

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"/>	
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Please provide your name.

Name: Jennifer Koontz, Director of Accounting Policy Service, Office of Financial Policy

Please identify your organization, if applicable.

Organization: Department of Veterans Affairs

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.

VA recommends removal of the sentence, “It includes 1) **real property acquired through leases, including** leasehold improvements, **and** 2) real property owned by the reporting entity in the hands of **or leased to** others (for example, state and local governments, colleges and universities, or federal contractors), **and** 3) **real property acquired through contracts or agreements that transfer ownership (see SFFAS 6, par. 18).**” Instead, the footnote should direct readers to current guidance in SFFAS 6 paragraph 18 and SFFAS 60 paragraph 35,

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rewritten as, “For the purpose of this document, real property is defined as federal facilities and installed equipment within general PP&E, heritage, and stewardship categories. For additional information on what is included in real property, [refer to SFFAS 6 paragraph 18 and SFFAS 60 paragraph 35](#). (Retain GAO guidance.)”

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.

Partially agree to the proposed amendments to TR 16 under paragraphs 4-7. The perpetual software license is an intangible asset. The perpetual license will allow the agency the right to use, even though it does not come with unlimited and perpetual updates and support. It would be helpful if FASAB could expand on the accounting treatment within TR 16. It would assist federal agencies with recognizing when to expense versus capitalize.

VA suggests language in footnote 9A -be included in paragraph 26A. For example, paragraph 26A should read as, “If a software license is perpetual with an upfront cost (i.e., one-time payment) or financed over a set period of time to use the software for its entire lifetime, then the entity is purchasing software and should apply its existing policy for capitalization thresholds to determine if the license should be capitalized or expensed.” This should be made very clear to the preparer and should be included in paragraph 26A rather than being a footnote.

In addition, FASAB needs to remove SFFAS 5 from footnote 19 on page 21 in SFFAS 10. Prior to the updates to technical releases, it is very important that all SFFAS are up-to-date. The reference to SFFAS 5 in footnote 19 within SFFAS 10 on page 21 is not applicable due to SFFAS 54. VA recommends that this change is made as soon as possible to ensure preparers have relevant guidance and to avoid any confusion.

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.

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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.

Refer to response provided in QFR #1 to direct readers directly to SFFAS 6 and SFFAS 60.

GSA provides guidance to federal agencies on asbestos in leased facilities. VA does not lease space with known asbestos issues. If Asbestos-containing materials (ACM) are contained in a potential leased property, the lessor would be required to submit a management plan or operations and maintenance plan for the removal of the asbestos.

VA includes provisions in its leases for asbestos abatement; specifically, if asbestos is found in a leased facility, the contractor would pay for abatement in accordance with the lease.

See GSA's Leasing Desk Guide, [Chapter 18, Sustainability and Environmental Considerations](#) (pg. 18-16 or 16/20 of pdf file) and Request for Lease Proposal and Lease form templates (refer to word documents, Global Request for Lease Proposal (RLP) Template R100 (Oct 2023) and Global Lease Template L100 (Oct 2023)).
