



FASAB News *Federal Accounting Standards* *Advisory Board*

April/May 2012

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FASAB Welcomes Norman Dong



The Office of Management and Budget has named Norman Dong as its representative on the Board. At the April Board meeting, members and staff welcomed him to the Board.

Mr. Dong joined OMB as Deputy Controller of the Office of Federal Financial Management in April 2012. As Deputy Controller, Mr. Dong is responsible for helping coordinate OMB’s efforts to initiate government-wide improvements in all areas of financial management, including financial reporting, improper payments, open government, and real property management. Prior to joining OMB, Mr. Dong served as the Chief Financial

Officer of the Federal Emergency Management Agency within the Department of Homeland Security. Mr. Dong has significant experience in all levels of government. In the District of Columbia he served as Deputy Mayor for Operations and City Administrator under Mayor Anthony A. Williams. He re-established control of city operations from the Financial Control Board and led the effort to achieve visible service improvements during the Administration’s first year in office. He also strengthened the

District's strategic planning process by linking agency performance expectations with the annual budget cycle and an evaluation process for agency directors. Mr. Dong held various positions within District government since he first began as Director of the Office of Grants Management in 1996. As Chief of Staff in the Office of the Chief Financial Officer, he helped manage a citywide effort to achieve a balanced budget and obtain a clean audit opinion for the District. Mr. Dong also served as Special Assistant for Policy Development and Research for the U.S. Department of Housing and Urban Development and as a primary aide for finance and accounting in the Office of the State Comptroller in Connecticut. He holds a Bachelor's degree from Yale University and a Master's degree from the Harvard University John F. Kennedy School of Government.

Current Board Projects

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

Disclaimer

The staff of the Federal Accounting Standards Advisory Board publishes FASAB News 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 Board decisions are 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 Melissa Loughan, 202-512-5976, loughanm@fasab.gov.

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, valentinem@fasab.gov.

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, jacksoncw1@fasab.gov.

Federal Reporting Entity

At the April meeting, the Board considered the component entity reporting section of the exposure draft (ED) and discussed changes to the ED since the last meeting. The Board also discussed remaining concerns with other areas of the ED such as draft illustrations. In addition, the Board decided how to present amendments to Statement of Federal Financial Accounting Concepts 2, *Entity and Display*, and discussed the areas identified for amendment.

The following decisions were made at the April meeting:

- Rather than illustrative disclosure requirements, the ED should provide conditional requirements ("if this applies, then provide this information") to meet the non-core disclosure objectives.
- Further consideration of requirements for information regarding material intragovernmental differences resulting from the application of Financial Accounting Standards Board guidance by certain core entities should be provided.
- Members unanimously agreed that staff should incorporate the conforming amendments to concepts statements into one ED.

Point of Contact: Melissa Loughan, 202-512-5976, loughanm@fasab.gov

[The Financial Report: MD&A, Statements, Notes, RSI and OAI](#)

During the April 2012 FASAB meeting, staff proposed segmenting the reporting model project into three separate projects – improving the statement of net cost, performance reporting, and budgetary reporting. Conducting the three projects would not mean that the Board has concluded the reporting model project because the Board may choose to conduct other projects to enhance the model in the future. The Board discussed the proposed projects and agreed to move forward with each of them. Each of the projects engages a task force and, after discussing issues with the task forces, staff will provide the Board with more in-depth plans for continuing the projects and the expected outcomes. This information will be provided during the October 2012 meeting.

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

[Deferred Maintenance and Repairs & Asset Impairment](#)

On April 25, 2012, Chairman Allen, announced that the FASAB issued Statement of Federal Financial Accounting Standards (SFFAS) 42, *Deferred Maintenance and Repairs, Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32*.

SFFAS 42 represents the Board's latest efforts to improve the measurement and reporting of deferred maintenance and repairs (DM&R) by responding to concerns raised by the financial and technical communities. "Through collaboration between experts from the government and private sector, these standards will improve the quality of information regarding deferred maintenance and repairs," noted Chairman Allen. "The standards ensure that users are provided with understandable, relevant, and reliable information while recognizing the need for an interdisciplinary effort focused on the unique circumstances of each agency."

Please note that FASAB is seeking input on an Exposure Draft, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*. The proposed standards would require entities to report the effects of general property, plant, and equipment (G-PP&E) impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the G-PP&E or upon disposal of the G-PP&E. This would enable users of financial statements to discern the cost of impairments when they occur, the financial impact on the reporting entity, and the cost of services provided following the impairment. Additionally, the proposed standards also enhance comparability of financial statements between entities by requiring all entities to account for impairments in a similar manner.

The exposure draft requests written comments by May 28, 2012, and encourages respondents to provide the reasons for their positions. The exposure draft in PDF format and the specific questions for respondents in Word format are available on the FASAB website at <http://www.fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documentsfor-comment/>.

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

Earmarked Funds (Evaluating Existing Standards)

Proposed Statement of Federal Financial Accounting Standards (SFFAS) 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, was transmitted to the FASAB principals (the Secretary of the Treasury, The Director of the Office of Management and Budget, and the Comptroller General) for a required 90-day review period prior to issuance. The proposed issuance date is June 1, 2012, with an effective date of periods beginning after September 30, 2012.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

Investments and Other Equity Interests in Non-Federal Entities

This project was not discussed at the April Board meeting; however, an update was provided on the project's status. Background research and planning for task force efforts are ongoing.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

Leases

The Leases Project was not discussed at the April Board meeting; however, an update was provided to the Board on the project's status. Staff is continuing preliminary research on the project by following the developments of the FASB/IASB lease project, gathering information from federal entities on their leasing activities, and developing a detailed task force plan for the first task force meeting.

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

Risk Assumed

The risk assumed project was not on the agenda at the April meeting; however, an update was provided on the project's status. The risk assumed project is taking a broad look at all types of transactions and events that may result in future outflows as a result of the federal government's mission, operations, and current or past actions. Staff is currently developing task forces on two explicit groupings of risk assumed: (1) commitments and obligations, including contracts, grants, and treaties and (2) insurance and guarantees. Other task forces will follow as the project progresses.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

Public-Private Partnerships

As part of FASAB's technical agenda-setting process, this project was added to April's agenda because federal agencies have increasingly turned to public-private partnerships to accomplish goals and are facing budget pressures that are likely to further increase the use of public-private partnerships.

Staff recommended deferring this effort until more progress has been made on the reporting entity and leases projects because many of the public-private partnership issues will be addressed through those standards now under consideration. Staff further noted that as a minimum, standards for public-private partnership should be consistent with standards developed in these related areas. To assist the Board in deciding whether to defer this project, members asked staff to provide illustrations highlighting some of the more important issues arising from the use public-private partnerships.

Please refer to TAB H at the following link <http://www.fasab.gov/board-activities/meeting/briefing-materials/> for a copy of the April meeting materials. Should you have any questions, concerns, or comments please contact us at your convenience.

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

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 2 CY2012	Quarter 3 CY2012	Quarter 4 CY2012	Quarter 1 CY2013	Staff Contact
The Federal Entity			ED	DP	UR	Melissa Loughan (202-512-5976)
Deferred Maintenance & Asset Impairment	SFFASs: Definition Measurement ED: Impairment	DP: Impairment	UR: Impairment	Final: Impairment		Domenic N. Savini (202-512-6841)
Earmarked Funds	ED	Final				Eileen Parlow (202-512-7356)
Risk Assumed		Research	Research	Research	Research	Julia Ranagan (202-512-7377), Ross Simms (202-512-2512), Monica Valentine (202-512-7362)
Investments and Other Equity Interests in Non-Federal Entities		Research	Research	Research	Research	Eileen Parlow (202-512-7356)
Leases		Research	Research	Research	Research	Monica Valentine (202-512-7362)
Financial Reporting Model		Research	Research	Research	Research	Ross Simms (202-512-2512)

Key Activities or Status - Note that all estimates of progress assume that exposure drafts are finalized as statements without re-exposure due to significant changes.

Research—Staff Research Phase of Project & Board Deliberations

ED—Exposure Draft Issued

DP—Board Due Process, including review of comment letters, etc.

PH—Public Hearing

PV—Preliminary Views Issued

UR—Under Review, document approved by FASAB and sent to sponsors for 90-day review

Final—Final Standard, Concept, Interpretation, etc. issued final.

Accounting and Auditing Policy Committee

The May 17, 2012, scheduled meeting of the AAPC was canceled. However, the AAPC General Property Plant and Equipment (G-PP&E) task force is continuing its work. The next meeting of the AAPC is scheduled for Thursday, July 19, 2012 at 1:00 pm.

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

FASAB Meeting Schedule

Schedule for 2012 Meetings:

Wednesday and Thursday, June 27th and 28th
Wednesday and Thursday, August 29th and 30th
Wednesday and Thursday, October 24th and 25th
Wednesday and Thursday, December 19th and 20th

Unless otherwise noted, FASAB meetings begin at 9 AM and conclude before 5 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas and briefing materials are available at <http://www.fasab.gov/board-activities/meeting/briefing-materials/> approximately one week before the meetings.

AAPC Meeting Schedule

Schedule for 2012 Meetings:

Thursday, July 19th
Thursday, September 13th
Thursday, November 15th

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

Security Notice

If you wish to attend a FASAB or an AAPC meeting, please [pre-register](#) on our Web site at <http://www.fasab.gov/board-activities/meeting/information-for-observers/pre-registration/> **no later than 8 a.m. the Tuesday before the meeting to be observed.** The Government Accountability Office (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. Thank you.