



*FASAB News*  
*Federal Accounting Standards*  
*Advisory Board*

**October/November 2012**  
**HAPPY THANKSGIVING**  
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**FASAB Seeks Comments on its Three-Year Plan**

Your input is very valuable to the Board. To facilitate your efforts to monitor our progress and provide input, the Board combined its fiscal year 2012 annual report with its three-year plan for fiscal years 2013 through 2015. This report to stakeholders was issued on November 15, 2012, so that your input could be considered in February 2013 when the members discuss priorities. The document is available at [http://www.fasab.gov/pdf/annual\\_report\\_2012.pdf](http://www.fasab.gov/pdf/annual_report_2012.pdf) and you are encouraged to submit your thoughts and ideas to the Board. Please provide your feedback by email to [fasab@fasab.gov](mailto:fasab@fasab.gov) or by calling the Board’s executive director, Wendy Payne, at 202.512.7357. Comments by January 31, 2013, would be most appreciated.

### 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](mailto:loughanm@fasab.gov).

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov).

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, [jacksoncw1@fasab.gov](mailto:jacksoncw1@fasab.gov).

# FASAB Handbook of Federal Accounting Standards and Other Pronouncements, as Amended

The FASAB *Handbook* is updated each year to include newly issued pronouncements and amendments to previously issued pronouncements as of June 30<sup>th</sup>. The updated *Handbook* is generally issued in late September of each year. This year, the *Handbook* format is changing to facilitate on-line review and conversion to HTML. The new format will provide a full-page view of the text. The conversion requires extensive quality control due to the size of the document and the many charts and graphs. We anticipate issuing the updated *Handbook* in December 2012. We apologize for any inconvenience due to the delay. In the meantime, the June 30, 2011, edition and all pronouncements issued since then are available at [www.fasab.gov](http://www.fasab.gov)

## 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.)*

### Federal Reporting Entity

At its October meeting, the Board made substantial progress towards finalizing the reporting entity exposure draft (ED). The remaining topics included the related party disclosure requirements and explanatory text in the basis for conclusions (specifically addressing the Federal Reserve System). The Board also spent considerable time focusing on remaining member concerns with narrow technical and editorial matters. The Board identified needed edits on the first day of the meeting and returned on the second day of the meeting to review the resulting changes in anticipating of approving the document after the meeting.

At meeting, the Board approved the following:

- revisions to the definition of control for clarity
- a new title for the ED—Reporting Entity
- clarifications regarding the structure and terminology adopted

- a requirement that entities applying Financial Accounting Standards Board principles pursuant to paragraphs 9 through 12 of Statement of Federal Financial Accounting Standards (SFFAS) 34 provide certain disclosures regarding intra-governmental balances and amounts
- presentation requirements for entities funded by both appropriations and donations

The Board approved a neutral approach for explaining potential effects of the standards on information regarding unique entities such as the central bank.

Subsequent to the meeting, staff incorporated all of the agreed upon changes and sent a revised pre-ballot draft to members for comment. After this round of comments, members will be provided with a final document for approval. Issuance is anticipated in late 2012 or early 2013. A public hearing is planned for April 2013.

Point of Contact: Melissa Loughan, 202-512-5976, [loughanm@fasab.gov](mailto:loughanm@fasab.gov)

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

During the October 2012 meeting, FASAB discussed the preliminary recommendation of the task forces organized to determine improvements in reporting cost, budget, and performance information. The task forces recommended that FASAB revisit SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, to help ensure that the guidance is updated to support users of budget and performance information and provide cost information that meets the expectations of financial information users. The task forces noted that as part of the SFFAS 4 project, FASAB should consider the following:

1. Recent changes in legislative and administrative directives with respect to performance reporting;
2. Past implementation challenges related to linking cost, performance, and budget information;
3. The need to advance the appropriate use of terminology and economic measurement approaches regarding the use of resources and incurrence of liabilities; and
4. Approaches for requiring supplementary information where the benefits of providing the information will outweigh the costs of collecting and reporting such information, given the complexities of federal agencies and the different needs of stakeholders. Also, individual task force members provided additional matters for FASAB to consider in proceeding with the project.

The three FASAB Task Forces, which provided input to the project that led to this report and recommendation, and the members of each task force follow.

#### Statement of Net Cost Task Force

- Owen Barwell, Managing Director, Grant Thornton LLP
- Malena Brookshire, Branch Chief, Securities and Exchange Commission
- Ann Davis, Senior Staff Accountant, Department of the Treasury

- Jesse Ellman, Research Associate, Center for Strategic & International Studies
- Chuck Fox, Assistant Director, Financial Management and Assurance, Government Accountability Office
- Doug Glenn, Deputy Chief Financial Officer, Department of Interior
- Jim Herz, U.S. House of Representatives, Committee on the Budget
- Patricia Healy, Executive Consultant, CGI, and a Fellow of the National Academy of Public Administration (NAPA)
- Regina Kearney, Senior Advisor, Office of Management and Budget
- Louis King, Assistant IG for Financial and IT Audits, Department of Transportation
- Scott Mabry, Deputy Director, Department of Interior
- William Ransom, formerly Professional Staff Member, U.S. Senate Budget Committee
- Doug Webster, Principal/Founder, Cambio Consulting Group and a NAPA Fellow

#### Budgetary Information Task Force

- Ann Davis, Senior Staff Accountant, Department of the Treasury
- Jason Fichtner, Senior Research Fellow, Mercatus Center at George Mason University
- Christina Hsu, Assistant Commissioner for Government-Wide Accounting, Bureau of Public Debt
- Craig Jennings, Manager of Federal Spending and Contracting Policy, OMB Watch
- Regina Kearney, Senior Advisor, Office of Management and Budget (OMB)
- Kaitlin Devine, Web Developer, Sunlight Foundation
- Larry Malenich, Director, Financial Management and Assurance, Government Accountability Office
- Ed Mazur, Senior Advisor, Public Sector Services, CliftonLarsonAllen
- Shelly McAllister, Budget Methods Specialist, OMB
- Teresa Tancre, Budget Methods Specialist, OMB
- Drew Vogel, Software Developer, Sunlight Foundation

#### Performance Information Task Force

- Richard Beck, Director of the Office of Planning and Performance Management, Department of Interior
- Scott Bell, Senior Staff Accountant, Department of the Treasury
- Jonathan Breul, Adjunct Professor, Georgetown Public Policy Institute, and a NAPA Fellow
- Mark Bussow, Program Analyst, Performance and Personnel Management, Office of Management and Budget
- Joseph O'Neil, Assistant Director, Financial Management and Assurance, Government Accountability Office
- Joel Grover, Deputy Assistant Inspector General, Department of the Treasury



- Harry Hatry, Director of Public Management Program for the Urban Institute, and a NAPA Fellow
- Carrie Hug, Director of Accountability, Recovery Accountability and Transparency Board
- Craig Jennings, Director of the Federal Fiscal Policy Program, OMB Watch
- Regina Kearney, Senior Advisor, Office of Management and Budget
- John Mercer, President, Strategisys LLC
- Betsy Newcomer, Program Examiner, Performance and Personnel Management, Office of Management and Budget
- Paul Posner, Director of the Public Administration Program, George Mason University, and a NAPA Fellow
- Bonnie Stabile, Adjunct Professor, George Mason University
- Jeffrey Steinhoff, Executive Director, KPMG Government Institute, and Managing Director, KPMG LLP, and a NAPA Fellow
- James Taylor, Chief Financial Officer, Department of Labor
- Kristin Lantz, Program Specialist, Department of Labor
- Cynthia Simpson, Accountant, Department of Labor

Upon discussing the draft recommendations, FASAB members determined that additional information will be needed to help them determine the appropriate objective and scope for the reporting model project. In particular, members needed to know the most important items of information that task force members expect from financial statements. Accordingly, staff will follow-up with the task for members and provide results during the December 2012 meeting.

Point of Contact: Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov)

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

In early October, the Board submitted for review its proposed SFFAS 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*. This Statement will improve financial reporting by requiring entities to report the effects of General Property, Plant, and Equipment (G-PP&E) impairments. This will 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. This Statement also enhances comparability of financial statements between entities by requiring all entities to account for impairments in a similar manner. This Statement does not require departments or agencies to specifically search for impaired assets and accordingly, any administrative burdens are expected to be negligible.

The proposed Statement was submitted to the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General (GAO) for a 90-day review that will end on December 31, 2012. In addition to Sponsor review, the proposed Statement has been reported to the Congress for a concurrent review. Unless otherwise informed, the Board will announce a final Statement after the expiration of both review periods.

Point of Contact: Domenic Savini, 202-512-6841, [SaviniD@fasab.gov](mailto:SaviniD@fasab.gov)

### Leases

The Lease Project was not discussed at the August Board meeting. Staff is continuing preliminary research on the project by following the developments of the FASB/IASB lease project and gathering information from federal entities on their leasing activities.

Point of Contact: Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)

### Risk Assumed

Staff is continuing to research options for addressing the inconsistent and duplicative reporting on the risks assumed by insurance and guarantee programs to present to the board at a future meeting at which time members will decide whether to (1) issue a separate exposure draft on insurance and guarantees, or (2) hold out for a more comprehensive standard on all significant future outflows of the federal government.

Point of Contact: Julia Ranagan, 202-512-7377, [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov)

### Public-Private Partnerships (P3)

Staff is finalizing a draft project plan to present to the Board at the December meeting. Members will be asked for input so that a final project plan can be considered for approval.

In anticipation of Board approval, Staff is seeking volunteers who would like to serve on a P3 working group or task force. Meetings and workload will be kept to a minimum and should not require a significant amount of duty time. In addition to federal entity personnel and/or authorized contractor support staff, private entity participation is encouraged. If you are interested, please contact the POC named below. If you cannot participate but know of someone who could benefit from this professional opportunity and contribute to this effort, please pass a note to them on our behalf. Thank you.

Point of Contact: Domenic Savini, 202-512-6841, [SaviniD@fasab.gov](mailto:SaviniD@fasab.gov)

# FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 4 CY2012	Quarter 1 CY2013	Quarter 2 CY2013	Quarter 3 CY2013	Staff Contact
The Federal Entity		ED	DP	PH	UR	Melissa Loughan (202-512-5976)
Deferred Maintenance & Asset Impairment	SFFAS 44 Submitted for Review October 2012	UR	Final: Impairment			Domenic N. Savini (202-512-6841)
Risk Assumed		Research	Research	Research	ED	Julia Ranagan (202-512-7377), Ross Simms (202-512-2512), Monica Valentine (202-512-7362)
Investments and Other Equity Interests in Non-Federal Entities		Deferred				Wendy Payne (202-512-7357)
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 AAPC G-PP&E task force is continuing its work on developing a technical release to provide implementation guidance on G-PP&E cost accumulation and allocation. The November 15<sup>th</sup> scheduled meeting of the AAPC has been rescheduled -- the next meeting of the AAPC will be on Thursday December 13<sup>th</sup>, 2012 at 1:00 pm.

Point of Contact: Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)

## FASAB Meeting Schedule

### Schedule for 2012 Meetings:

Wednesday and Thursday, December 19<sup>th</sup> and 20<sup>th</sup>

### Schedule for 2013 Meetings:

Wednesday and Thursday, February 27<sup>th</sup> and 28<sup>th</sup>

Wednesday and Thursday, April 24<sup>th</sup> and 25<sup>th</sup>

Wednesday and Thursday, June 19<sup>th</sup> and 20<sup>th</sup>

Wednesday and Thursday, August 28<sup>th</sup> and 29<sup>th</sup>

Wednesday and Thursday, October 23<sup>rd</sup> and 24<sup>th</sup>

Wednesday and Thursday, December 18<sup>th</sup> and 19<sup>th</sup>

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, December 13<sup>th</sup>

### Schedule for 2013 Meetings:

Thursday, January 17

Thursday, March 21

Thursday, May 16

Thursday, July 18

Thursday, September 19

Thursday, November 21



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.