



FASAB Newsletter

Federal Accounting Standards Advisory Board

December 2017/January 2018 TABLE OF CONTENTS

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Disclaimer

The staff of the Federal Accounting Standards Advisory Board publishes the FASAB newsletter following Board meetings to provide highlights of recent Board actions and issues. When an article refers to a Board decision, it should be understood that this is tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).

Please direct newsletter editorial questions to Leigha Kiger at 202-512-7358 or kigerl@fasab.gov.

Please direct AAPC technical questions to Grace Wu at 202-512-7377 or wug@fasab.gov.

Please direct FASAB and AAPC administrative questions to Romona Parker at 202-512-7350 or parkerr1@fasab.gov.

Member News

FASAB Bids Farewell to Office of Management and Budget Representative Mark Reger

Mr. Mark Reger has retired from his post as Deputy Controller of the United States. Therefore, December was Mr. Reger’s final meeting as the Office of Management and Budget (OMB) representative for the Federal Accounting Standards Advisory Board (FASAB or “the Board”).

Mr. Reger shares a unique history with FASAB—first serving as the Board representative for the Department of the Treasury (2010–2014) before moving to OMB (2014–2017). Regardless of his role, Mr. Reger has maintained a strong commitment to improving federal financial accounting. The Board wishes Mr. Reger well in his retirement.

Current Board Projects

(For more information, click on the title of the project to be directed to the related active project page.)

Evaluation of Existing Standards

Amending Inter-entity Cost Provisions

At the December 2017 meeting, the Board considered responses to the exposure draft (ED) titled *Amending Inter-entity Cost Provisions*. The Board also reviewed staff's analysis and an updated proposed Statement. A majority of respondents generally agreed with the proposal to revise Statement of Federal Financial Accounting Standards (SFFAS) 4, *Managerial Cost Accounting Standards and Concepts*, to provide for recognition of inter-entity costs by business-type activities and to rescind SFFAS 30, *Inter-entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Interpretation 6, *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4*.

The Board discussed edits to clarify that entities may elect to recognize imputed cost. Members agreed to move to a pre-ballot draft after the meeting and a ballot draft for the February 2018 meeting.

Point of Contact: Melissa Batchelor, 202-512-5976, batchelorm@fasab.gov

Streamlining

The Board discussed the next steps toward improving long-term investment reporting and management's discussion and analysis. SFFAS 8, *Supplementary Stewardship Reporting*, requires reporting on the government's long-term investments (or stewardship investments), and the Board discussed concerns regarding this guidance. For instance, the guidance defines and measures the government's long-term investments differently from other sources of information, and readers of financial reports do not use the information presented. In addition, the Board considered whether reporting entities could reference other sources of information, such as the Budget of the U.S., but noted that the other sources could decide to change or remove the information at any time.

Considering that long-term investment information is important for achieving the Stewardship Reporting objective, the Board decided to reach out to interested groups and individuals. The feedback will be used to determine how best to improve long-term investment reporting.

Also, the Board discussed whether to update Statement of Federal Financial Accounting Concepts 3, *Management's Discussion and Analysis*. The Board developed the concepts in the 1990s, and performance reporting and other areas have evolved since then. Rather than revisiting the entire concepts statement, the Board decided to identify and prioritize key areas for improving the guidance.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

Accounting and Reporting of Government Land

At the December 20, 2017, Board meeting, members considered several open issues so that a pre-ballot draft could be reviewed at the February 2018 meeting. Specifically, the following key actions were taken by the Board:

- **Disclosure requirements.** The Board adopted staff's revised single (uniform) set of note disclosure requirements. These would apply to both general property, plant, and equipment (G-PP&E) (SFFAS 6, *Accounting for Property, Plant, and Equipment*) and stewardship land (SL) (SFFAS 29, *Heritage Assets and Stewardship Land*). Revisions included (1) clarifying that both physical units and estimated acreage information would be required and (2) allowing preparers to report the net amount of transfers between G-PP&E land and SL categories and among the three sub-categories, as opposed to discretely identifying all transfers.
- **Defining physical units.** Members agreed that the Board should consider detailed implementation guidance after issuing the standards. However, members asked staff to provide examples indicating under what circumstances each type of physical unit would be an appropriate choice. Further, similar to segment reporting in the private sector, management should base selection of the type of physical unit on its internal management practices.
- **Addressing supporting documentation.** Staff recommended (1) requiring "estimated" acreage rather than "acreage," so that it is clear that estimates are permitted and (2) including a discussion of non-conventional audit support in the basis for conclusions. Members approved the addition of "estimated" to the language. Members generally supported addressing the non-conventional audit documentation in the basis for conclusions. The Board will discuss what it considers to be reasonable support for those estimates. In addition, implementation guidance addressing reasonable estimation methods and documentation might be appropriate after FASAB issues the standards. The basis for conclusions should describe the types of implementation guidance envisioned by the Board and solicit comments.
- **Other matters.** Members reaffirmed proposing a two-year implementation period and asked staff to limit the amount of respondent questions by streamlining and clarifying select questions. Staff was also asked to revise the draft illustrations to include physical unit information.

Point of Contact: Domenic Savini, 202-512-6841, savinid@fasab.gov

Classified Activities

On December 14, 2017 the Board issued the proposed Statement of Federal Financial Accounting Standards (SFFAS) entitled *Classified Activities*.

The Board is proposing guidance to protect classified national security information or activities from unauthorized disclosure in a publically issued General Purpose Federal Financial Report. This proposal represents the first step in balancing the need for financial reports to be publicly available with the need to protect classified information from public disclosure.

This proposal would permit component reporting entities to provide GPFFR to the public by including limited modifications necessary to protect classified information from disclosure. This would allow financial presentation and disclosure to appropriately accommodate end user needs in a manner that does not impede national security.

The Board requests comments on the exposure draft by March 16, 2018, and encourages respondents to provide responses to all of the questions raised and the reasons for their positions. The exposure draft and the specific questions raised are available at the FASAB website in PDF and Word format, respectively (<http://www.fasab.gov/documents-for-comment/>).

Points of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov and Monica Valentine, 202-512-7362, valentinem@fasab.gov

Leases

The Board approved proposed SFFAS 54, *Leases: Amending Statement of Federal Financial Accounting Standards (SFFAS) 5 and SFFAS 6*. The Statement revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity's general purpose federal financial reports and includes appropriate disclosures.

FASAB submitted the proposed Statement to the sponsors for the 90-day review period and also reported the proposed Statement to the Congress for a concurrent review. FASAB will issue the final Statement after the expiration of both review periods unless otherwise informed. The Statement will be effective for fiscal periods beginning after September 30, 2020.

Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov

Risk Assumed

The Board did not discuss the risk assumed project at the December 2017 Board meeting. However, staff continued to work on the gap analysis, including how to profile risks and user expectations.

Point of Contact: Robin Gilliam, 202-512-7356, gilliamr@fasab.gov

Accounting and Auditing Policy Committee

There was no AAPC activity during the period.

Point of Contact: Grace Wu, 202-512-7377, wug@fasab.gov

FASAB Meeting Schedule

Schedule for 2018 Meetings

February 21 and 22
April 25 and 26
June 27 and 28
August 29 and 30
October 24 and 25
December 19 and 20

Unless otherwise noted, FASAB meetings begin at 9 a.m. and conclude before 5 p.m. Meetings are held at the Government Accountability Office (GAO) at 441 G Street, NW in room 7C13. Agendas and briefing materials are available at <http://www.fasab.gov/briefing-materials/> approximately one week before the meetings.

AAPC Meeting Schedule

Schedule for 2018 Meetings

February 8
May 10
August 16
November 15

Unless otherwise noted, AAPC meetings begin at 1 p.m. and conclude at 3 p.m. Meetings are held at GAO at 441 G Street, NW in room 7C13. Agendas are available at <http://www.fasab.gov/aapc-activities/> approximately one week before the meetings.

Security Notice

If you wish to attend a FASAB or an AAPC meeting, please pre-register on our website at <http://www.fasab.gov/pre-registration/> **no later than 8 a.m. the Tuesday before the meeting to be observed.** GAO, which provides space for our meetings, has increased its security procedures, and your name must be provided in advance to the GAO security force before you can enter the building. **When you arrive, please advise the security officer that you are attending either a FASAB or an AAPC meeting. Doing so will assist the officer in locating the correct security list.** Thank you.