

**Appendix K – Guidance for the Preparation of FY 2007 Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI)**


United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

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Memorandum

To: Heads of Bureaus and Offices  
Bureau Chief Financial Officers

From: Daniel L. Fletcher   
Director, Office of Financial Management (PFM)

This memorandum serves as the guidance for the preparation of the new/revised information to be included in the Principal Financial Statements (Basic), Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI) sections of the FY 2007 Report on Performance and Accountability (PAR). All data requested is identical to the data that should be included in each bureau's annual performance and accountability report.

Due to the Financial and Business Management System (FBMS) implementation in FY 2007, not all bureaus will be preparing a complete FY 2007 performance and accountability report. Every bureau must continue to provide information for the consolidated PAR. This includes ensuring that information to be included in the RSI and RSSI sections of the consolidated PAR are prepared in accordance with the timeframes established by the Financial Statement Guidance Team (FSGT) and is consistent with this guidance.

Descriptive paragraph(s) on how stewardship land and heritage assets relate to the mission of the organization and the policies that guide their management continues to be a Note in the Basic section of the PAR. As a result, the Balance Sheet should include a line item on Stewardship Assets with a zero dollar value and reference its explanatory note. Stewardship land and heritage assets physical unit charts and condition statements (collectible and non-collectible) will again appear in the RSI section of the PAR. Research and Development, Investment in Human Capital, and Non-Federal Physical Property will remain in the RSSI section. .

To facilitate preparation of the FY 2007 RSI and RSSI data, revised templates will be placed on the Hyperion XA drive; bureaus must use standard charts and tables in the bureau-level reports to ensure that data reported across the department is consistent. The text, charts, and tables constitute the disclosure by bureaus in the RSI and RSSI sections. Bureaus may provide expanded information, at their discretion, in the Other



Supplementary Information (OSI) section of the bureau reports; however, information presented in the OSI may only expand on the data presented in RSI and RSSI since the auditors will review the sections and make comparisons to ensure consistency regarding the information reported.

Bureaus should be aware that information included in the RSI section will be audited. While bureaus have latitude in determining the format of RSI and RSSI data in bureau reports, the data required for the PAR (as evidenced in the templates) must appear in bureau reports. **All RSI and RSSI data must be submitted to the Department in the format presented on the XA drive.** Bureaus are also required to provide to PFM narrative Basic, RSI, and RSSI information.

The narrative information contained in the RSI and RSSI sections of the report should include descriptive, explanatory, and highlight information that would be of interest to the public. This narrative is an excellent opportunity for the bureaus to highlight significant impacts, changes, etc.

PFM will post the templates for the RSI and RSSI sections on the Citrix Server and will notify the points of contact by E-mail when templates are finalized. As bureaus incorporate information into the templates, the file should be saved with the bureau acronym and the date the file was prepared/revised. Each subsequent update to the file should be appended with the current date. Bureaus should notify PFM, either by telephone or E-mail, when Basic, RSI, and RSSI data has been updated to ensure that the most current information is input into the Consolidated PAR.

Bureaus should make sure that the changes to the Basic, RSI, and RSSI reporting is shared with the Performance Planning staff in their respective organizations.

The due date for the completion of the Departmental PAR is November 15, 2007. In order to meet this date, the Department and bureaus will prepare a complete and presentable draft of the Department and bureau reports with third quarter data for review by the auditors. Accordingly, a **complete** Basic, RSI, and RSSI section (and OSI, if applicable) is due **July 16, 2007**, with data as of June 30, 2007. Updated fourth quarter data must be available by **October 15, 2007**, for inclusion in the final report.

### **RSI and RSSI Contacts**

To assist with the collection and consolidation of the Basic, RSI, and RSSI materials, a designated point of contact for each bureau is required. The primary contact should have knowledge of the Basic, RSI, and RSSI process, be available to answer questions from PFM, and be responsible for the preparation of the bureau Basic, RSI, and RSSI sections. Bureau contact information (name, telephone number, and e-mail address, and, if more than one contact is designated, their Basic, RSI, and RSSI area of responsibility) should be provided to the contact listed below no later than January 15, 2007.



Information regarding full implementation of SFFAS No. 29 is attached. A meeting is scheduled for January 9, 2007, at 11:00 EST to discuss reporting requirements and implementation of SFFAS No. 29.

If you have questions, contact David Horn on 202-208-5542 ([David\\_Horn@ios.doi.gov](mailto:David_Horn@ios.doi.gov)) or Debbie Smith on 202-208-3250 ([Deborah\\_L\\_Smith@ios.doi.gov](mailto:Deborah_L_Smith@ios.doi.gov)).

Attachments

cc: Deputy Chief Financial Officers  
Bureau Finance Officers



## FY 2007 REQUIRED SUPPLEMENTARY STEWARDSHIP DISCLOSURES

**A. Narrative Information** - Bureaus should provide a concise statement explaining how heritage assets relate to the overall mission of the bureau. Types of information that tie this relationship are compliance with laws and regulations and specific designation by authoritative bodies. Bureaus should also provide a brief description of the stewardship policies for heritage assets that include the goals and principles the bureau has established to guide the acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the bureau and the heritage assets. This narrative information should appear as a Note in the Notes to Principal Financial Statements (Basic).

**B. Deferred Maintenance** - The Department of the Interior owns, builds, purchases, and contracts services for assets such as schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs. The SFFAS No. 6, "Accounting for Property, Plant, and Equipment," requires annual disclosure of the estimated cost to remedy accumulated deferred maintenance on Interior property, plant, and equipment (PP&E). Both General PP&E and Stewardship PP&E are included. Deferred maintenance information is accumulated when maintenance was not performed when it should have been or when it was scheduled and which, therefore, was put off or delayed for a future period. Deferred maintenance needs may be further categorized in two tiers, critical and non-critical.

Delaying correction of non-critical needs may result in their becoming critical facility or equipment deficiencies at a future time. Code compliance (e.g., life safety, ADA, OSHA, environmental, etc.) and other regulatory or Executive Order compliance requirements not met on schedule are considered deferred maintenance.

Language used in the 2007 PAR will be reviewed and coordinated with the Office of Acquisition and Property Management to ensure the information reported is in compliance with the Departmental Asset Management Plan. At the present time, it is not anticipated that there will be any significant changes in the language or condition definitions.

**C. Federal Stewardship Land** - Federal stewardship land is defined as land owned by the Federal government that was not acquired for or in connection with general property, plant, and equipment. Land is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. Certain assets, such as national parks, may be defined as both stewardship land and heritage assets. Thus, these assets will be reported by the same number of physical units under stewardship land (e.g. parks) and non-collectible heritage assets. The stewardship land section of the Required Supplementary Information (RSI) for FY 2007 will include specific discussions of the overall condition of the land and the methods by which additions or withdrawals are made to stewardship lands.



For the categories of stewardship land included in Lands Chart, bureaus are required to provide the additions and withdrawals of Federal units during the fiscal year and to provide a condition statement based upon the categories below. The Department will not be reporting stewardship land in acres. Federal stewardship land is reported in terms of physical units rather than cost, fair value, or other monetary value.

Ensure that the physical unit being used is included in the land chart.

Bureaus also are required to include the condition of stewardship lands on the chart. The categories of condition are:

- ▶ **Acceptable** – when the land is adequate for operating needs and the Department has not identified any polluted or contaminated areas that would require intervention to prepare or sustain the land for its intended use; and,
- ▶ **Needs Intervention** – when the Department has identified polluted or contaminated areas within units of Interior land that require intervention to prepare or sustain the land for its intended use.

Bureau submissions should include a description of each major category of stewardship land use. Where parcels of land have more than one use, the predominant use of the land should be considered the major use. In cases where land has multiple uses, none of which is predominant, a description of the multiple uses should be presented. For each major category of stewardship land use, the following should be submitted:

- ◆ The number of physical units by major category of stewardship land use for which the entity is the steward as of the end of the reporting period;
- ◆ The number of physical units by major category of stewardship land use that were acquired and the number of physical units by major category of stewardship land use that were withdrawn during the reporting period; and,
- ◆ A description of the major methods of acquisition and withdrawal of stewardship land during the reporting period.

**D. Heritage Assets** are property, plant, and equipment that are unique because of historical or natural significance, cultural, educational, or artistic importance, or for significant architectural characteristics. Heritage assets are generally expected to be preserved indefinitely. Heritage assets include non-collectible cultural and natural heritage assets, such as properties that have been officially designated, and collectible heritage assets, such as library and museum collections.

**1. Non-Collectible Cultural and Natural Heritage Assets.** The primary factor utilized to determine whether stewardship assets should be included in note disclosure is whether or not they have been either Presidentially, Congressionally, or departmentally (by the Secretary of the Interior) designated (not proposed). Using only these official designations as the criteria for inclusion into footnote disclosure takes the scientific burden of proving the worthiness of each discovery out of the financial community and places it back into the scientific arena. The financial statements will report only those



assets that the scientists have deemed significant enough to secure an official designation.

Examples of such heritage assets include assets listed in the National Historic Landmarks program that have been designated by the Secretary of the Interior. Because these designations are easily verifiable, this data can be accumulated with minimal supervision. It is especially important that as this data becomes basic financial data that the classifications are based on preexisting standards and will not require scientific reevaluation each time a financial statement is prepared. This same methodology could be applied to heritage assets that have been officially designated such as National Monuments, Wilderness Areas, National Scenic Trails, etc.

Bureaus should enter the number of units as of October 1, 2006; additions and withdrawals during the fiscal year; the ending balance as of September 30, 2007; and the condition of the assets (acceptable, unacceptable, unknown), unless the asset is land, in which case it would have the same condition statements as noted above in the Federal Stewardship Land section. The narrative section should include a detailed description of the methods by which non-collectible heritage assets are acquired and withdrawn as well as any other information that would be of interest to the public and which illustrates the mission of the bureau.

In addition, the fair value of heritage assets acquired through donation or devise during the reporting period should be disclosed, if known and material.

Categories of condition for non-collectible heritage assets (excluding land) are:

- Acceptable – when all of an asset’s critical systems have no deferred maintenance deficiencies; non-critical systems of deferred maintenance may exist (acceptable condition may vary by asset type);
- Unacceptable – when some of an asset’s critical systems have deficiencies; and,
- Unknown – due to the nature of the location, such as underwater, under snow, or under other structures, the condition cannot be determined or that, due to financial constraints, a bureau has been unable to determine condition.

The threshold used to determine acceptable and unacceptable will vary based on the mission and types of assets.

When entering asset condition information on the Chart, enter the number of total assets in the appropriate condition column. After all data has been consolidated, PFM will convert this number to a percentage.

Additional information on Deferred Maintenance may be found in Appendix K of this guidance and/or the Asset Management Plan issued by the Office of Acquisition and Property Management.



**Collectible Heritage Assets - Library Collections (Chart Collections).** The Library Chart lists total library collections as of October 1, 2006, total additions and withdrawals, the ending balance as of September 30, 2007, and the condition of the assets. Categories for condition for library collections, based on the standards in 411 DM Short List, and accepted industry practices and standards are:

- Good – the facility housing the collection is in good condition;
- Fair – the facility housing the collection is in fair condition; and,
- Poor – the facility housing the collection is in need of major conservation efforts based on the Short List definitions

When entering library condition information on the Chart, enter the number of collections in the appropriate condition column. After all data has been consolidated, PFM will convert this number to a percentage.

**3. Collectible Heritage Assets – Museum Collections – (Chart Collections)** lists total museum collections as of October 1, 2006, total additions and withdrawals, the ending balance as of September 30, 2007, and the condition of the assets. The list is subdivided based on whether the collections are housed in Interior or Non-Interior facilities. Categories for condition for museum collections, based on the standards in 411 DM Short List and accepted industry practices and standards are:

- Good – the facility housing the collection is in good condition;
- Fair – the facility housing the collection is in fair condition; and,
- Poor – the facility housing the collection is in need of major conservation efforts based on the Short List definitions

When entering museum condition information on the Chart, enter the number of total assets in the appropriate condition column. After all data has been consolidated, PFM will convert this number to a percentage.

**E. Stewardship Investments** - Stewardship investments are substantial investments made by the Federal government for the benefit of the nation and will continue to be reported in the RSSI section of bureau reports and the consolidated PAR. Stewardship investment categories reported are: (1) investment in research and development; (2) investment in human capital; and (3) investment in non-federal physical property. Costs reported for stewardship investments should be on an accrual basis, not obligations or expenditures. Bureaus should also report on outputs and outcomes for stewardship investments as discussed below.

**1. Investment in Research and Development.** Investment in Research and Development are costs incurred to support the search for new or refined knowledge and ideas and for the application and use of such knowledge and ideas for the development of new or improved products and processes. The types of research and development are:



- Basic – systematic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind;
- Applied – systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and,
- Developmental – systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Bureaus should report the full cost of the investment made for the current year and the preceding four years. Outputs and outcomes with readily apparent relationships to the investment should be discussed in the narrative section. “Output” is a tabulation, calculation, or recording of activity or effort that can be expressed in a qualitative or quantitative manner. “Outcome” is an assessment of the results of a program compared to its intended purpose along the following lines:

- Basic research – an identification of any major new discoveries that were made during the year;
- Applied research – an identification of any major new applications that were developed during the year; and,
- Developmental research – the progress of major developmental projects including the results with respect to projects completed or otherwise terminated during the year and the status of projects that will continue.

The information provided concerning outcomes should provide, in concise form, a plausible basis for judging the extent to which the program is achieving its purpose.

**2. Investment in Human Capital.** Investment in Human Capital includes education and training programs financed by the Federal government for the benefit of the public. Investment in human capital excludes education and training expenses for Federal employees. Bureaus should include the full cost of the investment for the current and preceding four years.

Outputs and outcomes with readily apparent relationships to the human capital investments are reported in the narrative section of the PAR. An example of an output/outcome would be the number of students enrolled versus the number of students who graduated in the BIA schools, or any other data indicating the effectiveness of the program in achieving its intended purpose.





Job Corps programs are not reported by the Department of the Interior due to the 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, revised July 2006. Monies received from the Department of Labor for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

**3. Investment in Non-Federal Physical Property.** Investment in Non-Federal Physical Property are expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by or given to state and local governments or Insular Areas.

Minimum reporting includes the following (SFFAS #8, Chapter 5, Paragraph 87): annual investment, including a description of federally-owned physical property transferred to state and local governments. Bureaus should describe major programs involving Federal investments, including descriptions of programs or policies under which non-cash assets are transferred to state and local governments for the current year and the preceding four years. Reporting shall be at a meaningful category or level such as:

- Dams and other water structures;
- Land;
- Roads and bridges;
- Schools and public buildings; and,
- Not classified.

Additional information on Investment Reporting may be found in Chapter 13 of the Financial Statement Guidance.