FASAB Update

Federal Audit Executive Council’s Annual Conference
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Disclaimer

• Views expressed are those of the speaker.
Overview

• Recently Completed

• Requests for Comment

• Risk Assumed

• Land

• Leases

• Reporting Model

• Disclosures

• Classified Activities

• Three-Year Plan
Recently Completed

- Opening Balances – for “first-time” adopters (SFFAS 50)
  - Flexibility afforded - implementation guidance
- Insurance Programs (SFFAS 51)
  - Strengthens definitions, measurement and recognition as well as streamlines disclosures
- Tax Expenditures (SFFAS 52)
  - Creates awareness and understanding
- Budget and Accrual Reconciliation (SFFAS 53, pending)
Open Requests for Comment

• Intragovernmental Exchange Transactions

• Assigning Assets to Components

• Inter-entity Costing
Risk Assumed Project

Two Phases:

• Insurance Programs
  – (SFFAS 51 Issued)

• Risk Assumed Phase II
Risk Assumed II (RAII)

Will study significant risk shocks such as

to determine accounting standards that provide concise, meaningful, and transparent information regarding the potential impact to the fiscal health of the federal government.
RAII Status & Challenges

• **Status**
  – Two roundtables
  – USAFacts Report
  – Ongoing gap analysis – meeting with practitioners

• **Challenges**
  – Model for Reporting RA
  – Balance of Information
  – Unique Risk Definitions
  – Measure Risks Assumed
Land

• Undertaken as a result of SFFAS 50 on Opening Balances.
• Land reporting should be:
  – Consistent
  – Comparable
  – Useful
• Hope for a proposal this calendar year
How Do We Account for Land Now? – 2 Buckets

• SFFAS 6: General PP&E land and land rights
  – Capitalize

• SFFAS 29: Stewardship land
  – Note disclosures
  – No asset dollar amount shown on balance sheet
Stewardship vs. GPP&E Federal Land by Acreage (in Millions)

Stewardship  G-PP&E

FASAB Update
What is the Board Considering?

Goal – Consistency and Accountability
  – Removing capitalized amounts (expensing new land acquisitions)
  – Requiring Disclosures
  – Key amendments to SFFAS 6 & 29 would include:
    • clarifying the categorization and reporting of land use,
    • broad acreage disclosure of acreage held-for-disposal
Proposed Land Use Categories

Land-Use Reporting Categories

- Conservation and Preservation (Fauna and Flora)
  - For example, Interior and USDA would report most land under this category.

- Military, Scientific, Nuclear, and Other (Readiness, training, Office Building Locations, Storage and Vacant)
  - For example, DoD, NASA, VA and Energy would report most land under this category.

- Commercial Use (Revenue to include In-Kind)
  - For example, Interior’s BLM, NPS, & FWS along with USDA’s FS would report land activities generating revenue here.
Leases

• FASAB collaborated with GASB to develop standards for governmental organizations.

• Lease proposal issued late last year and comments received.

• Board is deliberating on comments.
Leases

Proposal

• Single Model Approach
  – short-term exception - 24 months

• Leases create “right of use” assets (resources)

• Leases create liabilities (obligation)

• Treatment should help identify the interest cost associated with leases.
Leases

Proposal

Intragovernmental Exceptions:

- Leases between two consolidation entities
  - *(as defined in SFFAS 47)*
- Expensed by lessee when due and payable
- Minimal disclosure requirements
Leases

Areas under Deliberation

- Clarify the nature of “right to use”
- Scope (limit to PP&E and exclude IUS)
- Weighing benefit vs cost
- Need for implementation guidance
- Implementation date
Reporting Model

Proposed conceptual guidance
Reporting Model

Financial Reporting by Federal Reporting Entities

- Information Required by GAAP
  - Financial Statements and Disclosures (Notes to Financial Statements)
  - Required Supplementary Information (RSI)
    - Performance Information
    - Management’s Discussion and Analysis (MD&A)
    - RSI other than Performance Information and MD&A

Reporting by Others

- Information Required by Other Bodies or Voluntarily Presented (Other Reported Financial and Non-Financial Information—CRFN)
- Other Financial and Non-Financial Information
  - Financial and Non-Financial Information, such as:
    - Performance information required by legislation and administrative directives
    - Information about the federal budget, economy, and management and performance challenges
    - Information presented on government sponsored websites
  - Information from the media, interest groups, etc.
Reporting Model

**GAAP**
- Meet Reporting Objectives
- Required by FASAB
- Qualitative Characteristics

**ORFNI**
- Meet Reporting Objectives
- Voluntary or Administrative Directive
- Limitations
Reporting Model

• Next Steps
  – Near term – Improve User Access

Streamline  User needs  Clarity

Excessive Information  Focus

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Reporting Model – Potential for the Long Term

Electronic, internet based  Access to detail  Customization
Two Streamlining Proposals

• **Management’s Discussion and Analysis**
  – Make the summary of performance information optional
  – Integrate performance reporting by permitting links to performance reports

• **Stewardship Investments**
  – Reviewing the usefulness of the RSSI requirements
  – Potential to provide guidance regarding relevancy of information
Classified Activities
Annual Input on Board Agenda

• Conducted a survey in late 2016

• Planning for an improved survey in 2017

• Your opportunity to provide input!
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