

**FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD**  
**Board Meeting Minutes**  
**April 23, 2020**  
**WebEx and Teleconference**

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For research purposes, please see the briefing materials at [www.fasab.gov](http://www.fasab.gov). Briefing materials for each session are organized by tab; references to these tabs in the minutes are hyperlinked.

**Thursday, April 23, 2020**

**Attendance**

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present virtually throughout the meeting: Mr. Scott (chair), Mr. Bell, Ms. Bronner, Mr. Dacey, Ms. Harper, Messrs. McNamee, Patton, Smith, and Soltis. The executive director, Ms. Valentine, and general counsel, Ms. Motley, were also present throughout the meeting.

**Administrative Matters**

- **Approval of Minutes**

The Board approved the February meeting minutes prior to the meeting.

- **Updates and Clippings**

Mr. Scott began the meeting by briefly discussing the letter staff will send on his behalf in response to the American Institute of CPA’s document *Maintaining the Relevance of the Uniform CPA Examination: An Exposure Draft and Invitation to Comment*.

## **GASB Update – Roberta Reese**

Ms. Reese, senior project manager, Governmental Accounting Standards Board, provided a brief update of the GASB's recent activities. Those activities included the deferral of effective dates project, the GASB emergency toolkit, the deferral of stakeholder outreach activities, and the issuance of Statement Nos. 93, *Replacement of Interbank Offered Rates*, and 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. She also provided the status of current projects, including subscription-based information technology arrangements, conceptual framework for note disclosures, conceptual framework on recognition of elements of financial statements, financial reporting model reexamination, and revenue and expense recognition.

## **Agenda Topics**

- **FASAB Response to COVID-19**

Ms. Valentine introduced the discussion on FASAB's response to Coronavirus Disease 2019 (COVID-19) from [tab B](#) of the briefing materials. She noted that FASAB shares user concerns in light of the COVID-19 pandemic. In response to the pandemic, the President and Congress have taken measures to ease the impact on citizens. FASAB's priority is working with its stakeholders to help resolve important federal financial accounting and reporting questions. The plan is to continue to monitor and respond to federal entity needs. FASAB is also committed to supporting and assisting stakeholders beyond this immediate crisis.

Ms. Valentine noted that staff is proposing a three-pronged approach to respond to the needs of the federal financial accounting and reporting community.

### **I. Technical Inquiries and Training**

Ms. Valentine stated that FASAB is encouraging the submission of technical inquiries through the FASAB website. Staff has recently streamlined the technical inquiry submission process with a newly redesigned technical inquiry webpage. Staff is also committed to answering inquiries as quickly as possible. Through the technical inquiry process, staff monitors accounting issues across the federal government to determine if they have government-wide application and if the issue may require Board deliberation to consider new guidance, amendments to existing guidance, or implementation guidance.

Ms. Valentine also mentioned that FASAB staff is offering virtual training to assist agencies in meeting their training and professional development needs. She noted that FASAB Assistant Director Domenic Savini is leading that effort.

Mr. Savini noted that staff has known that the financial management community has been under tremendous pressure to implement reporting requirements; FASAB understands the need for staff to conduct more outreach and training. Staff decided to

offer a previously designed course virtually. It is an all-day accounting concepts and standards course. The training has served as a refresher for many and an introduction for those not well acquainted with FASAB concepts and standards. Staff sees it as a morale booster as people work from home.

Mr. Savini noted that, as a result of the COVID-19 news release, staff has received numerous inquiries from agencies such as the National Geospatial Intelligence Agency, Federal Bureau of Investigation, Social Security Administration, Federal Deposit Insurance Corporation, Housing and Urban Development, and several others. Mr. Savini already has about 10 classes scheduled in response to the offering for virtual training in the news release, and he is in the process of scheduling more. FASAB provides government CPEs at the end of each training. Another benefit to the training is staff hears directly from the community about issues and concerns participants might have related to generally accepted accounting principles.

For example, staff developed a separate two-hour class on internal use software. Through this particular training, staff has already identified some areas where Statement of Federal Financial Accounting Standards (SFFAS) 10, *Accounting for Internal Use Software*, might need some clarification.

The training has been quite successful. Staff thanked Mr. Scott and Ms. Valentine for realizing this need and for allowing staff to try to meet that need in the community.

(This specific approach is outlined in a [FASAB news release](#) published on April 9, 2020.)

**Question 1 – Does the Board agree with the approach to encourage submission of technical inquiries? If not, what other approaches, if any, should staff consider in addressing potential accounting and/or reporting issues?**

Mr. Scott asked the members if they agreed with the first approach proposed by staff. Members unanimously agreed with the first approach proposed by staff and expressed their appreciation to Mr. Savini for his training efforts. Members also had the following comments:

- Members suggested that staff share with the Board the questions received through the technical inquiry process, especially those questions requiring more judgment.
- Members also suggested greater coordination between staff and the sponsors: the Department of the Treasury (Treasury), the Office of Management and Budget (OMB), and the Government Accountability Office (GAO).
- One member asked if it was possible for staff to archive the virtual training sessions for future viewing.

## II. SFFAS Effective Dates

Ms. Valentine next outlined the staff's proposed second approach. As many of the other standard-setting bodies are considering the postponement of effective dates for various standards, it is prudent for the Board to also consider the need to postpone the effective dates for any existing guidance in an effort to ease the COVID-19 burdens currently placed on the community.

Ms. Valentine noted that staff reviewed all existing Statements with effective dates beginning in the next 24 months and found that SFFAS 54, *Leases*, is currently the only Statement with an effective date within that period—effective for reporting periods beginning after September 30, 2020. However, the Board has already approved SFFAS 58, *Deferral of the Effective Date of SFFAS 54, Leases*, for issuance that changes the effective date for SFFAS 54 to fiscal year (FY) 2024. Therefore, staff does not see a need for the Board to postpone the effective dates of any existing standards effective in the next 24 months.

**Question 2 – Does the Board agree with staff's assessment that there is currently not a need for the Board to postpone the effective dates of any existing standards effective in the next 24 months?**

Mr. Scott asked the members if they agreed with the second approach proposed by staff. Members unanimously agreed with the second approach proposed by staff. Members also had the following comments:

- Several members stressed the need to monitor the community's progress on implementing SFFAS 54. This monitoring can be done through the ongoing implementation guidance being developed by the Accounting and Auditing Policy Committee and the outstanding efforts of staff and the task force.
- Members suggested specifically communicating to the community that the Board will be actively monitoring federal entities' progress in implementing SFFAS 54 and welcomes their feedback.
- Members also suggested that the effects of COVID-19 need to be considered relative to pending standards as well as existing standards. The Board decided to discuss this topic during the land session.
- Members also suggested reviewing the Board's technical agenda in light of the potential need to shift resources away from planned projects to the immediate needs of the community as they relate the COVID-19 pandemic. Members asked that staff convey any changes to the technical agenda to the Board.

### III. Identification of Accounting Issues

Ms. Valentine next outlined staff's proposed third approach. Staff plans to work closely with Treasury, OMB, and GAO to identify and prioritize accounting issues that may require new standards, amendments/Interpretations to existing standards, or other implementation or clarification guidance. Staff has initiated that communication with FASAB's sponsors to ensure continued coordination.

Ms. Valentine noted that, based on an initial review of the COVID-19 related legislation, staff identified several broad federal accounting and reporting topics as possible areas needing additional guidance or reemphasis. Those topics include:

- Loan and loan guarantees
- Public-private partnerships
- Risk reporting
- Federal entity
- Cost accounting
- Property, plant, and equipment

Lastly, staff will research these topics and identify other topics, as needed. Staff will address those issues that can be resolved with existing FASAB guidance and will alert the Board to other issues that may require Board action.

**Question 3 – Does the Board agree with staff's approach to identify and prioritize COVID-19 related accounting issues that may require FASAB involvement? If not, what other approaches should staff consider to identify and prioritize potential accounting issues?**

Mr. Scott asked the members if they agreed with the third approach proposed by staff. Members unanimously agreed with the third approach proposed by staff. Members also had the following comments:

- One member noted the need to monitor new programs, such as loan forgiveness, that may have widespread application.
- Several members stressed the importance of keeping the Board informed of the issues raised by the community.
- Members reiterated the need to coordinate efforts with the sponsor members to identify those issues that Treasury or OMB can address.
- One member suggested more coordinated efforts between FASAB and the Chief Financial Officers Council.

One member asked if there were any expectations to review the current timeframes of the Board's technical agenda. Ms. Valentine noted that the technical agenda would be reviewed as staff resources are needed for more immediate issues.

- **Land**

Mr. Savini directed the Board to [tab A](#), which included a revised pre-ballot draft of SFFAS 59, *Accounting and Reporting of Government Land*. The principal provisions of this proposed Statement involve replacing the requirement to report general property, plant, and equipment (G-PP&E) land and permanent land rights on the balance sheet at historical cost with a requirement to disclose land acres and predominant use classifications for all land including stewardship. The acreage and predominant use classification information initially would be presented as required supplementary information (RSI) for a period of four years (FY 2021-2024) and transition to note disclosures along with G-PP&E land and permanent land rights de-recognition in FY 2025.

Members began by discussing whether the effective and transitional period dates should be adjusted in light of COVID-19. Based on the earlier discussion concerning COVID-19's effect on existing standards, members unanimously agreed to a delay of one year. As a result, staff changed the effective date and RSI transition dates at paragraphs 14 and 15 to reflect the one-year COVID-19 extension. The Statement will not become effective until FY 2022 with a transition to note disclosures beginning in FY 2026. However, some members acknowledged that a longer delay may be warranted depending on COVID-19 conditions and given that the COVID-19 delay does not address the technical difficulties identified by Messrs. Soltis and Bell in their most recent dissent, as supported by a Department of Interior (DOI) memorandum dated April 17, 2020.<sup>1</sup>

The members then addressed concerns expressed in the aforementioned dissent submitted on April 22, 2020, by Messrs. Soltis and Bell. DOI, the largest land-holding agency, expressed concerns in the memorandum to OMB regarding the proposed requirements related to reporting the nonfinancial information—acreage. Messrs. Soltis and Bell highlighted the information in the memorandum, noting that in some cases there may be misunderstandings about what the pre-ballot requirements are, what the effect of those requirements may be, and the changes to the proposed standards since the exposure cycle. They suggested that the Board meet with DOI to better understand the Department's concerns. Members then discussed obtaining more feedback from DOI. Specifically, members noted that the points raised in the memorandum had been previously deliberated by the Board with the exception of how the proposed requirements might impact the agency's audit opinion. Members generally agreed that there appeared to be a misunderstanding concerning the pre-ballot requirements, not only in regard to any perceived impact to the agency's unmodified opinion, but also

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<sup>1</sup> Memorandum dated April 17, 2020, addressed to Mr. Peter Warren, Acting Deputy Director for Management, OMB from Ms. Susan Combs, Assistant Secretary for Policy, Management and Budget titled *Federal Accounting Standards Advisory Board Proposal on Reporting Federal Land*

management's ownership assertions. That is, the proposed requirements recognize that management's assertion concerning land ownership and its related estimates of acres of land and permanent land rights can be based on non-traditional supporting documentation and reasonable estimates.

Additionally, some members indicated that DOI has had sufficient opportunities to provide feedback throughout the due process on the document and some expressed concern about establishing precedent of obtaining additional feedback at this late stage of a project. Although some Board members believed that it would be beneficial to obtain additional feedback from DOI, they were equally concerned that this would further delay the project. Some Board members saw value in obtaining additional feedback from all key significant land-holding agencies. In closing, members agreed that meetings should be held with all key land-holding agencies to discuss the requirements in the pre-ballot draft and to not only better understand their concerns, but also to correct any misunderstanding regarding the Board's proposal.

### **Question 1 – Paragraph A38, Basis for Conclusions.**

**Do Members agree with the revised draft language explaining the Board's rationale in addressing member concerns? If not, what specific changes or edits should staff consider making?**

The Board then discussed paragraph A38 in the basis for conclusions. This paragraph provides details regarding the Board's reasoning related to the timing of the transition of nonfinancial information from RSI to notes. It also includes details of the project the Board has added to its technical agenda to monitor implementation challenges. Members agreed to various editorial changes.<sup>2</sup>

A summary of the pre-ballot changes made during the session follows:

- Revised paragraph 14 – “The requirements of this Statement are effective as RSI for reporting periods beginning after September 30, 2021.” (Changed from 2020)
- Revised paragraph 14 – “...should be presented as RSI for FY 2022 through 2025 and transition to note disclosures in FY 2026...” (Changed from RSI periods of 2021-2024 and transition to basic at 2025)
- Revised paragraph 14 – “Asset dollar amounts for G-PP&E land and permanent land rights should remain on the balance sheet along with existing disclosures and cease in FY 2026...” (Changed from 2025)
- Revised paragraph 14 – “Existing display and disclosure (balance sheet reference) for stewardship land should continue until FY 2026.” (Changed from 2025)

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<sup>2</sup> Refer to the new DM document number 1535438 (formerly 1488713 v2).

- Revised paragraph 15 – “...transition to basic information in FY 2026...” (Changed from 2025)
- Revised paragraph A38 – Staff made conforming edits for all date changes shown above to this paragraph. Staff also addressed the potential impacts of COVID-19 on agencies’ ability to implement this Statement and the resulting Board decision to extend the implementation dates by one year.

**Next Steps:** Staff will extend the pre-ballot period to allow for clarifying discussions with key land-holding entities.

## **Adjournment**

The Board meeting adjourned for the day at 1:25 p.m.