



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1100

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

Dear Ms. Valentine:

The Department of Defense (DoD) greatly appreciates the opportunity to offer feedback on the Federal Accounting Standards Advisory Board (FASAB) Omnibus Technical Release Amendments: 10, 16, 20 and 21. Enclosed is our response to your Exposure Draft.

We look forward to continuing our working relationship with FASAB. Thank you for considering DoD's input.

Sincerely,

LAURANCE.KIM
R.1228506334

Digitally signed by
LAURANCE.KIM.R.1228506334
Date: 2024.04.15 13:17:59 -04'00'

Kim R. Laurance
Assistant Deputy Chief Financial Officer

Enclosure:
As stated

Exposure Draft Questions for Respondents (QFR)

Due: April 15, 2024

*Omnibus Technical Release Amendments:
Conforming Amendments to Technical Releases 10, 16, 20, and 21*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

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Organization:

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

This proposal would amend Technical Release (TR) 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*; TR 16, *Implementation Guidance for Internal Use Software*; TR 20, *Implementation Guidance for Leases*; and TR 21, *Omnibus Technical Release Amendments 2022*.

QFR 1 Do you generally support the proposed amendments to TR 10 under paragraph 3 of this proposed TR? This amendment is intended to align the guidance in footnote 5A of TR 10 with that of Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, paragraph 18, as amended by SFFAS 60, *Omnibus Amendments 2021*. It would also supersede and replace relevant portions of a previous amendment to this footnote under TR 21. Please explain the reasons for your position.

The majority of DoD respondent components concurred with the proposed amendments and agreed that the amendments align TR 10 with SFFAS 6. One DoD component questioned if leasehold improvements should be included in the updated language (see response to question #3).

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QFR 2 Do you generally support the proposed amendments to TR 16 under paragraphs 4-7 of this proposed TR? Paragraphs 5-6 would restore portions of prior guidance for perpetual software licenses based on Board requirements under SFFAS 10, *Accounting for Internal Use Software*. The amendments would also supersede previous amendments in TR 20 that rescinded portions of this guidance. Paragraph 4 removes reference to SFFAS 5, *Accounting for Liabilities of the Federal Government*, under scope paragraph 8 of TR 16, as TR 16 no longer clarifies SFFAS 5 after the earlier conforming amendments provided under TR 20. Paragraph 7 is a technical correction and conforming amendment to paragraph 32 of TR 16. Further modifications and enhancements to internal use software guidance are under research and development as part of the Board's software technology project. The AAPC will consider additional updates in coordination with the Board's project. Please explain the reasons for your position.

The DoD generally concurs with the proposed amendments. The DoD recommends that guidance recognize the possibility that some maintenance cost may be capitalized. The DoD also recommends modifying the language further to explicitly say that software licenses that are 24 months or less should be expensed, and adding a clearer definition for "perpetual."

QFR 3 Should paragraph 8B, footnote 5A, of TR 10 retain the reference to "leasehold improvements?" The proposed change to TR 10 would retain reference to "leasehold improvements" as an item within footnote 5A. The wording, in conjunction with the rest of TR 10, suggests that the federal government could be obligated to pay asbestos clean-up costs on leasehold improvements to leased facilities and installed equipment. The AAPC would like to better understand if any reporting entities have (or have had) leasehold improvements that require (or required) asbestos cleanup for which the federal government is (or was) responsible.

Most DoD respondent components concurred with retaining the reference to "leasehold improvements." However, one of the Military Departments (MilDep) recommended removing leasehold improvement reference for the best interest of the government. Although the MilDep had never encountered the situation where asbestos was uncovered in relation to a leasehold improvement, they believe the inclusion of the leasehold improvement reference could result in unnecessary costs and hardship to the government (preparer entity) for little benefit and accuracy in the disposal estimate. Their rationale is that the government may not know the history of the leased assets and if asbestos is present, and may not discover it until the leasehold improvement has already been conducted, making the reporting of the liability moot at that time.