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Ms. Monica R. Valentine
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

Subject: Comments on Exposure Draft – Implementation Guidance for SFFAS 49: Public-Private Partnerships

Dear Ms. Valentine:

Thank you for the opportunity to comment on the Exposure Draft of Implementation Guidance for Statement of Federal Financial Accounting Standards (SFFAS) 49: Public-Private Partnerships (P3s) issued on May 16, 2025. I commend the Federal Accounting Standards Advisory Board (FASAB) for its continued efforts to clarify complex reporting requirements and support consistent implementation across federal entities.

Below, I provide comments in agreement with many aspects of the draft, as well as several areas where clarification or enhancement would further strengthen its effectiveness.

Areas of Support

1. Clear Disclosure Principles

The Implementation Guidance appropriately reinforces SFFAS 49's intent to focus on risk-based disclosures that are concise, transparent, and non-duplicative. The clarification of risk characteristics and illustrative scenarios will aid preparers in distinguishing P3s from other long-term arrangements.

2. Emphasis on Usability and Efficiency

The question-and-answer format, logical flow of guidance, and streamlined updates reflect a commendable focus on preparer usability. These elements will facilitate more consistent application without imposing unnecessary burden on reporting entities.

3. Alignment with Related Standards

The guidance appropriately recognizes interactions with other standards, particularly SFFAS 54 on leases and SFFAS 47 on the reporting entity. This alignment will help reduce conflicting interpretations and promote unified accounting treatment across related arrangements.

4. Analogical Framework

I support the Board's intent for this guidance to serve as a model for interpreting similar arrangements beyond P3s. This forward-looking approach sets a useful precedent for future technical releases and supports harmonization across the federal financial reporting environment.

Areas for Clarification or Enhancement

1. Scope of Applicability and Analogy

While the intent to extend guidance to analogous arrangements is valuable, I recommend greater clarity regarding the limits of such analogies. Additional explanation on how and when to apply P3 principles to sale-leasebacks, enhanced-use leases, or federal loan guarantees would improve consistency.

2. Risk Characterization

The ED references risk-based indicators but does not include specific benchmarks or illustrative thresholds. Including sample risk assessment matrices or disclosure decision trees would enhance consistency and reduce judgment variability across entities.

3. Coordination with SFFAS 54 (Leases)

Potential overlaps between lease accounting under SFFAS 54 and long-term P3s may create reporting confusion. Clearer decision criteria or a bifurcation framework would help agencies determine whether to apply lease guidance or P3 principles to hybrid arrangements.

4. Disclosure Duplication with OMB/Treasury Requirements

While the ED aims to prevent duplicative disclosures, preparers may still encounter overlapping reporting obligations (e.g., OMB Circular A-136, Treasury GTAS reporting). Consider providing integrated disclosure examples or cross-references to promote efficient, coordinated reporting.

5. Effective Date and Transition Guidance

The exposure draft would benefit from specifying whether the guidance is effective for FY 2025 reporting or subsequent periods. If immediate adoption is expected, transitional guidance or optional deferral should be considered to ensure smooth implementation.

Conclusion

In summary, I strongly support the FASAB's commitment to enhancing transparency and usability through this Implementation Guidance. With targeted refinements to scope clarity, risk interpretation, and coordination with existing requirements, the final guidance will be an important tool for federal financial reporting entities.

Thank you for your consideration of these comments. I would welcome the opportunity to further discuss or clarify any feedback provided.

Sincerely,

Branco Garcia
Senior Auditor
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