

**FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD
Board Meeting Minutes
October 21-22, 2020
WebEx and Teleconference**

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For research purposes, please see the briefing materials at www.fasab.gov. Briefing materials for each session are organized by tab; references to these tabs in the minutes are hyperlinked.

Wednesday, October 21, 2020

Attendance

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present throughout the meeting: Messrs. Scott (chair) and Bell, Ms. Bronner, Mr. Dacey, Mses. Harper and Kearney, and Mr. Patton. Mr. McNamee was present except for brief absences. Mr. Smith was present except for the afternoon of October 21. The executive director’s designee, Mr. Savini, and general counsel, Ms. Motley, were also present throughout the meeting. Mr. Savini conducted a verbal roll call of the members.

Administrative Matters

- **Approval of Minutes**

The Board approved the August meeting minutes prior to the meeting.

- **Updates and Clippings**

Mr. Scott introduced Ms. Kearney as the new Office of Management and Budget (OMB) representative on the Board. Ms. Kearney has served as OMB's Board member in the past, so she is already familiar with FASAB's processes.

Mr. Scott reviewed the protocol for the virtual meeting.

Ms. Reese, Governmental Accounting Standards Board (GASB) senior project manager, provided a brief overview of the recent activities of the GASB. The Board was particularly interested in the prior-period adjustments, accounting changes, and error corrections projects.

Mr. Scott noted the extensive outreach efforts in the past two months from both Board members and staff.

Mr. Scott then called the Board's attention to the new logo. Staff is updating the logo throughout FASAB's catalog of templates and other documents. Users can see the new logo on the [FASAB website](#). Staff will continue to update the logo in FASAB documents as time permits moving forward.

Ms. Leigha Kiger, communications specialist, outlined FASAB's efforts to commemorate the Board's 30th anniversary. She thanked the members who had submitted content for the commemorative [YouTube video](#), which is available on FASAB's [YouTube channel](#). The video is also hyperlinked from the [FASAB homepage](#).

In addition to the YouTube video, FASAB will also be issuing a special edition 30th anniversary newsletter. Ms. Kiger thanked everyone who had contributed content to the newsletter.

Mr. Scott let members know that they would be receiving a list of potential Board meeting dates for 2022. He also reminded members that Ms. Valentine had communicated the possibility of an additional 2020 meeting on December 1 or 2. The purpose of this meeting would be to resolve any minor open items requiring Board discussion before releasing any proposals or final issuances. Mr. Scott asked members to respond to Ms. Valentine with their availability so that she can put a hold on members' calendars for this potential meeting.

Agenda Topics

- Land

Mr. Domenic Savini, assistant director, directed the Board to [tab A](#) where he provided an overview of the August 2020 meeting deliberations. He noted that the Board still had to deliberate one carryover issue concerning multi-use land. A subsequent matter had also come up concerning the proposed disclosure of the outer continental shelf (OCS) land. Another open item was to clarify the effective date for capitalizing temporary land rights when selecting the alternative method available in Statement of Federal Financial Accounting Standards (SFFAS) 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35*. Upon conclusion of the overview, Mr. Scott polled each member on these matters in connection with the following two questions.

Question 1 – Do members agree that all substantive issues have been satisfactorily addressed and resolved by the Board? If not, please explain your rationale and provide suggested changes, accordingly.

Staff explained that, as a result of concerns that some land might have multiple predominant uses, certain edits were made to the basis for conclusions at paragraph A35 indicating that the Board has committed to consider such concerns again during the implementation phase. Also, the standards now include a definition of predominant use and language about the aggregation and assignment of land to allow for greater preparer flexibility.

Members noted that some entity feedback indicates that the larger land holding entities may have challenges assessing the predominant use of land and that there may be circumstances in which land may not fit into any of the three predominant use sub-categories. However, members also expressed concern that adding a fourth sub-category for multiple use or other land could result in entities defaulting to that sub-category rather than exploring other options for using the three predominant use sub-categories in the pre-ballot draft. In a seven to two vote, the Board agreed that a multiple use or other sub-category should not be included in the Statement at this time. The Board agreed that this issue should be the first issue considered during the implementation phase and addressed at that time.

Question 2 – Does the Board agree with the edits made in the pre-ballot SFFAS? If not, please explain your rationale and provide suggested changes, accordingly.

Concerning the OCS land, the Board discussed the potential disclosure included in the pre-ballot draft, which was added pursuant to the August meeting. The proposed disclosure would require entities to state if they manage material amounts of the OCS (note that the estimated acreage of the OCS would not be disclosed). Given that the OCS is specifically excluded from the definition of land, the Board agreed that the proposed OCS disclosure should not be included in the final Statement.

Concerning temporary land rights, the Board considered the date at which the requirement in paragraph 5 (that is, SFFAS 50 amendment at par. 40 f i) to capitalize temporary land rights should be effective. The Board did not object to making that transition in 2026 consistent with the date for transition of estimated acreage and predominant use information from RSI to note disclosures.

Lastly, the Board discussed the language in paragraphs 6a and 9 that requires an entity to define its federal land holdings and refers to custodial and fiduciary land (which are not included in the definition of land). The Board agreed that the parenthetical references to G-PP&E, stewardship, custodial, and fiduciary are not needed and should be deleted.

Next steps: Staff will distribute a revised document for pre-balloting and requests that any dissents be provided as soon as possible.

- **Technical Clarification: Fund Balance with Treasury**

Ms. Batchelor, assistant director, explained the objective of the session was to review an updated Interpretation, *Clarification of Non-Federal Non-entity FBWT Classification (SFFAS 1 Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*. Staff provided materials for the session in [tab C](#) of the briefing materials.

Ms. Batchelor provided the Board a short overview of the history of the project by explaining that the Interpretation would clarify paragraph 31 of SFFAS 1, *Accounting for Selected Assets and Liabilities*. Paragraph 31 had been amended by SFFAS 31, *Accounting for Fiduciary Activities*, which led to ambiguity. The Interpretation would clarify the classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT).

Ms. Batchelor explained that the Board had reviewed the first draft of the Interpretation at the August Board meeting. As explained in the October staff memo, staff believed there was a strong likelihood the document would be ready to advance to a ballot. If a majority of the Board indicated a preference to move to a ballot, staff would provide an updated version (with member comments) and a ballot just before the October 2020 meeting.

Ms. Batchelor explained that a majority of members had indicated they were prepared to ballot and the comments received on the updated Interpretation were minor. Accordingly, staff had provided the Board an updated ballot draft Interpretation and ballot for consideration prior to the October meeting.

Ms. Batchelor explained that certain members had submitted their ballot, but staff wanted to offer the opportunity at the Board meeting for discussion or questions. One member asked if staff could confirm that the Interpretation would resolve the issue that had been raised. Staff explained that a draft of the Interpretation had been previously shared with the parties that submitted the technical inquiry and their respective Office of

Inspector General and independent public accounting firms. In summary, the parties conveyed that the draft Interpretation adequately addressed the issue.

Staff noted that a majority (eight members) of the Board had provided responses to the staff questions prior to the meeting. The Board agreed to move to a ballot exposure draft (ED). All suggestions were incorporated into the ballot Interpretation ED that was provided to the Board prior to the meeting. Therefore, the questions were not discussed at the meeting.

Question 1 – Does the Board have any suggestions or comments on the draft interpretation?

Question 2 – Does the Board wish to move to a ballot ED at the October 2020 meeting?

Next steps: The Board did not provide any additional comments on the ballot draft Interpretation, *Clarification of Non-Federal Non-entity FBWT Classification (SFFAS 1 Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*. The Interpretation is anticipated to be released for comment by the end of October 2020 with respondent comments due January 6, 2021.

The Board meeting adjourned for lunch.

Administrative Matters

- **FASAB Intern**

Mr. Savini introduced members to FASAB's fall intern, Ms. Mercedes Heath. Ms. Heath is an accounting major at Penn State University. Ms. Heath will be supporting various FASAB's projects. One of her initial tasks has been to assist Mr. Savini with research on property, plant, and equipment. Ms. Heath will intern with FASAB through December 2020. Mr. Scott welcomed Ms. Heath to the team and thanked her for her efforts.

Agenda Topics

- **Leases Omnibus**

Mr. Perry, senior analyst, and Ms. Dewhirst, FASAB fellow, introduced the leases omnibus discussion from [tab B](#) of the briefing materials. Mr. Perry provided background on the project's status and staff's intent to (a) complete pre-ballot edits at the October meeting, (b) provide ballots soon thereafter, and (c) expose the omnibus proposal—in tandem with the Accounting and Auditing Policy Committee (AAPC) leases implementation guidance proposals—for public comment beginning in November.

Question 1 – Are there any additional edits that members wish to make to the pre-ballot draft (see Attachment 4) or matters members wish to discuss prior to

receiving their ballots and voting on the release of the proposals for public comment?

Mr. Perry thanked Board members for providing advance feedback on the working draft omnibus proposal and meeting with staff to discuss that feedback leading up to the meeting. As a result of those discussions, staff modified certain proposals reflected in the posted briefing materials. The modifications were reflected in highlighted text of the master copy displayed during the meeting. Modifications included:

- Two minor, clarifying edits to the executive summary under the “What Is the Board Proposing” sub-header
- Two corrective edits to the materiality section at the bottom of the executive summary
- Clarifying edit to Question for Respondents (QFR) 3
- Two additional specific matters for comment (SMC) suggested during the balloting of the Technical Release
 - SMC 2: Request for respondent feedback regarding paragraph 13 and related guidance pertaining to federal oil and gas leases
 - SMC 4: Request for respondent feedback regarding paragraph 98 and related guidance pertaining to intragovernmental lease-leasebacks
 - Staff believes that including these two additional specific matters for comment will provide useful feedback from constituents and the public regarding the proposed technical guidance in these areas. This, in turn, will help the Board and the AAPC finalize and potentially improve upon the proposals on these two topics, if necessary
- Minor edits to SMC 1 and 3
- Minor clarifying edit to the omnibus proposals for SFFAS 54, *Leases*, paragraph 5.a footnote 2A and paragraph 53
- Updated the GASB copyright information in the basis for conclusions based on the current language provided from the Financial Accounting

Foundation. Mr. Perry will work with OGC after the meeting to ensure that the copyright information is presented correctly in the document.

The Board unanimously agreed to all of the QFRs and SMCs with no further edits.

The Board unanimously agreed to all of the clarifying edits; however, Mr. Dacey had a question on the materiality statement. Mr. Dacey requested that staff consider the materiality statement listed in the executive summary and the materiality statement listed at the end of the guidance and determine if more consistency between the two could be possible. Mr. Perry agreed to discuss the issue with Mses. Valentine and Batchelor and make edits prior to the release of the ED if appropriate.

Next steps: Staff will send the ballot copy to the Board by Friday, October 23, 2020. Once five affirmative votes are received, staff will publish the joint ED unless a member notifies staff that they are preparing an alternative view (which is not anticipated).

- **Annual Report**

Ms. Kiger began the discussion by summarizing the work completed to-date on the annual report. Staff updated the annual report based on member feedback at the August meeting. Staff also collaborated with the Publishing team to update the format, including the new logo on the cover page and a graphic highlighting FASAB's outreach accomplishments throughout fiscal year (FY) 2020. In addition, staff added a 30th anniversary statement from Comptroller General Dodaro and from the Treasury Board member, Mr. Scott Bell. The objective of this session was to get Board input for the final draft version of the annual report and three-year plan.

Staff thanked members for submitting their edits on the draft. Most edits addressed minor typos and formatting errors.

Question 1 – Are there any additional suggested revisions to the annual report?

Members suggested altering the graphic that highlights FASAB's outreach accomplishments. Members noted that the graphic was disjointed from the rest of the report in that it was a two-page spread with a conversational tone. One member suggested altering the graphic so that it matches the style and tone of the other call-out boxes in the report. Members also discussed delineating more clearly which outreach accomplishments were achieved by the Board members versus staff. The Board agreed to these changes. Members also agreed to highlight FASAB's standard-setting accomplishments throughout the fiscal year in a call-out box.

Members also discussed highlighting FASAB's 30th anniversary more prominently in the report. Mr. Scott suggested including a chart of FASAB's issuances divided by decade. Members agreed to this addition.

Question 2 – Are there any additional suggested revisions to the three-year plan?

Ms. Harper noted Comptroller General Dodaro's comment in his 30th anniversary statement about potential opportunities for FASAB to partner with the financial management community on ways to better link performance and cost information for decision-making. Ms. Harper asked that, in the future, the Board remain open to these opportunities.

Mr. Scott noted that the Board would be discussing potential projects and general project planning during an administrative session during the December meeting.

Mr. Bell suggested referring to the forthcoming land implementation project more explicitly within the description of the overall land project.

The Board had no other revisions to the three-year plan.

Question 3 – Does the Board agree with staff's list of potential FY 2021 action items?

Mr. Scott explained that Ms. Valentine compiled a list of suggestions members had made in their annual surveys about ways FASAB could improve its administrative processes. The objective of this part of the session was to determine if members agreed with these general categories for discussion. The Board would then discuss these topics more in depth at the December meeting.

Members expressed a desire for the administrative action items in the briefing materials to match more closely with the suggestions for improvement in the annual report. Members also requested that the annual report be clearer about which suggestions the Board agreed to move forward on.

Question 4 – Are there additional action items that should be included?

One member questioned whether the list of topics was solely focused on FASAB's administrative process. Some topics could be considered operational in nature. Members discussed grouping similar topics together in broader categories like administrative, operational, and educational.

One member suggested discussing ways to market the detailee and intern programs, perhaps mapping these opportunities to the projects on the agenda. This would allow for proactive, targeted outreach to find the right detailees for these projects.

Mr. Scott thanked members for their comments.

Next steps: Staff will incorporate the edits and changes that members provided on the annual report and three-year plan and the list of administrative priorities.

Adjournment

The Board meeting adjourned for the day at 2:30 p.m.

Thursday, October 22, 2020

Agenda Topics

- **MD&A**

Ms. Robin Gilliam, assistant director, thanked members for providing comments and edits on the updated draft management's discussion and analysis (MD&A) vision framework (the framework) sent out in the October 2020 [tab E](#) memorandum. She explained the framework was originally presented to the Board in August and is based on the MD&A objectives. The Board identified the MD&A objectives from August 2019 to June 2020 based on the reporting objectives. Staff had developed the framework in preparation for the MD&A pilot.

Ms. Gilliam presented an updated draft framework that incorporated member edits. During this Board session, members continued to review and edit the updated draft framework.

Ms. Gilliam asked the following questions to assist in editing the draft MD&A vision framework:

Question 1 – Do members have any edits to the updated MD&A lead-in summary statement?

Members agreed that the first sentence should be the vision statement describing what MD&A should accomplish. The remaining information should explain how to achieve the MD&A vision. In addition, members agreed to emphasize the theme from the following sentence in SFFAS 15, *Management's Discussions and Analysis*, paragraph 6:

MD&A should deal with the "vital few" matters; i.e., the most important matters that will probably affect the judgments and decisions of people who rely on the GPFFR as a source of information, into the vision framework.

Question 2 – Do members have any additional edits to the draft MD&A vision framework in preparation for the pilot?

Members agreed to:

- include a clearer connection between cost and performance to help with decision-making;
- encourage management to discuss significant changes in trends over multiple years;
- change the term "balances" to "amounts" to include all financial statement items and not just balance sheet balance; and

- remove specific reference to hyperlinks to avoid auditing issues and replace with wording similar to SFFAS 47, *Reporting Entity*, and SFFAS 52, *Tax Expenditures*. For example, “provide additional information...”

Question 3 – Do members approve the pilot timeline?

Ms. Gilliam discussed the following items concerning the pilot with members:

- Pilot Timeline:** Most members agreed with the pilot timeline. However, a couple members were concerned with the two-month processing window at the beginning of the year due to the uncertainty of agency personnel continuity after the election. Another concern is possible competing work tasks, such as those related to COVID 19. Staff will monitor progress and adjust the processing window if necessary.
- User Focus Groups:** Members agreed that staff should engage user focus groups after the pilots complete their sample MD&As. The focus groups will help to determine if the information is concise, relevant, easily understood, and useful. A number of members offered to help in identifying recruiting graduate student populations in finance and public policy. Members agreed that the Association of Government Accountants (AGA) Certificate of Excellence in Accountability Reporting (CEAR) could help to recruit users for a user group (excluding the preparers submitting applications for the CEAR). Staff will also research congressional committees to determine who to invite to participate in a user group.
- Pilot Agencies:** Ms. Gilliam discussed the status of the pilot recruiting efforts. She noted that she is working with Ms. Mallorie Davis from the Bureau of Fiscal Service who is recruiting small agencies to participate. To date, Ms. Davis has confirmed that the Federal Trade Commission has agreed to participate and the National Labor Relations Board is considering participation. Ms. Gilliam noted that she would like to get two medium-sized agencies. One member suggested the Environmental Protection Agency (EPA), National Science Foundation (NSF) and Nuclear Regulatory Commission (NRC) for the medium population. Ms. Gilliam also will recruit three to four large agencies for a total of eight pilot agencies. Ms. Kearney confirmed that Ms. Gilliam will be on the November 17th Chief Financial Officers Council (CFOC) meeting agenda to help recruit the large and possibly medium agencies. Ms. Gilliam requested that members please forward any contact information to her to follow up with for this recruiting effort.
- Training:** Ms. Gilliam will prepare training for the pilots, which will include the draft MD&A vision framework and MD&A objectives. Ms. Gilliam will be fully engaged one on one with each agency and/or in group workshops to assist with developing the sample MD&As.

Next steps: Staff will send out an updated draft MD&A vision framework for member edits and comments and continue to recruit agencies for the pilot.

- **Note Disclosures**

Mr. Simms, assistant director, introduced the note disclosures discussion from [tab F](#) of the briefing materials. The Board is considering concepts to discuss in a note disclosure concepts statement ED.

Question 1 – Does the Board agree or disagree that the purpose of note disclosures discussed in Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*, paragraph 68 should be enhanced?

Staff proposed the following language to enhance SFFAC 2, paragraph 68:

Information is also conveyed in note disclosures, which are integral to the completeness of the basic financial statements. Note disclosure may explain, describe, or supplement information presented on the face of or included elsewhere in the entire financial statements. Note disclosures also assist with decisions influenced by information about the federal government's financial position or results of operations, and assist users assessing the federal government's accountability.

The Board agreed to enhance SFFAC 2, paragraph 68 and discussed revisions to staff's proposed language. Staff will present revised language during the December 2020 meeting.

Question 2 – Does the Board agree or disagree that the note disclosures concepts ED should reference an enhanced version of SFFAC 2, paragraph 68 to inform readers on the purpose of note disclosures and provide context for the ED?

Because SFFAC 2 discusses the reporting model, staff noted that the Board could amend SFFAC 2 to include note disclosure concepts. This approach would reduce the need to reference SFFAC 2 guidance and ensure the consistent use of language within the conceptual framework. The Board agreed to develop further the note disclosure concepts before deciding whether to amend SFFAC 2 or develop a new concepts statement with references to SFFAC 2.

Question 3 – Does the Board agree or disagree that the note disclosure concepts ED should reference SFFAC 2, paragraphs 73A through 73D?

The Board agreed to develop further the note disclosure concepts before deciding whether to amend SFFAC 2 or develop a new concepts statement with references to SFFAC 2.

Question 4 – Does the Board agree or disagree with including language in the note disclosure concepts ED explaining that the ED discusses basic note disclosure concepts?

The Board agreed that the note disclosure concepts should include language describing that concepts discuss basic note disclosures.

Question 5 – Does the Board agree or disagree that a category for budgetary integrity information should be added to the types of information note disclosures may present? The category would highlight the unique role of GAAP with respect to the budgetary integrity objective.

The Board agreed that staff could integrate budgetary integrity into one of the other four categories of information note disclosures present. For instance, the concepts could address budgetary integrity in the category, “other information users may need to assess the government’s accountability.” Members also noted the need to ensure that the categories of information note disclosures present consider the other reporting objectives as well.

Question 6 – Does the Board agree or disagree that note disclosures should provide educational information to assist users in understanding reporting entity financial statements?

The Board agreed that note disclosures may include information that explains less common items, such as sustainability information and tax expenditures. However, note disclosures would not include information to educate users on accounting fundamentals.

Question 7 – Do members have suggestions for enhancing this version of the types of information note disclosures may present?

Members suggested edits and staff will incorporate them in the next version.

Next steps: For the December 2020 meeting, staff will incorporate the Board’s conclusions in a revised list of the types of information note disclosures may present; compare the revised list to a listing of existing note disclosure requirements; and begin preparing an outline of the note disclosure concepts.

Adjournment

The Board meeting adjourned at 12:30 p.m.