

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD
Board Meeting Minutes
February 26-27, 2020
Room 7C13
441 G Street, NW
Washington, D.C. 20548

Wednesday, February 26, 2020	1
Attendance	1
Administrative Matters	2
• Approval of Minutes	2
• Updates and Clippings	2
Agenda Topics	3
• Educational Session	3
• Reporting Model – Budgetary Information.....	5
• Reporting Model – MD&A	6
• Reporting Model – Note Disclosures	8
• Steering Committee	8
Adjournment	8
Thursday, February 27, 2020	9
Agenda Topics	9
• Deferral of SFFAS 54: Leases.....	9
• Technical Clarifications of Standards: SFFAS 7 – Debt Cancellation	10
• Land.....	12
• Technical Agenda Setting	15
Adjournment	17

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

Wednesday, February 26, 2020

Attendance

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present throughout the meeting: Mr. Scott (chair), Ms. Bronner, Mr. Dacey, Ms. Harper, Messrs. McNamee, Patton, and Smith. Mr. Bell was present except for brief absences when Mr. Casto represented him. Mr. Soltis was present except for the reporting model: budgetary information session when Ms. Johnson represented him.

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 December meeting minutes prior to the meeting.

- **Updates and Clippings**

Mr. Scott informed members that the American Institute of Certified Public Accountants (AICPA) Invitation to Comment (ITC) discussion would follow the general discussion on the clippings. Mr. Scott asked members if they had comments or questions on any of the clippings. Mr. Smith noted that the clippings oftentimes include articles about the deficit and sustainability but do not discuss what the U.S. government can do to disseminate the information objectively and without a political slant. Mr. Soltis noted that the financial statements should identify the agencies and programs that are driving the deficit. Ms. Harper noted concern over the discussion possibly wandering into issues of budget formulation.

Mr. Scott mentioned that, beginning in April, Ms. Roberta Reese, a Governmental Accounting Standards Board (GASB) senior project manager, would provide the Board with an update on GASB during the administrative portion of the meeting. He also acknowledged the list of outreach activities of both staff and the members as the Board's intent to provide more education and accessibility to the public on an ongoing basis. He noted his appreciation for staff's efforts.

Mr. Scott reminded the members that the AICPA recently issued an ITC with several questions related to future CPA exams. He noted that one of the questions was whether the AICPA should eliminate governmental accounting and reporting questions from the CPA exam. He asked the members if they wanted to respond to the ITC.

Various members made the following points.

- It is appropriate and necessary that the Board responds.
- The Board should advocate for the importance of government accounting in general, including federal, state, and local.
- As a group of CPA professionals, the Board should expect a new CPA to have knowledge of the government standards.
- Is it important that new CPAs have knowledge of FASAB standards in their first two years?

- Given the magnitude of the government sector, the exam should include questions relating to the public sector.

The Board agreed to draft a comment letter to respond to the AICPA's ITC before the April 30, 2020, deadline. Mr. Scott, as the Board chair, will sign the letter once reviewed by the full Board by the April 2020 meeting.

Agenda Topics

- **Educational Session**

Mr. Simms, assistant director, introduced the educational session and Ms. Johnson using the materials in [tab A](#). Ms. Johnson provided an overview of the federal budget, distinguishing the enacted budget from the President's Budget:

The Enacted Budget

The enacted budget is a collection of laws involving 12 appropriations acts, permanent appropriations, and revenue laws. The appropriations acts cover not quite one-third of all spending.

The federal government records obligations and outlays to measure compliance, and there is no concept of materiality. The Anti-deficiency Act prohibits expenditures in excess of appropriations and the Impoundment Control Act prevents the president from withholding appropriated funds.

All amounts expended are appropriated, even for agencies who claim to be non-appropriated. Those agencies may not be subject to the annual appropriation process but may instead be fee funded.

The President's Budget

The President's Budget is a proposal. For annually appropriated amounts, agencies submit congressional budget justifications to Congress.

Ms. Johnson noted that the primary purpose of budgetary accounting is to ensure compliance with the budget laws. She discussed the following budget concepts:

Outflow Concepts

Outflow concepts include budget authority, obligations, and outlays. Budget authority is the authority to make legally binding financial commitments and includes appropriations, the most common form, and contract/borrowing authority. Budget authority is not a federal government asset. There are three elements to an appropriation: purpose, time, and amount. "Time" refers to the period for which the appropriation is available for use, such as a year or an indefinite period. Purpose is usually specified in detail in the law, and the amount may be a sum certain or it may be unspecified.

The federal government records obligations to measure the use of budget authority and records outlays to measure the liquidation of those obligations. Obligations are neither a cash nor accrual measure. Outlays are primarily a cash measure, except for interest to the public and credit program outlays.

Inflow Concepts

Inflow concepts include receipts (or governmental receipts), offsetting collections, and offsetting receipts. Spending authority from offsetting collections and offsetting receipts is a form of budget authority.

Offsetting collections and offsetting receipts offset budget authority and outlays. Offsetting collections are deposited in expenditure or appropriation accounts and offsetting receipts are deposited in receipt accounts, which are used for trust and special funds.

Receipts arise from the government's power to compel payment or non-exchange transactions whereas offsetting collections/receipts arise generally from exchange transactions.

Types of Budget Authority and Outlays

In terms of types of budget authority and outlays, the federal government distinguishes between mandatory spending (entitlements plus interest) and discretionary spending. Mandatory spending occurs somewhat automatically unless Congress decides to act. Programs spend the amount necessary to satisfy the requirements of the law. In contrast, Congress annually appropriates discretionary spending. Understanding the distinction between mandatory and discretionary spending can be helpful when deciding how to present and analyze spending.

For mandatory spending, determining sustainability may be an appropriate assessment, while comparing the enacted budget to actual spending may be appropriate for discretionary spending. This type of assessment of discretionary spending would allow a reader to compare the amount enacted into law to actual obligations and outlays.

Baseline Budgeting

The federal government uses baseline rather than zero-based budgeting. The budget baseline is an estimate of the receipts, outlays, and deficits or surpluses that would occur if the current level of services were to continue to be provided during the period that the budget covers. The baseline assumes that (1) receipts and mandatory spending, which is appropriated on a permanent basis, will continue in the future, consistent with current services, and (2) discretionary spending will grow with inflation.

Ms. Johnson emphasized that laws drive much of budgetary accounting, to ensure compliance rather than measure costs, assets, and liabilities as in financial accounting. Ms. Johnson also presented key tables from the main budget volume, the appendix

volume, and the analytical perspectives volume and highlighted budget information in agency financial reports and the consolidated financial report of the U.S. Government.

Regarding the statement of budgetary resources (SBR) in agency financial reports, Ms. Johnson noted that the titles of some of the SBR line items might not be intuitive to readers. For instance, budgetary resources refers to the source of budgetary resources: amounts brought forward from the previous period, appropriations, spending authority from offsetting collections, and contracting or borrowing authority. In addition, the status of budgetary resources refers to the obligational status of budgetary resources or the amount of budgetary resources used and the amount that has not expired, which the agency can carry forward to the next period. The SBR gross budget authority, net budget authority, and net outlay amounts generally agree with the amounts presented in the budget volume.

- **Reporting Model – Budgetary Information**

Mr. Simms introduced the discussion on budgetary information from [tab B](#) of the briefing materials.

Question 1 – Does the Board agree with the proposed plan for improving budgetary information in the Consolidated Financial Report of the U.S Government and agency financial reports?

The Board generally agreed with the plan and noted that the project is in the early stages.

Question 2 – Are there additional topics or issues that should be addressed during the project?

Members noted that the project timeline could include additional details to show the issues the Board plans to discuss. Members also requested that staff consider the following:

- Users' needs and the key challenges they have in understanding budgetary information, such as the format of the presentation
- The issuance of an ITC prior to an exposure draft (ED)
- The most important budgetary information a general audience of users would need to know
- Electronic reporting capabilities and how they might play a role in improving the information and assisting users in understanding the information

- Opportunities for improving guidance for management’s discussion and analysis (MD&A), note disclosures, and related presentations such as the budget and accrual reconciliation

Next steps: For the April 2020 meeting, staff will present preliminary alternatives for budgetary resource reporting and budget trends.

The Board meeting adjourned for lunch.

- **Reporting Model – MD&A**

Ms. Robin Gilliam, assistant director, presented [tab C](#) from the briefing materials. Ms. Gilliam explained that the reporting model – MD&A project is in the development phase. Members are currently identifying MD&A objectives according to the reporting objectives framework in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*. The reporting objectives are budgetary integrity, operating performance, stewardship, and systems and control. These objectives will assist the Board in later developing an ED. The Board identified one general and two budgetary integrity objectives at the August 2019 meeting and two operating performance objectives in October 2019.

Ms. Gilliam noted that staff’s goals were to complete identifying operating performance objectives at this meeting after a review of the MD&A technical agenda. Ms. Gilliam presented the following questions for the Board to consider.

Question 1 – Do members have any comments about the MD&A technical plan?

Members generally supported the MD&A technical plan. However, some members recommended that staff recruit pilot agencies earlier for a task force to help develop standards in preparation for the actual pilot. They agreed that developing MD&A standards should be an iterative process, continuing to circle back to the task force while achieving milestones toward pronouncement of the Statement. The Office of Management and Budget (OMB) will work with FASAB staff to add staff to the agenda of an upcoming monthly or ad hoc meeting of the Chief Financial Officers (CFO) Council to discuss updates about the MD&A project and recruit task force members.

Questions 2 – 5 ask, “Do members want to include the following MD&A operating performance objective and/or provide any edits?”

Proposed MD&A operating performance objective 1: MD&A should provide an integrated discussion and analysis about mission, budget, cost, and performance for each major program investment; including what types of resources were used and what was achieved during the reporting period.

Members agreed that the MD&A should tell a meaningful story without being prescriptive. The MD&A should give agencies an opportunity to share accomplishments and challenges related to performance and potential significant financial impacts, which

is not necessarily the same as legislative strategic planning. Users should learn about what the agency achieved or is trying to achieve in relation to what the agency spent.

To achieve this, members wanted staff to develop a conceptual framework from these objectives and recommended that this objective be used for the framework purpose statement.

As a result, staff updated the tentative objective to read:

MD&A should provide an integrated discussion and analysis of the entity's mission, organization, budget, cost, and performance, for the entity's significant major program investments and the entity as a whole, including what types of resources the entity used and what the entity achieved during the reporting period.

Proposed MD&A operating performance objective 2: MD&A should provide a concise balance between financial and non-financial operating performance information, including references to GPRAMA reporting, for each major program investment.

Members agreed that MD&A should provide a balance of significant financial and non-financial information that could include links to strategic information provided elsewhere. However, members wanted to use "legislative performance framework documents" with a reference to the Government Performance and Results Modernization Act (GPRAMA), rather than just GPRAMA, in the event that future legislation creates a new program name. In addition, members agreed that "concise" and "balanced" should be included in the MD&A purpose statement for the conceptual framework.

As a result, staff updated the tentative objective to read:

MD&A should provide a concise/balanced discussion/summary of significant financial and non-financial operating performance information, including electronic references to legislative performance framework documents, such as GPRAMA reporting, for the entity's major program investments and the entity as a whole.

Proposed MD&A operating performance objective 3: MD&A should concisely explain actions taken during the reporting period to address risks and existing issues/challenges (risks that have occurred) and how those actions financially protected major program investments from any significant negative financial impact(s) or that significantly improved the use of available resources.

Proposed MD&A operating performance objective 4: MD&A should concisely explain actions to be taken going forward to address risks and existing issues that will protect major program investments from any significant negative financial impacts or to significantly improve the use of available resources in the future.

Members agreed to combine proposed objectives 3 and 4 to address actions that the agency took during the reporting period and that the agency will take in the future for existing issues/challenges and performance/financial risks. In addition, members wanted to include “and/or” to allow agencies flexibility in their discussions about risks.

Members also wanted this objective to narrow the scope to actions that have and will address any significant financial impacts on an entity’s resources and/or major program investments.

As a result, staff will update the tentative objective and present for future Board review.

Next steps: Staff plans to complete identifying the MD&A objectives and develop a framework for the MD&A vision.

- **Reporting Model – Note Disclosures**

Mr. Simms and Ms. Gilliam introduced the note disclosures discussion from [tab D](#) of the briefing materials. They proposed conducting the project in two phases. The first phase would involve developing conceptual guidance and the second phase would involve a reexamination of existing note disclosure standards. Staff proposed a technical plan for the first phase, which would be a reboot of work done to date to focus only on developing concepts rather than developing concepts and a set of decision questions concurrently. In support of this reboot, staff explained that GASB recently released an ED of a concepts statement on note disclosures and staff believes the Board could benefit from the approach GASB took.

Question 1 – Does the Board agree with the proposed technical plan?

The Board generally agreed with the proposed technical plan and noted that staff could add additional detail regarding the steps to address issues.

Next steps: Staff will develop an outline of note disclosure concepts for the April 2020 meeting.

- **Steering Committee**

The Steering Committee discussed personnel matters.

Adjournment

The Board meeting adjourned for the day at 4:00 p.m.

Thursday, February 27, 2020

Agenda Topics

- **Deferral of SFFAS 54: Leases**

Mr. Perry, senior analyst, and Ms. Dewhirst, GSA, began discussions of [tab H](#) by asking Board members to share their reactions to comment letters received in response to the ED, *Deferral of the Effective Date of SFFAS 54, Leases*. Mr. Perry posed the following questions to the Board:

Question 1 – Are there matters members wish to discuss in response to comments received from respondents in response to QFR 1?

Question 2 – Are there other matters, comment letters, or aspects of this proposal Board members wish to discuss to guide staff’s finalization of the proposal?

Question 4 – Does the Board wish to discuss staff’s proposed next steps or provide additional considerations for staff as we move forward with the leases implementation project?

Board members expressed concerns regarding the varying degrees of progress made by constituents. Board members and staff discussed plans and ideas to conduct training and outreach activities to facilitate implementation and readiness amongst stakeholders, including a YouTube video under development, forthcoming conference presentations, *Journal of Accountancy* and/or *Journal of Government Financial Management* articles, and other outreach methods.

Mr. Perry and Ms. Dewhirst also discussed ongoing coordination and outreach efforts with the CFO Council and the Bureau of Fiscal Service Office of Financial Innovation and Transformation (FIT). Board members encouraged continued collaboration and outreach. Ms. Bronner encouraged staff to continue to collaborate with FIT on a prospective basis. Mr. Perry agreed, noting that he has encouraged FIT to observe and monitor ongoing FASAB activities. Mr. Perry noted that FIT need not indicate agreement or disagreement when providing input and feedback to the Board. Providing information on the resources that may be necessary from a systems perspective would be especially helpful for certain projects.

Mr. Soltis agreed. FIT can provide valuable information to the Board regarding potential changes to business processes, systems, costs, and the level of effort that may be required for implementing proposals. Mr. Soltis further noted that FIT can leverage its relationships with vendors in gathering such information.

Ms. Harper expressed that requisite systems changes and the project plan timeline for issuing implementation guidance may necessitate a longer deferral and/or expedited timelines for issuing implementation guidance. Staff recommended a three-year deferral. Mr. Perry advised the Board that expedited timeframes for developing and

issuing implementation guidance has numerous drawbacks. Staff prefers to develop thorough, complete, and well-vetted implementation guidance; expediting the project may compromise the extent to which the implementation guidance meets such characteristics. Moreover, staff noted that, irrespective of the implementation guidance issuance timeframe, agencies working to develop and implement systems requirements need additional time. He cited comment letters from the General Services Administration and the Department of the Interior as examples.

Board members unanimously supported the extension of the effective date deferral of SFFAS 54 from two years to three years.

Question 3 – Given the nature and scope of this proposed Statement and the level of agreement amongst Board members and respondents, are Board members comfortable with the accelerated finalization timeline?

Staff directed members' attention to the timeline for balloting and issuance reflected in [tab H](#). Board members unanimously supported the expedited timeframe for balloting and issuing the deferral.

- **Technical Clarifications of Standards: SFFAS 7 – Debt Cancellation**

Ms. Batchelor, assistant director, explained the objective of this session was to consider an initial staff draft, *Debt Cancellation: An Interpretation of SFFAS 7 paragraph 313*, and gather the Board's feedback. Staff provided the materials for the session in [tab G](#) of the briefing materials.

Ms. Batchelor explained that the Board had first discussed paragraph 313 of Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, at the October 2019 Board meeting and agreed that an Interpretation would be used at the December 2019 meeting.

Ms. Batchelor explained that five of six members who provided feedback before the meeting were supportive of staff's draft Interpretation.

Question 1 – Does the Board agree with staff's recommendations for the proposed Interpretation? If not, please explain or provide alternatives.

Mr. Bell explained that the Department of the Treasury's (Treasury) concerns were related to paragraphs six through nine. He explained that there appears to be a disconnect in paragraph nine that indicates that debt cancellation activity would not be considered new budget authority or a budgetary financing source. Mr. Bell explained Treasury's concern is that debt cancellation could potentially be classified as something other than an "other financing source."

Mr. Bell acknowledged that the draft Interpretation would have resolved the specific Department of Homeland Security (DHS) / Federal Emergency Management Agency

(FEMA) –Treasury scenario, but the intent should be to try to mitigate future issues. Mr. Bell explained he believes it would depend upon the legislation and how it was executed. Therefore, he believes flexibility in paragraphs eight and nine would be more appropriate. Mr. Bell explained that Treasury believes that debt cancellation could come from something other than an “other financing source.”

Ms. Batchelor explained that the staff draft Interpretation was based on the provisions provided in SFFAS 7, including narrative in the basis for conclusions (paragraphs 209-212) that discusses budget authority. Specifically, footnote 43 provides: “Amounts appropriated to ... repay debt are not available to incur new obligations and hence are not considered budget authority.” Ms. Batchelor explained the paper was provided to FASAB counsel for comments. In addition, FASAB had not received any significant comments from OMB.

Ms. Johnson explained that, after hearing Treasury’s concerns, OMB would like to research prior debt cancellations (several years back) and how they may pertain to the wording of the draft Interpretation. She also noted that she would like to consult with others regarding the wording of footnote 43 in SFFAS 7. Ms. Johnson noted that her office and the OMB Budget Review Division had reviewed the draft, but she wanted to discuss the matter further.

One member explained that, through this Interpretation, there is an opportunity to provide guidance to all agencies on how to deal with the specific transactions and to avoid conflicting guidance. It appears this approach would resolve all the issues as originally requested. One member asked if the draft was shared with DHS and FEMA. Ms. Batchelor explained that she had shared the paper with the affected reporting entities before the Board meeting and had not received any feedback. She also informed the reporting entities when the agenda session would be held but none had attended. She explained that she would follow up with the reporting entities, asking specific questions, to confirm that they have no comments on the draft.

Mr. Scott recapped that the Board had agreed to address the debt cancellation issue through an Interpretation because it was so narrow in scope. The Board had also agreed not to reopen SFFAS 7 for amendments, but that is something that could be considered in the reexamination of existing standards project.

To do its due diligence, the Board wants to confirm that it is resolving the known issue and future potential issues through the Interpretation. Treasury and OMB appear to have questions and they would like time for additional research. The Board generally agreed to delay further consideration pending research into prior debt cancellations and other historical circumstances, as indicated by OMB and Treasury.

Question 2 – Does the Board agree with staff’s proposed questions? Specifically, do members believe questions are sufficient to ensure the respondents will comment on whether the proposed interpretation clarifies paragraph 313 of SFFAS 7? If members disagree, please explain or provide alternatives.

The Board did not discuss question 2.

Question 3 – Based on FASAB’s Memorandum of Understanding and Rules of Procedure, Interpretations do not require disclosures but may clarify them. Staff recalls during our Board deliberations, that there was discussion if additional disclosures would be appropriate. Staff has included paragraph 10 in the guidance “Reporting entities are encouraged to disclose additional information, if appropriate.” In addition, a detailed paragraph is included in the basis for conclusions regarding disclosures. Does the Board agree? If members disagree, please explain or provide alternatives.

One member questioned whether encouraging disclosures was appropriate. The member noted that management can always disclose additional information. Another member suggested adding more detail to paragraph 10 regarding the specific information that would be disclosed. Ms. Batchelor explained that the paragraph in the basis for conclusions provided more details and perspective for users. After discussion, the members agreed to move the paragraph 10 discussion to the end of paragraph six.

Question 4 – Does the Board have any other suggestions or comments on the interpretation?

Ms. Batchelor explained that one member had suggested removing the detail regarding the DHS/FEMA – Treasury example in the basis for conclusions. The Board agreed.

Next steps: The Board agreed to delay further consideration of the debt cancellation ED pending research into prior debt cancellations and other historical circumstances, as indicated by OMB and Treasury. In addition, staff will consult with the reporting entities affected by the recent debt cancellation and seek input to determine whether the draft Interpretation guidance would have resolved the issues. The Board also agreed to incorporate other suggested changes to the draft Interpretation.

- **Land**

Mr. Domenic Savini, assistant director, directed the Board to [tab F](#) and handed out the updated draft Statement titled *Accounting and Reporting of Government Land*, which included recent edits to paragraph A38 from three members. 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 (fiscal year [FY] 2021-2024) and transition to note disclosures along with G-PP&E land and permanent land rights de-recognition in FY 2025. Board members discussed having an assessment of the preparation and audit challenges to inform the Board concerning the transition of information from RSI to basic and having the transition depend on the assessment, noting, however, that exact

assessment criteria cannot be established as new factors may arise. The Board plans to consider implementation issues associated with preparation and audit of the RSI (both total acreage and predominant use sub-categories) and the need for any additional guidance.

Question 1 – Paragraphs 14 and 15, Effective Date Changes. Do members agree with the suggested date change edits? If not, what changes would members advise be made?

Staff revised the draft to include changes based on the December 2019 meeting:

- Extended the effective date of the transition of the non-financial information from RSI to note disclosures by one year
- Allowed agencies to implement the Statement early
- Added proposed language to the basis for conclusions to address the concerns of Messrs. Bell and Soltis

At the December 2019 meeting, Messrs. Bell and Soltis expressed concerns regarding the uncertainty related to the specific costs of preparing and auditing the non-financial information with which to compare the benefit of the non-financial information and the desire to have the transition conditioned on an assessment of the costs and benefits.

Members agreed with the effective date edits (one year extension) made at paragraphs 14 and 15. Members discussed that the transition depends on consideration being given to the results of an assessment of the preparation and audit challenges, noting, however, that exact assessment criteria cannot be established as new factors may arise.

Question 2 – Paragraph 15, Early Adoption Change. Do Members agree with permitting early implementation? If not, please explain your rationale.

Staff recommended allowing early implementation so that early adopters could share their experiences with the Board, allowing for timely identification of challenges as well as best practices that could be used to (1) assess cost/benefit issues and (2) assist other agencies during implementation. As such, their experience regarding the presentation and audit of non-financial information could provide the missing cost information about preparing and auditing the non-financial information.

Some members did not support early implementation because they did not believe that the experience of smaller agencies would reflect the experience of the larger landholding agencies. Other members were concerned with the lack of comparability that early implementation would cause. In particular, this would cause potential issues with respect to compiling agency information for the purposes of preparing the consolidated financial report of the U.S. Government. In general, members believed that monitoring the preparation and audit of the non-financial information during the RSI

period would suffice, contingent upon Government Accountability Office (GAO) audit guidance.

Mr. Dacey explained that GAO would develop audit guidance after agencies have initially implemented and developed the non-financial information for RSI. As such, when the methods for developing that information are known, audit guidance for that information can be developed. Information on the cost to audit the information can then be assessed after the audit guidance on the non-financial information is provided and auditors work through the audit process. In summary, members did not agree with early implementation.

Question 3 – Paragraph A38, Basis for Conclusions. Do Members agree with the draft language explaining the Board’s rationale in addressing the dissenting members' concerns? If not, what specific changes or edits should staff consider making?

The Board discussed the draft language in paragraph A38 regarding the Board’s inherent responsibility to monitor all issued guidance and implementation challenges, including preparation and audit challenges and the related costs and to respond as necessary.

The following are some of the comments expressed by various members during the discussion:

- During the RSI transition period, the Board will have the opportunity to review the specific requirements of the standards and observe where there may be areas of comparability.
- There could be issues with determining the predominate use of land.
- It is important to hear from the agencies that actually manage land.
- The Board should not base its assessments of the standards on the views of the largest landholders. The Board needs to hear from the entire federal community about the challenges and implementation issues.
- Similar to the leases project, the Board should have a process in place to be involved in the implementation of the standards.
- The anticipation is that multiple options would be available to support land acreage beyond any requirement for titles and/or deeds. The Board also would expect to learn what methods the federal entities are using to comply with the standards.
- The Board expects to gain information from the audit. Based on what is learned during the transition period, the Board may need to revise the guidance or it may bring out issues the Board had not even thought about.

Regardless of the outcome, the audits will provide the Board the feedback needed.

- The Board should start looking at the Department of Defense since it has already started including this information in the notes.
- The Board should add a detailed item in the technical agenda very similar to what it is doing with leases—an active task force, implementation guide, and possibly pilots.
- Reassessing the guidance based on the outcome of the audits is a good idea, as well as committing that the Board will monitor closely the results of the initial audits. However, there may be a negative incentive to implementation if the Board does not have a specific implementation date in the standards.
- Unless overwhelming evidence reveals that the cost-benefit equation is skewed, the presumption is that the Board will proceed. There will be this heavy audit effort, the Board will listen to the stakeholders, look at the issues, and then reassess whether changes to the guidance are needed. Does the Board need to include the specific implementation date?

Staff will edit the paragraph based on the discussion and further input from Treasury and OMB.

Next steps: The Statement will be pre-balloted subsequent to the February meeting, and the Board will discuss a ballot draft at the April meeting.

- **Technical Agenda Setting**

Ms. Valentine opened the discussion on the technical agenda by directing members to [tab I](#). She noted that the Board annually reviews the technical agenda to assess the status of current projects and to discuss potential projects to be added to the technical agenda once staff resources are available. Ms. Valentine also noted that the Board had received nine comment letters in response to FASAB's FY 2019 annual report. She opened the discussion up to the members for comments on the comment letters received and the overall technical plan. Ms. Valentine posed the following questions to the Board:

Question 1 – Does the Board agree to continue with the current agenda projects?

Question 2 – Does the Board agree with the proposed technical plans for the current agenda projects? If not, what are your suggested revisions?

Question 3 – Does the Board agree with the new projects to be added to the agenda? If not, what are your suggested revisions?

Two members had questions about the comment letter from the Association of Government Accountants (AGA) Financial Management Standards Board. Ms. Harper asked about AGA's comment on the leases project and its interrelationship with the public-private partnership (P3) project. Ms. Valentine assured the Board that there is coordination among staff in those instances when specific issues cross projects. Mr. Dacey asked about AGA's comment on the technical guidance for assigning assets and cleanup costs. Ms. Valentine noted that she would follow up with AGA to get a full understanding of the comment.

Mr. Soltis stated that, when taking on projects, the Board should be more transparent early in the process as to what subject matter experts need to be involved. He also noted that the CFO Council should be involved at some of the critical points of the project and provide a task force participant that represents their agency. Mr. Soltis suggested the Board take a more hands-on role with the task force participants and staff-conducted research. He also suggested that the CFO Council validate the task force membership to ensure the appropriate representative is participating on the task force. Mr. Bell proposed an alternative approach to Mr. Soltis' hands-on approach. Mr. Bell suggested a more regular FASAB presence at the CFO Council meetings with short sessions updating the Council on the progress of projects.

Ms. Valentine also suggested the CFO Council provide staff with an email list of CFO contacts that staff can reach out to when coordinating new task forces. This list would be in addition to the blanket calls for task force participation on specific projects.

Mr. McNamee made the point that task forces should not solely be made up of preparers but should include operational experts with other technical knowledge. Mr. Savini noted that a full and open discussion of all views best suits the needs of the Board as it deliberates. Mr. Scott agreed that a broad based task force that includes preparers, auditors, users, and other subject matter experts is optimal.

Mr. McNamee commented on the two comment letters related to climate-related disclosures. He asked whether the Board should add the topic to the technical agenda. Ms. Gilliam stated that staff has developed a toolbox of existing standards, which is meant to address climate-related disclosures in the absence of specific guidance on the topic.

Mr. Soltis identified the reexamination project as a priority due to the volume of current standards and the age of many of the earlier standards. Other members agreed with Mr. Soltis. Mr. Bell also made the point that the P3 project should continue to address some of the reporting concerns noted during the FY 2019 audit cycle.

Mr. Bell asked staff for clarification on the difference between the technical clarifications of existing standards project and the reexamination of existing standards project. Ms. Batchelor explained that the technical clarifications project includes very narrowly scoped and specific issues. These issues oftentimes are initiated from technical inquiries received by staff and are considered on a case-by-case basis as to whether the issue should be added to the technical agenda.

Ms. Bronner suggested the members and staff talk about what “proper staffing of a project” looks like. Mr. Soltis suggested augmenting staff resources with individuals with expertise related to specific projects. Mr. Scott suggested a future discussion on outreach and improving the overall related process.

The members discussed the ongoing Board efforts needed to implement the proposed land reporting standards within the timeline agreed to by the members. The Board unanimously agreed to formally add land implementation to the technical plan as an ongoing project to carry on the work of the land project. The Board also asked staff to provide a proposed technical plan for the land implementation project for the Board to review at the April meeting.

Adjournment

The Board meeting adjourned at 12:45 p.m.