ROSS SIMMS
ASSISTANT DIRECTOR
FEDERAL ACCOUNTING STANDARDS
ADVISORY BOARD

CIGIE/GAO CONFERENCE
APRIL 18, 2018
Views expressed are those of the speaker
Key Takeaways

1. Standards recently issued
2. Standards proposed
3. Standards being developed
4. Staying abreast of Standards
## Standards Recently Issued

<table>
<thead>
<tr>
<th>Project</th>
<th>Statement</th>
<th>Effective Date</th>
<th>Early Adoption Permitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assumed Phase I</td>
<td>SFFAS 51</td>
<td>Periods beginning after September 30, 2018</td>
<td></td>
</tr>
<tr>
<td>Tax Expenditures</td>
<td>SFFAS 52</td>
<td>Periods beginning after September 30, 2017</td>
<td>Yes</td>
</tr>
<tr>
<td>Budget to Accrual Reconciliation</td>
<td>SFFAS 53</td>
<td>Periods beginning after September 30, 2018</td>
<td>Yes</td>
</tr>
<tr>
<td>Leases</td>
<td>SFFAS 54</td>
<td>Periods beginning after September 30, 2020.</td>
<td>No</td>
</tr>
<tr>
<td>Inter-Entity Costs</td>
<td>SFFAS 55</td>
<td>Periods beginning after September 30, 2018</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Standards Proposed

- Classified Activities
- Land
Classified Activities

- Guidance to protect classified information
- Comment period on ED
  - Closed March 16, 2018
- Status
  - Analyzing responses
Objective
- Improve consistency and accountability

Land reporting should be:
- Consistent
- Comparable
- Useful
Land

• Current Requirements

  ○ 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)
Land

- Proposals being considered
  - Reclassifying G-PP&E Land
  - 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

- Status
  - Plan to issue a proposal this year
Standards Being Developed

- Materiality
- Disclosures
- Risk Assumed – Phase II
- Evaluating Existing Standards
- Reporting Model
Materiality

- **Objective**
  - Refresh the definition considering the federal environment

- **Considerations**
  - Judgment based on qualitative and quantitative factors
  - Consider user needs in the context of governmental reports
  - Based on facts and circumstances of the reporting entity
  - Not feasible for FASAB to predetermine what is material

- **Status**
  - Board review in progress
  - Plan to issue exposure draft by year end
Disclosures

- **Objective**
  - Improve the relevance, clarity, consistency, and comparability of note disclosures among the federal entities.

- **Concern**
  - Immaterial disclosures detract from the information value of reports

- **Approach:**
  - Phase I – Develop principles for the Board and preparers.
  - Phase II – Modify the existing note disclosure requirements to improve usefulness and effectiveness.

- **Status**
  - Research on-going, reviewing existing disclosures
Objective

- Provide concise, meaningful, and transparent information regarding the potential impact to the fiscal health of the federal government

Approach

- Holistically review significant risk events other than adverse events covered by SFFAS 51, *Insurance Programs*
Risk Assumed – Phase II

- Status
  - Exploring
    - Management’s Discussion and Analysis forward looking information
    - General disclosures regarding risk
    - Measurement Uncertainty
  - May leverage Enterprise Risk Management efforts
Evaluating Existing Standards

- **Objective**
  - Identify opportunities to clarify requirements

- **Approach**
  - Considering particular topics, such as
    - Imputed cost
    - Intragovernmental exchange transactions
Objective
- Improve presentation of cost, budget, and performance information

Observations about users
- Rely on electronic media (digital devices, complex networks, and interactivity)
- Seek different levels of disaggregated data
- Expect data analysis (especially executives and managers)
Near-term concerns

- Management’s Discussion and Analysis
  - Voluminous
  - Presents preliminary performance information
  - Financial analysis could be improved

- Required Supplementary Stewardship Information
  - Need to minimize potential user confusion
    - Different definitions used among analysts
    - Redundant sources of the information
Reporting Model

**Approach**
- Research electronic reporting to improve
  - user understandability
  - user access to data
- Research effective presentations
  - Integrated data
    - GAAP integrated with other information (unaudited)
  - Drill-down to disaggregated data
  - Explaining technical terms and concepts
- Determine challenges
  - Would additional criteria be needed
Staying Abreast of Standards

- Receive
  - Email updates
  - Newsletter
  - News releases
- Resources on FASAB website
  - [http://fasab.gov/resources/](http://fasab.gov/resources/)
- Linked in
- Twitter
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