



**FEDERAL
ACCOUNTING STANDARDS
ADVISORY BOARD**

Annual Report

Fiscal Year Ended September 30, 2019

Three-Year Plan

Fiscal Years 2020-2022

Comments Requested by January 17, 2020

Issued November 19, 2019

Current FASAB Members

George A. Scott | Chair | 2019–2021 | Non-federal representative | 2016–2019*

R. Scott Bell | Department of the Treasury | 2017–present**

Gila J. Bronner | Non-federal representative | 2016–2021*

Robert F. Dacey | Government Accountability Office | 2004–present**

Sallyanne Harper | Non-federal representative | 2019–2024*

Patrick McNamee | Non-federal representative | 2017–2022*

Terry K. Patton | Non-federal representative | 2019–2024*

Graylin E. Smith | Non-federal representative | 2012–2022

Timothy F. Soltis | Office of Management and Budget | 2018–present**

***Member is eligible for a second five-year term.**

****Federal members are not term limited.**

Organization

Three federal officials responsible for federal financial reporting—the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States—established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. These three officials possess legal authority under various laws to establish accounting and financial reporting standards for the federal government. Together, they entered into and have periodically modified a Memorandum of Understanding creating the Board as a federal advisory committee.

Membership comprises individuals from each of the three federal agencies that established the Board (the sponsors) and six non-federal individuals. The American Institute of Certified Public Accountants (AICPA) has designated the Board as the body that establishes generally accepted accounting principles (GAAP) for federal reporting entities.

Mission

FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

The Mission Supports Public Accountability

Financial reports, which include financial statements prepared in conformity with GAAP, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government’s responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government’s accountability and its efficiency and effectiveness and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

TABLE OF CONTENTS

Annual Report	2
FROM THE CHAIR	2
FROM THE EXECUTIVE DIRECTOR	4
COLLABORATION, EDUCATION, AND OUTREACH ACTIVITIES	5
Due Process	5
Ongoing Educational & Outreach Activities	6
Technical Inquiries	6
GOVERNANCE, OPERATIONS, AND BUDGETARY RESOURCES	7
Governance	7
Operations	8
Budgetary Resources	9
FY 2019 Annual Report for Technical Activities and Three-Year Plan for the Technical Agenda	10
A. Classified Activities	10
B. Evaluation of Existing Standards	11
C. Implementation Guidance for DoD	12
D. Land – Accounting and Reporting	12
E. Leases	13
F. Materiality	14
G. MD&A Amendments	14
H. Note Disclosures	15
I. Omnibus Amendments	15
J. Public-Private Partnerships	16
K. Reporting Model	16
L. Risk Reporting	17
Table 2 - Technical Agenda Consolidated Work Plan Matrix	18
AAPC ACTIVITIES	19

Annual Report

FROM THE CHAIR

I am honored to present our fiscal year (FY) 2019 annual report and three-year plan. This is my first annual report as chair, and I look forward to the many new opportunities and challenges ahead.

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) continues to break barriers in financial reporting and leads the way in fiscal sustainability reporting. Since its inception in 1990, the Board has issued standards and guidance on a broad array of topics, many of which are unique to the federal environment. That guidance includes social insurance, long-term fiscal projections, deferred maintenance and repairs, the use of nonfinancial information in the basic financial statements, and the incorporation of financial performance results, among other accomplishments.

FY 2019 Accomplishments

As the Board enters its 30th year, we are very proud of the many accomplishments achieved by our team: the dedicated Board members, staff, and those serving on FASAB task forces. During the last year, the Board has deliberated on various issues:

- Reexamining the reporting model to focus on the effectiveness of management’s discussion and analysis (MD&A), risk reporting, and note disclosures
- Developing the concept of materiality
- Developing standards that address accounting and reporting of leases
- Developing consistent and meaningful accounting and presentation of land owned and managed by the federal government
- Reexamining existing standards for relevance, consistency, and usefulness
- Initiating a federal agency training and outreach program to share the extensive library of authoritative standards the Board has produced and to assist agency personnel in navigating that guidance

These accomplishments and other projects are addressed in more detail in the body of the annual report.

We have and will continue to enhance the visibility and recognition of the Board’s activities with the public and other standard-setting bodies. The Board’s sustained efforts to improve the usefulness of federal financial reporting are vital to every citizen of the United States and every consumer of federal financial information. The Board’s ongoing focus is on improving the transparency of the financial activities and results of the federal government and its components.

Member Transitions

June 26-27, 2019, marked the final Board meeting for members D. Scott Showalter and Michael Granof. Serving from 2009-2019, both Mr. Showalter and Mr. Granof made lasting contributions to the Board’s progress in addressing federal financial accounting issues. Over the last three and a half years, Mr. Showalter led the Board as chair. Under his leadership, the Board issued guidance on a wide array of issues, including evaluating existing standards, public-private

partnership disclosure requirements, tax expenditures, budget and accrual reconciliation, leases, classified activities, and federal financial reporting concepts. We appreciate Mr. Showalter's leadership and direction. We also appreciate Mr. Granof's vast academic knowledge and guidance on governmental financial management and reporting. His insights and acumen contributed substantively to the work of the Board.

In July, we welcomed two new Board members, Sallyanne Harper and Terry Patton. We look forward to their insight and experience to help lead the Board into the next decade.

Staff Transitions

Wendy Payne, former FASAB executive director, retired in April 2019 after 28 years of service to FASAB. Ms. Payne's dedication to FASAB members and staff, as well as to the preparers and users of federal financial information, was always evident and her legacy will endure.

FASAB remains in experienced and capable hands under the leadership of Monica Valentine. Ms. Valentine has been with FASAB since its inception and is only its third executive director. She is supported by an outstanding cadre of professionals, including her executive assistant and communication specialist, who are dedicated to assisting the community to improve federal financial reporting.

In July, FASAB welcomed senior analyst Ricky Alan Perry, Jr. to the technical staff. Mr. Perry was detailed part-time to FASAB from 2015 through 2019, so his transition has been seamless.

Opportunities and Thanks

I deeply appreciate the trust the FASAB sponsors and the Appointments Panel had in selecting me as the fifth FASAB chair. I am fortunate to be taking this journey with the FASAB sponsors, non-federal Board members, and FASAB staff. I encourage the entire community to join us as we continue to strive to improve federal financial accounting and reporting. There are myriad opportunities to do this, and your insight is critical.

In closing, I would like to express my gratitude to all those engaged in the Board's work—my fellow Board members, FASAB's executive director and her staff, the members of the Appointments Panel, those serving on FASAB task forces, and all who read and respond to our requests for input. The passion and commitment of all the dedicated men and women make the Board's work possible.



George A. Scott

FROM THE EXECUTIVE DIRECTOR

I am honored to serve as the third FASAB Executive Director. I look forward to the challenges and opportunities in leading the Board's technical agenda in developing generally accepted accounting principles (GAAP) for the federal financial community. The Board undertakes major projects and addresses other matters throughout the year as time and resources permit. This annual report and three-year plan summarizes technical activities and achievements to date, each project's relationship with other projects, and the Board's plans for the next three years.

In February 2020, the Board will discuss its priorities and make any necessary adjustments to the three-year plan. Awareness of emerging issues and other ideas helps ensure the Board makes consistent decisions on related projects. Therefore, FASAB would greatly appreciate receiving any input on the three-year plan (see [page 10](#)) before January 17, 2020, to help identify critical areas of need.

Each project on the technical agenda applies to the government-wide and component reporting entities that prepare and present general purpose federal financial reports (GPFFR) in conformance with Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

The Board plans the technical agenda based on the following factors:

- The likelihood a potential project will significantly contribute to meeting the reporting objectives established in Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*
- The pervasiveness of the issue amongst federal reporting entities, and the needs of Congress, users of GPFFR, and program managers
- The resource requirements and competing technical agenda priorities
- The effects and burdens on preparers and auditors
- The Board considers and, in some cases, takes on projects that need timely and/or immediate attention.

The technical activities and three-year plan should help those who use, prepare, and audit federal financial reports to participate fully in the standard-setting process and plan for changes in GAAP.

You are welcome to submit suggestions on any aspect of this material or any ideas not presented herein by January 17, 2020.



Monica R. Valentine

Please submit comments and feedback by email to fasab@fasab.gov or in hard copy to:

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

COLLABORATION, EDUCATION, AND OUTREACH ACTIVITIES

FASAB engages in a number of outreach activities as part of its due process efforts throughout the year to support the federal financial management community. Please see [Figure 1](#) on [page six](#) for a summarized tally of FASAB's collaboration, education, and outreach activities during fiscal year 2019.

Due Process

During the **research phase (RE)** staff collects information to assist the Board in determining the best course of action for each project. **RE** outreach activities may include:

- **Educational sessions** – Staff recruits and coordinates with subject matter experts (SMEs) to deliver information during Board meetings that will enhance members' understanding of issues.
- **Coordination with other standard-setters** – Staff researches the works of other standard-setters, such as the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and International Public Sector Accounting Standards Board (IPSASB), to provide information to the Board.
- **Round tables** – Staff recruits SMEs from agency preparers, auditors, think tanks, GPFRR users, the Office of Management and Budget (OMB), the Congressional Budget Office (CBO), and congressional staff to participate in research sessions to provide information to the Board about what may be helpful in GPFRR.
- **Surveys** – Staff occasionally conducts surveys through open calls to the public to help conduct research to present to the Board.

During the **development and exposure draft phase (DE)** staff collects information to assist the Board in developing exposure drafts (EDs), which solicit input from the federal financial community and users of GPFRR on proposed guidance. DE outreach activities may include:

- **Collaboration with other standard-setters** – Staff continues to monitor the work of other standard-setters and look for collaboration opportunities.
- **Task forces and working groups** – Staff recruits SMEs, such as agency preparers, auditors, OMB staff, and CBO researchers that work in collaboration with staff to prepare and deliver information during Board meetings, provide expert views, and develop recommended solutions.

During the **resolution and finalization phase (FI)** staff assists the Board with finalizing a pronouncement. FI outreach activities may include:

- **Clarification discussions** – The Board may invite certain respondents to clarify comment letters.
- **Public hearings** – The Board may request staff to identify and coordinate interested parties to address the Board directly before a pronouncement is finalized.

Before implementation of standards, outreach activities may include:

- **Implementation group meetings** – To assist in implementing standards government-wide, staff liaisons may meet with staff from agencies, OMB, and/or the Department of the Treasury's Bureau of the Fiscal Service (Fiscal) to provide implementation assistance. In addition, staff coordinates with OMB and Treasury staff to ensure that updates to related guidance are consistent with FASAB guidance. These documents include but are not limited to A-136 – *Form and Content of Financial Statements*, Treasury's Treasury Financial Manual, or the U.S. Standard General Ledger.

Ongoing Educational & Outreach Activities

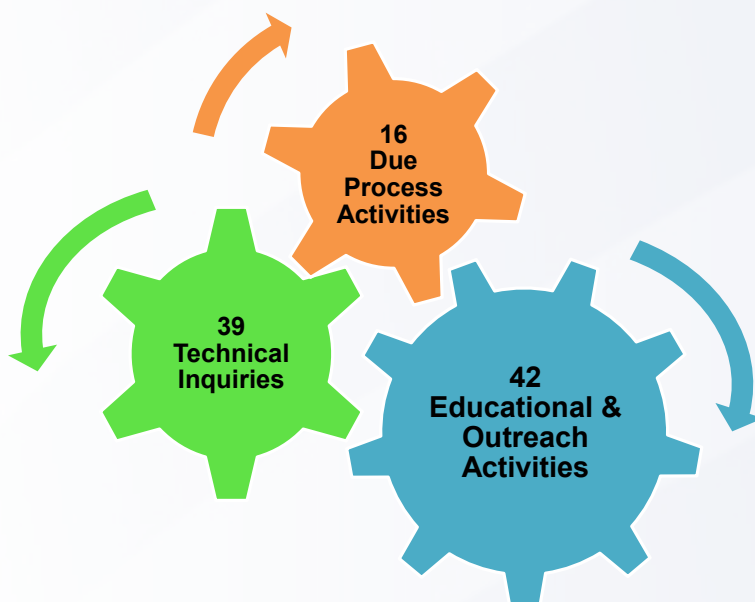
In addition to the outreach activities conducted during due process, members and staff engaged in outreach activities throughout the fiscal year for a wide array of audiences:

- **FASAB annual update** – Staff presents an update every spring, awarding four hours of free CPEs to those who attend.
- **Professional organization presentations** – Board members and staff provide updates and other relevant federal financial information to professional organizations, such as the American Institute of CPAs (AICPA); Association for Federal Enterprise Risk Management (AFERM); Association of Government Accountants (AGA)—national and local chapters; Institute of Internal Auditors; and Institute of Management Accountants.
- **Educational briefings** – Board members and staff develop and present targeted briefings to agencies as well as to congressional staff, agency leadership, college classes, and delegations from other countries about both Board efforts in general and specific issues of interest.
- **Published articles** – Board members and staff write articles to address current federal financial management topics.
- **Workshops and trainings** – Staff develops and delivers workshops and trainings in response to federal accounting professionals’ educational needs. For example, staff developed a federal accounting research workshop—a four-CPE hour class—to train participants on how to navigate FASAB standards and research specific topics in the authoritative literature to solve accounting issues and improve reporting. Staff is also developing a full day educational workshop to provide an in-depth discussion of authoritative federal GAAP, including the use of simulated case studies.
- **Staff liaisons to federal government working groups** – Staff collaborates with interagency councils and working groups to enhance their awareness of Board efforts and current issues, including the CFO Council, Council of the Inspectors General on Integrity and Efficiency; Defense Audit Remediation Working Group; Financial Statement Audit Network, and the Joint Financial Management Improvement Program.

Technical Inquiries

Staff engages in extensive research to provide clarification on federal GAAP-related technical inquiries received from preparers, auditors, inspectors general, consultants, and individuals on general and agency-specific accounting issues.

Figure 1 - FASAB’s collaboration, education, and outreach activities FY 2019



GOVERNANCE, OPERATIONS, AND BUDGETARY RESOURCES

Governance

The Steering Committee members continue to affirm their commitment to supporting the resource needs of the Board. The committee demonstrated this by maintaining FASAB staff levels despite ongoing budget constraints faced by all federal agencies.

Budgetary resources are reported on [page 9](#). Final FY 2020 resources are dependent upon appropriations established through the federal legislative process. The committee also provided the executive director’s annual performance appraisal and established expectations.

During the fiscal year, Lisa Motley (FASAB general counsel) and James Lager (GAO deputy ethics advisor) provided members with annual training on both Federal Advisory Committee Act requirements and ethics. Such training is helpful to update and remind members of important federal requirements and to answer questions.

In addition to routinely supporting the Steering Committee, the Appointments Panel recommended Board member George A. Scott to succeed D. Scott Showalter as the FASAB chair. Mr. Scott has served on the Board since 2016. The Appointments Panel also recommended candidates Sallyanne Harper and Terry Patton for two Board member vacancies. Ms. Harper is a founding member and past president of AFERM. She has also managed a significant portfolio of client engagements related to federal financial management, financial reporting, internal controls, and enterprise risk management.

Mr. Patton is a professor of accounting and chair of the Accounting, MIS, and Legal Studies Department in the Dillard College of Business Administration at Midwestern State University. He has co-authored three governmental and nonprofit accounting textbooks and served as research manager at GASB. Ms. Harper and Mr. Patton both joined the Board in July 2019.

In March 2019, the Appointments Panel also recommended the selection of Ms. Monica R. Valentine as the third FASAB executive director.

During FY 2019, the Board made no revisions to its mission statement (adopted in 2012) or its rules of procedure (adopted in 2010).

OUR GOVERNANCE TEAM

The **Steering Committee** is composed of the chair and the members representing the three federal sponsors. The committee annually reviews the operating budget, approves contracting activities, provides the executive director’s annual performance appraisal, and collaborates with the executive director on the upcoming year’s expectations. The committee also participates actively in the Appointments Panel.

The **Appointments Panel**, established in 1999, assists the Board’s sponsors in recruiting and selecting non-federal members and advises the Board regarding improvement efforts. The panel comprises the members of the Steering Committee, two representatives of the AICPA, and one representative of the Financial Accounting Foundation (FAF). The panel’s assistance contributes greatly to the Board’s independence and continued conformance to the criteria for a GAAP standard-setting body. The panel reviews this annual report and monitors annual performance survey results. The panel would convey any concerns to the AICPA in a timely manner.

Appointments Panel Members

George A. Scott, Chair
 R. Scott Bell, Treasury
 Robert F. Dacey, GAO
 T. Eloise Foster, FAF
 F. Carter Heim, AICPA
 Daniel J. Murrin, AICPA
 Timothy F. Soltis, OMB

FASAB General Counsel

Lisa Motley

FASAB Executive Director and Designated Federal Official

Monica R. Valentine

Operations

Members confirm their independence and adherence to the ethics policy and complete a Board performance survey. These actions provide information needed for an annual assessment of conformance to the five AICPA criteria essential for a GAAP standard-setting body. This report summarizes the results for the public and the Appointments Panel.

Each member's survey response identifies changes—positive or negative—in the Board's performance relative to the criteria (see sidebar for the criteria). Members explain their views and offer suggestions for improvement.

In addition to these annual processes, members agree that the AICPA will be notified of any reportable events of undue influence if and when they occur. Together, these efforts serve to alert the AICPA to significant changes relevant to the established criteria and to ongoing recognition of FASAB as the GAAP standard-setting body for federal governmental entities. To date, no reportable events have occurred. Again, this year all members confirmed they conformed to the requirements regarding independence, ethics, and reporting undue influence.

Further, member survey results identified some areas of improvement from last year, particularly regarding human and financial resources. Members noted:

- Education sessions improve the knowledge of the Board members and the staff.
- An effective working relationship between key agency staff, task forces, FASAB staff, and Board members has aided in information sharing, which has facilitated the timely development of guidance.
- The Board should continue to leverage multi-agency task forces to support and facilitate staff research and development efforts. Agency practitioner/preparer insights are especially useful and informative throughout the process, not just during the research phase, but also during the deliberative phase of guidance development.
- The regular IPSASB and GASB updates at each meeting have provided valuable

AICPA CRITERIA FOR A GAAP STANDARDS-SETTING BODY

Independence: The body should be independent from the undue influence of its constituency.

Due Process and Standards: The body should follow a due process that is documented and open to all relevant aspects or alternatives. The body's aim should be to produce standards that are timely and that provide for full, fair, and comparable disclosure.

Domain and Authority: The body should have a unique constituency not served by another existing Rule 203 standard-setting body. Its standards should be generally accepted by its constituencies.

Human and Financial Resources: The body should have sufficient funds to support its work. Its members and staff should be highly knowledgeable in all relevant areas.

Comprehensiveness and Consistency: The body should approach its processes comprehensively and follow concepts consistent with those of existing Rule 203 standard-setting bodies for analogous circumstances.

ANNUAL CONFIRMATIONS PROVIDED BY EVERY MEMBER

Independence: I acknowledge that I have neither personal nor external impairments that will keep me from objectively reaching independent conclusions on matters under consideration by FASAB, nor did I during the preceding fiscal year. I will promptly notify the Chair if my independence is or may be impaired.

Ethics: I have reviewed the FASAB ethics policy and confirm that I satisfied all requirements and limitations established under the policy during the preceding fiscal year.

Undue Influence: I have notified the Chair of any and all matters that I judge to be undue influence. "Undue influence" is defined as external influences or pressures that impact a member's ability to objectively reach and/or communicate independent conclusions.

insights to the Board on the major issues being addressed by other governmental standard-setters, improving the knowledge of the Board and staff and creating opportunities for enhancing consistency where appropriate.

- The Board continues to be composed of a diverse and well-informed membership with a broad range of perspectives, which is among the strengths of the organization. Staff continues to be an invaluable component of facilitating the work of the Board.

Members suggested and staff will address the following:

- Staff should seek an optimum balance of expediency and diligence in developing standards and/or other Board products to ensure that FASAB continues to produce materials that are of the highest quality and informative value. Maintaining such balance will mitigate: (1) risks of confusion and/or uncertainty among users and (2) the need for subsequent clarifying guidance.
- Staff should identify opportunities to streamline guidance and reporting requirements to mitigate and reduce preparer burden.
- Staff should continue to collaborate with the broader federal community to ensure differing perspectives are represented.

This year’s survey results are generally consistent with the previous years. The Board’s most notable five-year trend was sustained quality in the areas of comprehensiveness and consistency, knowledge of members and staff, and due process.

For the remaining two criteria (domain and authority and financial resources), the survey solicits narrative responses for ideas for improvement. Some members noted that the Board relied upon collaboration with those serving on task forces to efficiently meet objectives and should look to align more closely with federal government-wide organizations to explore opportunities to improve the value of financial reporting. Members noted the need for additional investments in staff development and resources for improved technology. Most did not believe the staff size was preventing the Board from making progress on its agenda. The use of task forces allows the Board to make progress on its priorities.

Budgetary Resources

Actual funding levels are dependent on final FY 2020 appropriations and will be determined after appropriations are provided to each of the Board’s sponsors. Table 1, *Budget FY 2017-2020*, presents budget resources made available from FY 2017 through FY 2019, as well as anticipated resources for FY 2020.

Table 1: Budget 2016 - 2019
(dollars in thousands)

	FY 2017	FY 2018	FY 2019 ¹	FY 2020 ²
Salaries and Benefits	\$1,708.0	\$1,734.3	\$1,799.4	\$1,744.5
Member Compensation	154.7	156.8	158.6	160.6
Travel	50.0	45.0	45.0	45.0
Education and Training	10.0	9.5	9.5	10.0
Consultants and Other	79.9	79.7	81.9	80.2
Totals³	<u>\$2,002.6</u>	<u>\$2,025.3</u>	<u>\$2,094.4</u>	<u>\$2,040.3</u>

¹The increase in FY 2019 salaries and benefits is attributable to the overlap in the Executive Director position and retirement benefits payout.

²Actual funding levels are dependent on final FY 2020 appropriations and will be determined after appropriations are provided to each of the Board’s sponsors.

³Amounts may not total correctly due to rounding.

FY 2019 Annual Report for Technical Activities and Three-Year Plan for the Technical Agenda

FASAB is subject to the Federal Advisory Committee Act and therefore follows a due process to manage the technical agenda and promulgate federal GAAP that can be summarized into three phases: research; development and exposure draft; and resolution and finalization.

During the **research phase (RE)**, the Board considers initial staff research, input from collaboration and outreach activities, and the project plan to determine the best course of action for the project. During the **development and exposure draft phase (DE)**, staff applies research and recruits task forces to help the Board develop an ED. During the **resolution and finalization phase (FI)**, the Board deliberates on EDs through comment letters, prepares pre-ballot revisions, and votes on final pronouncements. FASAB sends Board-approved pronouncements to its sponsors: OMB, GAO, and Treasury, before publication.

For detailed histories and context behind FASAB's projects, see the [Active Projects](#) and [Archived Projects](#) pages at FASAB.gov. A consolidated work plan matrix is included in [Table 2](#) on [page 18](#).

A. Classified Activities

Assigned Staff: Monica R. Valentine, ValentineM@fasab.gov

Project Summary:

SFFAS 56, *Classified Activities*, was issued in FY 2019. In developing this Statement, the Board addressed the challenge of supporting transparency while avoiding unauthorized disclosure of information. SFFAS 56 balances the need for GPFFR to be publicly available and transparent with the need for limited modifications to prevent disclosure of classified national security information or activities in GPFFR.

The Board conducted several discussions with national security experts and stakeholders to evaluate options for presenting classified information in unclassified GPFFR without jeopardizing national security. The proposed standards were developed following established procedures. Sessions were closed as needed. Public response to the proposal indicated substantial support and identified areas needing clarification. The Statement also explained how existing due process procedures would be applied if the Board developed more detailed guidance which would be classified.

In March 2019, the Board issued Interpretation of Federal Financial Accounting Standards (Interpretation) 8, *An Interpretation of SFFAS 56, Classified Activities*. The Interpretation permits specific modifications to prevent disclosure of classified information within unclassified GPFFR.

The Board is prepared to address the need for additional guidance if areas of concern arise while agencies develop auditable financial statements. As the Department of Defense (DoD) approaches auditability, reasonable methods to protect classified information are necessary. The Board will continue to provide a forum to raise reporting challenges and work towards solutions.

FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
FI - Completed with issuance of SFFAS 56 (10/4/2018) and Interpretation 8 (3/15/2019)			

B. Evaluation of Existing Standards

Assigned Staff: Melissa Batchelor, BatchelorM@fasab.gov

Project Summary:

Two general concerns expressed by members of the Board and the federal financial management community have been that the existing standards need refreshing and entity resources are increasingly constrained. Some believe existing requirements should be evaluated and any unnecessary requirements eliminated. When appropriate, the Board explores opportunities to engage with the community on changes to existing standards and areas where clarification may be needed.

The focus of this project is to address requests for guidance that align with the above goals and provide benefits that clearly exceed costs. To accomplish these goals, ongoing efforts may include providing additional forums for preparers, auditors, and users to identify requirements they believe are unnecessary (this can be accomplished through an open-ended written request for input or round table discussions). The Board will assess requests against the reporting objectives. The Board may address these requests through the appropriate level of GAAP guidance. For example, topics addressed thus far have included imputed costs, assigning assets, intragovernmental exchange transactions, cleanup costs, and clarification of paragraphs 40-41 of SFFAS 6, *Accounting for Property, Plant, and Equipment*.

FASAB staff will research other topic areas as they are presented by the federal financial management community or identified by other projects.

Three sub-projects currently underway include:

B1. Intragovernmental Receivables

Guidance was requested with respect to the accounting for and reporting of losses on intragovernmental receivables because some believe the absence of specific guidance (referring to intragovernmental receivables) in SFFAS 1, *Accounting for Selected Assets and Liabilities*, is unclear. The Board issued a Technical Bulletin (TB) ED regarding intragovernmental receivables in FY 2019.

B2. Update Technical Guidance for Assigning Assets and Cleanup Costs

In FY 2019, the Board issued Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & 6*. Consequently, related conforming amendments resulting from Interpretation 9 need to be made to applicable technical guidance. In FY 2017, the Board also issued TB 2017-2, *Assigning Assets*, which provides that assets may be assigned by a reporting entity to its component reporting entities on a rational and consistent basis. The issuance of these pronouncements will result in the updating of related GAAP.

B3. Debt Cancellation

Late in FY 2019, FASAB was requested to review SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, as it relates to entity debt cancellation.

FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
B1. Intragovernmental Receivables DE - Developed and issued a TB ED (8/30/2019) to provide guidance on reporting of losses on intragovernmental receivables.	DE FI		

<p>B2. Technical Guidance Update RE - Issued Interpretation 9 regarding cleanup cost liabilities (8/16/2019). Began to identify related conforming amendments resulting from Interpretation 9 and TB 2017-2 to other technical guidance.</p>	RE	DE	FI
<p>B3. Debt Cancellation RE - Researched and gathered information regarding a debt cancellation issue and examples to determine if issue needs further FASAB action and/or issue guidance.</p>	RE	FI	

C. Implementation Guidance for DoD			
<p><u>Assigned Staff:</u> Melissa Batchelor, BatchelorM@fasab.gov</p>			
<p><u>Project Summary:</u> DoD efforts to implement standards have revealed areas in need of clarification or amendment. In early 2014, the Board established this project to address such areas. FASAB expanded the project objectives in 2015 to include estimates for real property, military equipment, and internal use software. Based on a DoD request and additional staff research and findings, SFFAS 55, <i>Amending Inter-entity Cost Provisions</i>, was issued in FY 2018. Thereafter, Technical Release (TR) 19, <i>Rescission of TR 8</i>, was issued on January 15, 2019, to rescind technical guidance that was no longer consistent with SFFAS 4, <i>Managerial Cost Accounting Standards and Concepts</i>. FASAB will continue to liaison with DoD workgroups, assess areas, and develop implementation guidance as necessary.</p>			
FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
<p>FI - Issued TR 19, Rescission of TR 8 (1/15/2019) Staff worked with DoD to assess areas that may need implementation guidance.</p>	RE	RE	RE

D. Land – Accounting and Reporting
<p><u>Assigned Staff:</u> Dominic N. Savini, SaviniD@fasab.gov</p>
<p><u>Project Summary:</u> The Board is addressing significant and long-standing inconsistencies in how agencies report information pertaining to land owned by the federal government. Under existing standards, reporting entities capitalize land acquired for or in connection with other general property, plant, and equipment (PP&E) on the balance sheet but do not capitalize stewardship land even if used in connection with general PP&E. Additionally, recent guidance regarding opening balances of general PP&E contained in SFFAS 50, <i>Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35</i>, allows certain federal agencies to exclude land from the balance sheet. Agencies applying SFFAS 50 could report acres in a note disclosure and exclude all land from the balance sheet. As a result of the SFFAS 50 flexibility relating to opening balances and the existing land categories, the information about land is unlikely to be complete at the government-wide level or comparable among the federal reporting entities. The Board is considering improvements with the aid of a task force. The task force considered a variety of measures including historical cost, fair value, and non-financial measures such as acres.</p>

The Board issued its proposed ED regarding land in FY 2018. The Board considered responses to the proposal in late FY 2018 and hopes to complete deliberations in FY 2020.

FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
FI - Continued to deliberate final standards.	FI		

E. Leases

Assigned Staff: Ricky A. Perry, Jr., PerryRA@fasab.gov

Project Summary:

FASAB issued SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government and SFFAS 6, Accounting for Property, Plant, and Equipment*, on April 17, 2018. SFFAS 54 provides a comprehensive set of lease accounting standards to recognize federal lease activities in GPFRR and include appropriate disclosures.

The Board began developing implementation guidance in FY 2019 through the Accounting and Auditing Policy Committee (AAPC) and will continue to develop and finalize such guidance in FY 2020 to facilitate effective implementation.

There are four implementation guidance sub-projects:

E1. Proposed Deferral of the Effective Date of SFFAS 54

SFFAS 54 is scheduled to become effective in FY 2021. However, in early FY 2020 (prior to issuance of this report), the Board agreed to propose a deferral of the effective date of SFFAS 54 in response to research conducted to monitor implementation.

E2. Conforming Amendments to Existing TRs

The AAPC undertook a project to update existing TRs to conform the related guidance to the revised lease accounting standards coming into effect.

E3. Software Licenses

The Board initiated a project to issue a TB on accounting for software licenses in light of the new lease accounting standards coming into effect, which result in needed clarifications in this area.

E4. Implementation Guidance for SFFAS 54, Leases

The AAPC, with the support of a task force, will develop implementation guidance to facilitate implementation of SFFAS 54 requirements.

FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
E1. Proposed Deferral of the Effective Date of SFFAS 54 RE – Conducted research to monitor implementation efforts and consider approaches to respond to implementation challenges and needs.	DE FI		
E2. Conforming Amendments to Existing TRs Issued an ED (2/14/2019) through the AAPC; still under deliberation. Final TR will be issued in tandem with software licenses guidance, once finalized.		FI	
E3. Software Licenses RE - Established a task force and initiated a project to clarify the accounting treatment for software licenses under existing standards.	RE DE	FI	

<p>E4. Implementation Guidance for SFFAS 54, Leases RE - Established a task force and initiated a project to develop implementation guidance.</p>	RE	DE FI	
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F. Materiality			
<p><u>Assigned Staff:</u> Grace Wu, WuG@fasab.gov</p>			
<p>Project Summary:</p>			
<p>The Board is developing materiality concepts applicable to federal financial reports for inclusion in the conceptual framework. Presently, FASAB discusses materiality in several places but not comprehensively nor consistently. The Board agreed to update the materiality guidance to assist preparers' and auditors' understanding of the Board's intention in making materiality judgments and improving disclosures. Having a single comprehensive discussion of materiality concepts, fundamentals, and objectives should facilitate Board deliberations.</p>			
<p>FY19 Actions (Work Completed as of Sept. 30, 2019)</p>	Three-year Plan		
	FY20	FY21	FY22
<p>FI - Issued materiality concepts ED (10/15/2018). Continued to deliberate final materiality concepts.</p>	FI		

G. MD&A Amendments			
<p><u>Assigned Staff:</u> Robin Gilliam, GilliamR@fasab.gov</p>			
<p>Project Summary:</p>			
<p>The Board decided to combine the efforts from the reporting model phase I: MD&A and stewardship investments improvements and risk reporting projects to provide updated standards for preparing the MD&A.</p>			
<p>Both projects have utilized round tables, task forces, and research to understand that MD&A is burdensome to prepare due to duplicative information from outside reports; timing issues with performance reporting dates in relation to financial statement reporting dates; and density of performance and strategic non-financial information. MD&A preparation is further complicated by the existence of guidance in non-authoritative sources (SFFAC 3, <i>Management's Discussion and Analysis</i>) rather than authoritative sources (SFFAS 15, <i>Management's Discussions and Analysis</i>).</p>			
<p>The Board decided to undertake the MD&A amendments project to develop standards that will promote a financially focused and integrated report that addresses how efficient and effective resources have been used in achieving performance objectives, to include risks and potential forward-looking impact.</p>			
<p>FY19 Actions (Work Completed as of Sept. 30, 2019)</p>	Three-year Plan		
	FY20	FY21	FY22
<p>RE - Developed project plan; and presented strategy for developing MD&A objectives.</p>	RE DE	DE FI	FI

H. Note Disclosures			
Assigned Staff: Grace Wu, WuG@fasab.gov			
Project Summary:			
<p>Note disclosures are an integral part of financial statements. Users rely on them to understand the financial statements and reach conclusions about operating performance and the stewardship of government resources. The primary objectives of the project are to improve the relevance, clarity, consistency, and comparability of note disclosures in GPFFR and to reduce preparer burden where appropriate. This project includes two phases.</p> <p>Note disclosures – phase 1: In FY 2018 the Board decided to first develop a set of disclosure concepts to guide Board deliberations with a common set of fundamentals and objectives to apply during phase 2 of the project.</p> <p>Once phase 1 is complete, the Board will consider how best to apply the concepts and potentially revisit existing disclosure requirements in existing standards during note disclosures – phase 2.</p>			
FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
H1. Note Disclosures – Phase 1			
RE - Developed note disclosure concepts to be used by the Board to reduce repetition and improve relevance and consistency of note disclosures	RE DE	FI	
H2. Note Disclosures – Phase 2		RE	RE

I. Omnibus Amendments			
Assigned Staff: Ross Simms, SimmsR@fasab.gov			
Project Summary:			
<p>The Board amended multiple provisions of standards through a single action in 2019. Omnibus amendments are expected to be narrow in scope and not create new requirements for reporting entities. Combining proposed technical amendments should ease the burden on respondents as well as make efficient use of Board time. FASAB staff will identify other provisions of standards for consideration in future omnibus amendments as they are identified.</p>			
FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
FI - Issued Omnibus 2019 Amendments (9/27/2019)	RE	RE	RE

J. Public-Private Partnerships			
Assigned Staff: Dominic N. Savini, SaviniD@fasab.gov			
Project Summary:			
<p>FASAB added this project to the agenda because federal agencies have increasingly turned to public-private partnerships (P3s) to accomplish their goals. Budget pressures are likely to further increase the use of P3s. The overall objective of the project is to make the full costs and risks of such partnerships transparent.</p> <p>In phase 1, the Board decided to address definitions and disclosures regarding risk before providing recognition and measurement guidance in phase 2. On April 27, 2016, the Board concluded its first phase with the issuance of SFFAS 49, <i>Public-Private Partnerships: Disclosure Requirements</i>, effective for periods beginning after September 30, 2018.</p> <p>The Board plans to resume its work on P3s in phase 2 regarding recognition and measurement. The Board also plans to consider implications for other arrangements related to P3s (for example, sale-leasebacks and other long-term arrangements).</p> <p>A task force will be convened to address major P3 accounting practice issues requiring guidance, review entity P3 disclosures, and coordinate progress and results with the leases and risk reporting project managers.</p>			
FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
Public-Private Partnerships – Phase 2	RE	DE FI	

K. Reporting Model			
Assigned Staff: Ross Simms, SimmsR@fasab.gov			
Project Summary:			
<p>The Board initiated the reporting model project due to increased demands for financial information for decision making and accountability and changes in the way users access information. The Board began by identifying the information that would be helpful and subsequently issued SFFAC 8, <i>Federal Financial Reporting</i>, in FY 2017. SFFAC 8 addresses current and evolving reporting needs and capabilities and serves as a framework for later standards. The concepts will assist the Board in developing and improving reporting models for the government-wide and component reporting entities.</p> <p>Next, the Board decided to develop financial reporting standards using a two-phased approach. During phase 1, the Board focused on near-term issues, particularly improving the content within MD&A and the reporting of stewardship investments information. Subsequently, because the risk reporting project also included proposing improvements to MD&A, the Board decided to merge the efforts and created the MD&A amendments project. The Board also decided to address stewardship investment concerns as part of an omnibus amendment of standards.</p> <p>During phase 2, the Board will focus on developing an ideal reporting model, as well as, identifying additional reporting model-related issues and discrete reporting model projects over the long term. The Board initially plans to consider improving budgetary information reporting, performance reporting, electronic reporting, and data quality and integration.</p>			
FY19 Actions (Work Completed as of Sept. 30, 2019)	Three-year Plan		
	FY20	FY21	FY22
K1. MD&A and Stewardship Investments Improvements – Phase 1			
FI - Completed Phase 1: Rescinded SFFAS 8, <i>Supplementary Stewardship Reporting</i> , and moved MD&A improvements into MD&A amendments project.			

<p>K2. Reporting Model – Phase 2 RE - Initial efforts will focus on enhancements to budgetary information, performance reporting, and data quality and integration. Developed project plan.</p>	RE	RE	DE
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L. Risk Reporting			
Assigned Staff: Robin Gilliam, GilliamR@fasab.gov			
Project Summary:			
<p>The issuance of SFFAS 51, <i>Insurance Programs</i>, on January 18, 2017, effectively concluded the first phase of the risk reporting project (formerly the risk assumed project).</p>			
<p>In phase 2, the Board holistically reviewed significant risk events other than adverse events covered by SFFAS 51 to determine accounting standards that provide concise, meaningful, and transparent information regarding the potential effect on the fiscal health of the federal government.</p>			
<p>The Board agreed in April 2019 to a number of amendments to MD&A through the risk reporting and reporting model phase 1: MD&A and stewardship investments improvements projects. As a result, both projects merged into the MD&A amendments project.</p>			
<p>The risk reporting project will remain active as a component of forward-looking work in the MD&A amendments project. Future work for risk reporting may continue as a part of the notes disclosure project phase 2 after the concepts from phase 1 are published.</p>			
<p>FY19 Actions (Work Completed as of Sept. 30, 2019)</p>	Three-year Plan		
	FY20	FY21	FY22
<p>RE – Completed research for risk and forward-looking reporting for MD&A amendments. Work with other projects, such as notes disclosures – phase 2 on measurement uncertainty.</p>	RE	RE	

Table 2 - Technical Agenda Consolidated Work Plan Matrix

Technical Activities	Status FY19	Plan			Staff Contact
		FY20	FY21	FY22	
A. Classified Activities	FI				Monica R. Valentine
B. Evaluation of Existing Standards					Melissa L. Batchelor
B1. Intragov Receivables	DE	DE FI			
B2. Technical Guidance Updates	RE	RE	DE	FI	
B3. Debt Cancellation	RE	RE	FI		
C. DoD Implementation Guidance	FI	RE	RE	RE	Melissa L. Batchelor
D. Land – Accounting and Reporting	FI	FI			Domenic N. Savini
E. Leases Implementation					Ricky A. Perry, Jr.
E1. Proposed deferral of SFFAS 54	RE	DE FI			
E2. Conforming Amends to TRs			FI		
E3. Software Licenses	RE	RE DE	FI		
E4. Implementation Guidance	RE	RE	DE FI		
F. Materiality	FI	FI			Grace Q. Wu
G. MD&A Amendments	RE	RE DE	DE FI	FI	Robin Gilliam
H. Note Disclosures					Grace Q. Wu
H1. ND Principles - Phase 1	RE	RE DE	FI		
H2. ND Improvements - Phase 2			RE	RE	
I. Omnibus Amendments	FI	RE	RE	RE	Ross E. Simms
J. Public-Private Partnerships - Phase 2		RE	DE FI		Domenic N. Savini
K. Reporting Model					Ross E. Simms
K1. Phase 1	FI				
K2. Enhancements – Phase 2	RE	RE	RE	DE	
L. Risk Reporting	RE	RE	RE		Robin Gilliam

RE = research phase

DE = development and exposure draft phase

FI = resolution and finalization phase

AAPC ACTIVITIES

The Accounting and Auditing Policy Committee (AAPC) is a permanent committee established by FASAB to improve federal financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues. AAPC develops implementation guidance for existing accounting standards through Technical Releases (TR). FASAB reviews all TRs before their issuance. The AAPC may not amend existing standards nor promulgate new standards.

The AAPC comprises representatives from the CFO Council, the Council of the Inspectors General on Integrity and Efficiency, the Department of the Treasury, the Office of Management and Budget, and the U.S. Government Accountability Office. FASAB's executive director serves as chair of the committee. While the Board provides staff support, the committee accomplishes its mission largely through the efforts of task forces, which often include federal agencies representatives, independent public accounting firms, and nonprofit organizations.

In FY 2019, FASAB issued TR 19, *Rescission of TR 8*. TR 19 was issued due to changes in existing standards resulting from the issuance of SFFAS 55, *Amending Inter-entity Cost Provisions*.

During the latter part of FY 2019, the AAPC focused much of its efforts on developing lease implementation guidance. AAPC efforts in the leases area will continue in FY 2020.

We want to hear from you.

Do you like this report? Do you believe it should include any other information?

Please let us know by contacting the Chairman at FASAB@FASAB.GOV or 202.512.7350.

FASAB Thanks Ms. Wendy Payne for Her Dedicated Service

During FY 2019, Ms. Wendy Payne, FASAB's former executive director, retired. She dedicated the last 28 years to furthering FASAB's mission through her outstanding leadership and tireless level of commitment to the federal financial management community.

In 1991, Ms. Payne joined FASAB during its initial formation as a project manager. She was promoted to executive director in 1997. Her dedication to FASAB's work led to significant economies, efficiencies, and improvements in government.

Her personal commitment to ethical and professional standards personified the very essence of how CPAs are expected to serve the public. Ms. Payne is highly respected by senior administration officials, colleagues, practitioners, Congressional aides, and all staff that had the opportunity to work with her. She was also an invaluable mentor and leader to the FASAB staff.

Ms. Payne exemplified an extraordinary commitment to both public service and good stewardship. She was a consensus builder whose influential leadership helped advance the federal government's mission and priorities in very specific ways:

- She led the establishment of American Institute of CPAs (AICPA) Rule 203 recognition of FASAB.
- She developed the FASAB Handbook, uniform staff policies and procedures, the FASAB website, and social media strategy. This has led to greater efficiencies and transparency with the public concerning the FASAB due process procedures and accounting guidance.
- She increased the visibility and recognition of the activities and results of FASAB.
- She oversaw the issuance of thousands of pages worth of technical accounting guidance.
- She interacted with the financial management community, by publishing articles, speaking at local, state, national, and international conferences, and serving on task forces and working groups

FASAB thanks Ms. Payne for her dedication to the organization and to federal financial management as a whole. Her impact on the profession will be lasting.

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