work on P3s in phase 2 regarding recognition and measurement. The Board will continue to review reporting entity financial report note disclosures to identify specific recognition and measurement issues. The Board also plans to consider implications for other arrangements related to P3s (for example, sale-leasebacks and other long-term arrangements).

A task force will be convened to address major P3 accounting practice issues requiring guidance, review entity P3 disclosures, and coordinate progress and results with the leases, note disclosures, and MD&A project managers.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
RE – The Board began reviewing fiscal year 2020 SFFAS 49 note disclosures to identify specific recognition and measurement issues.	RE	DE	FI

Reporting Model

The Board initiated the reporting model project due to increased demands for financial information for decision making and accountability and changes in the way users access information, as well as the need to identify ways to streamline the financial reporting process without sacrificing informational value. Currently, the following topics are part of a collective reporting model project:

- Budgetary Information
- Concepts Omnibus
- Management's Discussion and Analysis

D. Budgetary Information			
Assigned Staff: Monica Valentine, fasab@fasab.gov			
Project Summary:			
The budgetary information project addresses certain issues related to accounting and financial reporting of government-wide and component reporting entity budgetary information. The project will consider improvements to existing guidance related to 1) the usefulness of the required U.S. budget surplus/deficit presentations and 2) the understandability of the required presentation for component reporting entity budgetary resources.			
FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
RE – This project was put on hold in mid fiscal year 2021 while other efforts on this topic are being considered by OMB and GAO. FASAB will continue to monitor their work and will assess whether any additional efforts are needed by FASAB.	RE	RE	RE

E. Concepts Omnibus			
Assigned Staff: Robin Gilliam, GilliamR@fasab.gov			
Project Summary:			
The objective of the concepts omnibus project is to amend existing concepts for note disclosures and management's discussion and analysis (MD&A). Amending note disclosure concepts in paragraph 68 of Statement of Federal Financial Accounting Concepts (SFFAC) 2, <i>Entity and Display</i> , will expand concepts to include the fundamental types of useful information that may be presented in note disclosures and the role of note disclosures as an integral part of the basic financial statements. Amending MD&A concepts in paragraph 69 of SFFAC 2 will consolidate MD&A concepts into one SFFAC. (This was formerly the note disclosures project.)			
FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
DE – FASAB developed the concepts omnibus draft exposure draft to include amendments to note disclosures and MD&A concepts in SFFAC 2.	DE FI		

F. Management's Discussion and Analysis (MD&A)

Assigned Staff: Robin Gilliam, GilliamR@fasab.gov

Project Summary:

The Board decided to combine the efforts from the reporting model phase I: MD&A and stewardship investments improvements and risk reporting projects to provide updated standards for preparing the MD&A.

Based on research and dialogue through round tables and task forces, the Board has determined that MD&A is generally burdensome to prepare. Duplicative content, incompatible reporting timelines (for example, with budget and performance reporting), and density of non-financial information are among the contributors to preparer burden. MD&A preparation is further complicated by the existence of guidance in non-authoritative sources (SFFAC 3, *Management's Discussion and Analysis*) rather than authoritative sources (SFFAS 15, *Management's Discussions and Analysis*).

The Board undertook the MD&A project to consolidate guidance from SFFAC 3 and SFFAS 15. Updated guidance should promote the preparation of streamlined financial and non-financial content to tell a holistic story about the efficient and effective use of resources to achieve performance objectives.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
DE – FASAB completed 11 MD&A objectives and a draft MD&A vision framework and conducted agency pilot and user reviews on sample MD&As based on the 11 MD&A objectives and vision framework. The Board is developing MD&A standards to include in a draft exposure draft.	DE FI	FI	

Technical Clarifications of Existing Standards

Members of the Board and the federal financial management community have expressed a general concern that federal entity resources are increasingly constrained. Some believe existing requirements should be evaluated and any unnecessary requirements eliminated. When appropriate, the Board explores opportunities to engage with the community on changes to existing standards and areas where clarification may be needed.

The focus of this project is to address requests for guidance that align with the above goals and provide benefits that clearly exceed costs. To accomplish these goals, ongoing efforts may include providing additional forums for preparers, auditors, and users to identify changes in or clarifications of existing guidance they believe are unnecessary (this can be accomplished through an open-ended written request for input or round table discussions). The Board will assess requests against the reporting objectives. The Board may address these requests through the appropriate level of GAAP guidance.

FASAB staff will research topic areas as they are presented by the federal financial management community or identified through other projects. Currently, the following topics are part of a collective technical clarifications of existing standards project:

- Technical Guidance Update
- Debt Cancellation
- Non-federal, Non-entity Fund Balance with Treasury
- Implementation Guidance for DoD

G. Technical Guidance Update				
Assigned Staff: Melissa Batchelor, BatchelorM@fasab.gov				
Project Summary:				
The Board issued several pronouncements in recent years that require assessing and updating related lower-level GAAP. These pronouncements include SFFAS 42, <i>Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32</i> ; SFFAS 44, <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i> ; Interpretation 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & 6</i> ; and Technical Bulletin 2017-2, <i>Assigning Assets to Component Reporting Entities</i> . FASAB has identified specific lower-level guidance that needs conforming amendments:				
<div><div>■</div><div>TR 2, <i>Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government</i></div></div> <div><div>■</div><div>TR 10, <i>Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment</i></div></div> <div><div>■</div><div>TR 11, <i>Implementation Guidance on Cleanup Costs Associated with Equipment</i></div></div> <div><div>■</div><div>TR 14, <i>Implementation Guidance on the Accounting for the Disposal of General Property, Plant & Equipment</i></div></div>				
FY21 Actions		Three-year Plan		
(Work Completed as of Sept. 30, 2021)		FY22	FY23	FY24
RE – FASAB began preliminary assessment of TRs to identify related conforming amendments.		DE	FI	

H. Debt Cancellation

Assigned Staff: Melissa Batchelor, BatchelorM@fasab.gov

Project Summary:

FASAB was requested to review SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, paragraph 313 as it relates to entity debt cancellation and determine if clarification was required. On May 25, 2021, FASAB released for comment the proposed Interpretation of Federal Financial Accounting Standards titled *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313*.

The proposed Interpretation would clarify that debt cancellation is a nonexchange activity that should be reported on the statement of changes in net position (SCNP). This proposed Interpretation would also clarify that paragraph 313 of SFFAS 7 should not be interpreted to require that a particular line item "gain" or "loss" be displayed on the SCNP. In addition to the proprietary accounting and reporting discussed above, budgetary accounting should be considered. As noted in paragraph 313 of SFFAS 7, the cancellation of debt requires an Act of Congress. Each debt cancellation is governed by the particular language used in the enacted legislation canceling the debt. This proposed Interpretation would not provide guidance on budgetary accounting, which is issued by central agencies.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
RE / DE – FASAB released for comment the proposed Interpretation of Federal Financial Accounting Standards titled <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> on May 25, 2021.	FI		

I. Non-Federal, Non-Entity Fund Balance With Treasury

Assigned Staff: Melissa Batchelor, BatchelorM@fasab.gov

Project Summary:

Guidance was requested regarding the presentation of non-federal non-entity Fund Balance with Treasury as it relates to paragraph 31 of SFFAS 1, *Accounting for Selected Assets and Liabilities*. On May 10, 2021, FASAB issued Interpretation 10, *Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*. Interpretation 10 clarifies the classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT) in paragraph 31 of SFFAS 1. Specifically, Interpretation 10 clarifies that non-federal non-entity amounts received for unfilled orders (including amounts a customer advances for orders that may be placed in the future or deposits made as part of a bid or settlement process) and deposited into the General Fund of the U.S. Government should be reported as an intragovernmental asset by the component reporting entity.

FY21 Actions (Work Completed as of Sept. 30, 2021)	Three-year Plan		
	FY22	FY23	FY24
DE / FI – FASAB issued Interpretation 10, <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> , on May 10, 2021.			

J. Implementation Guidance for DoD

Assigned Staff: Melissa Batchelor, BatchelorM@fasab.gov

Project Summary:

DoD efforts to implement standards have revealed areas in need of clarification or amendment. In early 2014, the Board established a project to address such areas. Although there is no longer an active project related specifically to DoD, FASAB continues to liaison with DoD workgroups, assess areas that may need implementation guidance, and develop implementation guidance as necessary.

FY21 Actions

(Work Completed as of Sept. 30, 2021)

Three-year Plan**FY22****FY23****FY24**

RE – FASAB staff worked with DoD to assess areas that may need implementation guidance.

RE**RE****RE**

Table 2 - Technical Agenda Consolidated Work Plan Matrix

Technical Activities	Status FY21	Plan			Staff Contact
		FY22	FY23	FY24	
A. Land					Domenic N. Savini
A. Land Accounting and Reporting Standard	FI				
A1. Implementation Guidance on Land		RE	RE	RE	
B. Leases					Ricky A. Perry, Jr.
B1. Leases Omnibus Amendments	FI	FI	RE		
B2. Implementation Guidance for SFFAS 54, <i>Leases</i>	FI	FI	RE	RE	
B3. Interpretations of SFFAS 54, <i>Leases</i>	RE	RE DE	FI		
B4. Leases Staff Implementation Guidance	RE	RE			
C. Public-Private Partnerships - Phase 2	RE	RE	DE	FI	Domenic N. Savini
Reporting Model					
D. Budgetary Information	RE	RE	RE	RE	Monica Valentine
E. Concepts Omnibus	DE	DE FI			Robin Gilliam
F. MD&A	DE	DE FI	FI		Robin Gilliam
Technical Clarifications of Existing Standards					
G. Technical Guidance Update	RE	DE	FI		Melissa Batchelor
H. Debt Cancellation	RE DE	FI			
I. Non-federal, Non-entity Fund Balance with Treasury	DE FI				
J. Implementation Guidance for DoD	RE	RE	RE	RE	

RE = research phase

DE = development and exposure draft phase

FI = resolution and finalization phase

NEW TECHNICAL PROJECTS

The following three research topics were approved by the Board at the August 2021 meeting to be added to the technical agenda.

Reexamination of Existing Standards

The objective of the reexamination project is to reexamine FASAB's existing standards to assess their current relevance and to identify opportunities to clarify, update, and/or streamline authoritative guidance. The Board believes that the accounting standards should be periodically reexamined to assess their current applicability and to eliminate or revise unnecessary requirements. In this project, the Board is exploring opportunities to review and reexamine existing SFFASs and other pronouncements, as appropriate, and identify areas where clarification or amendments may be needed. As part of this project the Board also agreed to research both the benefits of and concerns with FASAB's current GAAP hierarchy. The reexamination project is expected to address issues related to (1) inconsistencies with current practice, (2) confusion or difficulties applying requirements, (3) the need for clarifications, and (4) the usefulness of disclosures and other required information.

The focus of the project will be a comprehensive review of existing guidance (for example, standards, interpretations, technical bulletins). Reexamination of existing standards can be approached in many different ways, including a on (1) chronological, document-by document basis, starting with the oldest standards; (2) a broad topic basis (for example, assets, liabilities, revenue, and expenses, etc.); (3) a targeted bases, focusing on guidance most in need of revision; or (4) combination of these and other approaches. The Board is very aware that identifying an optimal approach is essential to the success of the project. Therefore, the Board will take the necessary time and fully vet all options prior to committing significant resources to this effort.

Intangible Assets

The objectives of the intangible assets project are to (1) develop updates for software reporting guidance, (2) develop a working definition of intangible assets for the Board's internal use, and (3) further assess the costs versus benefits of developing reporting guidance for other intangible assets. Examples of potential intangible assets identified by research include patents, trademarks, data sets, and software-based resources such as licenses and subscription-based information technology arrangements (SBITAs). The Board agreed that research indicates a need to update software guidance. The updates should address inconsistencies with current reporting practices and the need for new guidance to address resources now prevalent throughout the federal government. Additionally, the Board had concerns with recognition challenges associated with the other types of identified intangible assets and concluded it would be best to first develop a working definition of intangible assets applicable to the federal government.

Staff will work with a task force on the first two objectives while the third objective is on standby for the foreseeable future. The Board generally agreed it is necessary to consider further the costs versus benefits of reporting guidance before deciding whether to develop an intangible assets standard. However, the Board mostly agreed the third objective was not as high a priority as the first two objectives due to research indicating that there is not a strong need for intangible asset reporting guidance, with the exception of software-based resources.

Climate-Related Financial Reporting

The objective of the climate-related financial reporting project is to provide guidance for reporting entities to account for and report on the financial impact of climate-related weather events and climate-related financial risk in Federal financial reports. This project comes at a time when there is a significant amount of interest in how, not just the federal government, but all sectors around the world, account for and report on climate-related impact and risk. For example, GAO has noted in the high risk report - [Limiting the Federal](#)

Government's Fiscal Exposure by Better Managing Climate Change Risks

There are five areas in which government-wide action is needed to reduce federal fiscal exposure, including, but not limited to, the federal government's roles as (1) insurer of property and crops; (2) provider of disaster aid; (3) owner or operator of infrastructure; (4) leader of a strategic plan to coordinate federal efforts; and (5) provider of data and technical assistance to decision makers.

Strategies have also been identified for the federal government in the May 20, 2021, [Executive Order 14030, Climate-Related Financial Risk](#). In addition, companies and governments around the world are implementing disclosures recommended by the [Task Force on Climate-Related Financial Disclosures](#).

The Board believes this project will: 1) align the Federal government's efforts with the climate-related financial disclosure work being done by other standard setters; 2) help agencies report the work being done to reduce fiscal exposure to climate-change; and 3) support strategies to measure, assess, mitigate, and disclose climate-related financial risk to Federal government programs, assets, and liabilities.

The Board's plans for this project are to 1) develop a staff paper to provide a catalog of existing standards that can address accounting for and reporting of financial impacts of climate-changes; 2) analyze technical inquiries by FASAB stakeholders of agency specific scenarios to determine if any amendments are needed to existing standards, and/or if new generally accepted accounting principles (GAAP) are needed; 3) review recommendations for climate-related financial disclosures and related frameworks by standard setters in order to craft a federal framework to help determine if any amendments to existing standards, and/or new GAAP is needed; and 4) meet regularly with other public standard setters to monitor the status of those organizations' efforts and to collaborate on common efforts as deemed appropriate.

AAPC ACTIVITIES

As a permanent committee established by FASAB to improve federal financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues, the AAPC develops implementation guidance for existing accounting standards through Technical Releases (TRs). FASAB reviews all TRs before their issuance. The AAPC may not amend existing standards nor promulgate new standards.

In FY 2021, the AAPC finalized and approved leases implementation guidance. This guidance will be issued early in FY 2022.

The AAPC recently approved a project to examine existing technical releases (TRs) for conforming amendments resulting from two recent pronouncements: (1) Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities* and (2) Technical Bulletin (TB) 2017-2, *Assigning Assets to Component Reporting Entities*.

We want to hear from you.

Do you like this report? Do you believe it should include any other information?
Please let us know by contacting the chair at fasab@fasab.gov or 202.512.7350.

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